

terests in the colonial Territories which aim solely at the amassing of large profits, resulting primarily from the exploitation of cheap labour, and impede the progress of their peoples towards freedom and independence;

(g) Express its grave concern that foreign economic and other interests are directly and indirectly assisting the colonial Powers by supplying them with financial, material and other support which enables them to continue their colonial domination;

(h) Appeal to the Governments of the United Kingdom of Great Britain and Northern Ireland, the United States of America, Belgium, France, the Federal Republic of Germany and other Powers to take legislative, administrative and other measures with respect to their nationals who own and operate enterprises in the colonial Territories, and particularly in Southern Rhodesia, South West Africa and the Territories under Portuguese administration, so as to put an end to their activities which are at present detrimental to the interests of the inhabitants of the Territories;

(i) Request the United Nations Council for South West Africa to consider urgently measures for ending the activities of foreign economic and other interests in South West Africa, and especially the illegal activities of South Africa;

(j) Appeal to all States to put a stop to all forms of assistance and the sales of arms and ammunitions, through any channels whatever, which are intended for: (i) the illegal régime of Southern Rhodesia; (ii) the Government of South Africa, and (iii) the Government of Portugal, so long as they continue their present policy of colonial domination in Africa;

(k) Appeal to all the specialized agencies of the United Nations, and in particular to the International Bank for Reconstruction and Development and the International Monetary Fund, and request them to withhold from South Africa, Portugal and the illegal régime of Southern Rhodesia any further financial, economic or technical assistance so long as they continue their policies of *apartheid*, colonialism and racial discrimination;

(l) Urge all Member States to co-operate fully with the United Nations in the rapid and effective implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, so as to ensure to the peoples their full enjoyment of fundamental human rights and freedoms and through self-determination the attainment of independence;

(m) Request the Secretary-General to give the widest possible publicity to the information on the role of foreign economic and other interests in Southern Rhodesia, South West Africa, the Territories under Portuguese administration and all other colonial Territories and to the conclusions and recommendations adopted;

(n) Decide to retain on the agenda of its twenty-third session 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 the Territories in Southern Rhodesia, South West Africa and Territories under Portuguese domination and in all other Territories under colonial domination".

ANNEX

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[30 October 1967]

REPORT OF SUB-COMMITTEE I

INTRODUCTION

1. In accordance with General Assembly resolution 1899 (XVIII) of 13 November 1963 and subsequent resolutions 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 of 3 July 1964,^a and of 26 April 1966,^b the Sub-Committee studied the activities of foreign economic and other interests in South West Africa, Southern Rhodesia and the Territories under Portuguese administration.^c

2. On 12 December 1966, following its consideration of the report of the Special Committee, the General Assembly adopted resolution 2189 (XXI), in which it condemned the activities of those foreign financial and economic interests in colonial Territories, in particular in South West Africa, Southern Rhodesia and the Territories under Portuguese domination, which supported colonial régimes and thus constituted a serious obstacle to the implementation of General Assembly resolution 1514 (XV), and urged the Governments concerned to end those activities. It also condemned the policies, pursued by certain administering Powers in the Territories under their domination, of imposing non-representative régimes and constitutions, strengthening the position of foreign financial and economic interests, misleading world public opinion, and encouraging the systematic influx of foreign immigrants whilst displacing, deporting and transferring the indigenous inhabitants to other areas, and called upon those Powers to desist from such manoeuvres. The General Assembly decided to include in the provisional agenda of its twenty-second session an item entitled "Activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in Southern Rhodesia, South West Africa and Territories under Portuguese domination and in all other Territories under colonial domination".

3. At its 488th meeting, on 20 February 1967, the Special Committee decided to request Sub-Committee I to undertake a study of this item.

4. In response to the request of the Sub-Committee, the Secretariat prepared seven working papers on economic conditions in South West Africa, Southern Rhodesia, Territories under Portuguese administration, Fiji, Mauritius, Papua and New Guinea and the Bahamas (see appendices I-VII below), together with one paper containing excerpts of statements by petitioners (see appendix VIII below). The working papers on the Territories in southern Africa were designed to bring up to date the previous studies.

5. The Sub-Committee considered the question of the activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in Southern Rhodesia, South West Africa and Territories under Portuguese domination and in all other Territories under colonial domination, at its 39th to 44th meetings held between 10 May and 29 August 1967.

^a See *Official Records of the General Assembly, Nineteenth Session, Annexes*, annex No. 8 (part I) (A/5800/Rev.1), chapter V, para. 352.

^b *Ibid.*, *Twenty-first Session, Annexes*, addendum to agenda item 23 (A/6300/Rev.1), chapter III, part II, para. 1101.

^c The Sub-Committee's reports on these Territories are contained in: *Official Records of the General Assembly, Nineteenth Session, Annexes*, annex No. 15, document A/5840; *ibid.*, *Twentieth Session, Annexes*, addendum to agenda item 23 (A/6000/Rev.1), chapter V, appendix; *ibid.*, *Twenty-first Session, Annexes*, addendum to agenda item 23 (A/6300/Rev.1), chapter V, part II, annex; *ibid.*, chapter III, part II, annex.

6. In formulating conclusions and recommendations on the question under consideration, the Sub-Committee also took into account additional relevant information provided by its members.

CONSIDERATION BY THE SUB-COMMITTEE

A. Statements by members

7. The Chairman drew attention to the seven working papers which had been prepared by the Secretariat on economic conditions in Southern Rhodesia, South West Africa, Territories under Portuguese administration, Mauritius, Papua and the Trust Territory of New Guinea, Fiji and the Bahamas. The item under consideration had been included separately in the agenda of the twenty-second session of the General Assembly and it was therefore important that the Sub-Committee should prepare a report in time for submission to that session.

8. The representative of Syria said that the item was of paramount importance, since a study of the activities of foreign and economic and other interests would reveal the true reasons for the subjection to foreign control of parts of Africa and Asia, contrary to the Charter of the United Nations. In its approach to the task, the Sub-Committee should be guided by concern for the true implementation of the basic principles of the Charter and by a sense of urgency, since the problem was becoming increasingly acute.

9. The Sub-Committee required expert help if it was to carry out its task. He paid a tribute to the excellent work done by the Secretariat in preparing the working papers, which provided an adequate picture of economic conditions in the Territories still under colonial domination. It would be helpful to the Sub-Committee, however, to have more information about the actual conditions in which the majority of the population lived and worked rather than figures of national revenue increases which only resulted in a still lower general standard of living. It would be interesting to know what proportion of the profits of foreign enterprises was used for the welfare of the masses and how those profits were earned and whether, for instance, they resulted from under-payment of the workers. If the Territories were all to enjoy self-determination, as they should, it was important to allow the population to acquire skills and to have access to posts of responsibility. The African workers had been under-paid, underfed, discriminated against and deprived of opportunities for advancement, and no change was apparent. The Secretariat working papers did not go far enough and some further elaboration would be welcome. For instance, in the working paper on Territories under Portuguese domination, it was stated that the situation had not changed in 1965-1966, despite new foreign investment in certain sectors, but that statement was not elaborated. The same working paper contained an excellent classification of the objectives of agricultural policy, but provided no information about the repercussions of those objectives on the status, wages and access to managerial skills of the African workers. In the working paper on Southern Rhodesia, it was only at the very end, in the sections on employment and wages, that any comparison was made between the conditions of Africans and those of Europeans, Coloureds and Asians. What was required was a thorough scrutiny of the operations and methods of foreign monopolies. He pointed out that no information had been provided on some Territories, such as Aden and Oman, although it was known that foreign companies were prospecting for oil in Oman.

10. The representative of Tunisia agreed with the representative of Syria that expert help was required in dealing with such an important and complicated question. He thanked the Secretariat for preparing the working papers, but noted that they did not deal with certain Territories still under foreign domination, or with the question as a whole. It would be useful to have an over-all survey and analytical tables dealing with all aspects of the problem in the various Territories; for instance, conditions of work should be studied as a whole. It would be too much to hope that the Sub-Committee could complete a thorough study of the question before the twenty-second session of the General Assembly but it could begin its work in a logical manner. He drew the Sub-Committee's attention to an article which had appeared in *Africa Confidential* of 17 March 1967 concerning economic interests in African Territories, especially in those under Portuguese domination.

He said that, although it would be easier to study the question Territory by Territory on the basis of the Secretariat working papers, he felt that the Sub-Committee should carry out a comprehensive study and at least deal with all the African Territories together.

11. The representative of Mali said that the study of the activities of foreign economic and other interests in the Territories still under colonial domination was one of the most important tasks in the history of the Special Committee. Foreign monopolies had a considerable impact on the economic and political evolution of those Territories and the imperialists naturally defended their own interests. He agreed with the representative of Tunisia that the Sub-Committee should embark on a comprehensive study of the question in order to establish the qualitative and quantitative impact of foreign monopolies on the political and economic evolution of the Territories still under colonial domination and should submit a strong report to the General Assembly dealing with all aspects of the problem.

12. Certain features were common to the Territories in southern Africa. Their economies had two sectors: a modern exchange sector, which involved the foreign economic interests, and a traditional subsistence sector, which involved exclusively the indigenous population. In the modern sector, the mining industry was influenced by the world market. According to the Secretariat working paper on South West Africa, the mining industry was responsible for about 40 per cent of the gross domestic product, and it would be interesting to compare that figure with similar figures for Angola, Mozambique and other Territories. The gross domestic product, however, concealed the harmful activities of foreign economic interests and it would be more significant to analyse the gross national income, showing what payments had been made to foreign countries and to foreigners living in the Territory. A study of the national *per capita* income for all the inhabitants of the Territory would give a clearer picture of the situation, since about 90 per cent of the population did not participate in the modern sector. Also in the modern sector, agriculture, too, was influenced by the world market for such products as cotton, coffee and timber, and was controlled by Europeans and the foreign monopolies.

13. There was a real relationship between the economies of the Territories under colonial domination and the foreign interests which were impeding the attainment of independence. Because of its economic interest, the United Kingdom, for instance, might well have reason to abstain or to vote against a resolution designed to liberate a colonial Territory.

14. Some of the information included in the working paper on South West Africa could only have come from the Republic of South Africa. For instance, in paragraph 10 it was stated that large sums spent by the Government to purchase "white" farms for inclusion in the proposed African homelands had had a buoyant effect on the economy, although they had also contributed appreciably to inflation. The monetary situation of the African population had not, however, been affected. As a result of inflation, the Africans had been unable to exploit the land and the supporters of *apartheid* therefore claimed that the Africans could not produce as much as the former white owners. Similar arguments could be adduced for the Territories under Portuguese administration and Southern Rhodesia. The economic activities in those Territories were closely linked to the interests of the capitalist world and that should be made very clear in the Sub-Committee's report. One disturbing feature was the increasing regionalization of foreign interests and the economic integration of southern Africa resulting from the inflow of foreign capital, which increasingly impeded the liberation of the Territories. It should be made clear in the report that there was a vast international conspiracy to make the liberation of the Territories more difficult.

15. The representative of Syria said that, in the past, the Secretariat had provided some interesting tables indicating the wages paid to Africans by foreign companies in colonial territories. No such tables were given in the present working papers. There was a brief mention in paragraph 149 of the paper on Southern Rhodesia (see appendix I below) of the fact that average annual earnings had risen to £128 in the

case of Africans and to £1,285 in the case of Europeans, Coloureds and Asians. It would be very useful if the Secretariat could elaborate on that statement and analyse the reasons for the disparity in wages. With regard to the extractive industries, there was no information as to whether deposits were being exhausted. The economic future of the Territories concerned as independent countries was at stake. Additional information might be provided also on the emergency powers which were assumed by the illegal Southern Rhodesian régime. He would like to know in more detail how the Industrial Conciliation Act was to be modified and how the workers would be affected. The working paper on Southern Rhodesia also stated, in paragraph 148, that nearly 3,000 appointments had been made in the public services since "independence" and that that had kept down unemployment. He would like to know which section of the population had benefited from those appointments. It was indicated in paragraph 147 that in 1965 the number of Europeans, Coloureds and Asians in employment had increased to 89,000. He wondered what was the proportion of Europeans to Coloureds in that figure, and whether the Coloureds enjoyed the same rights as the Europeans.

16. He did not know whether the Secretariat had the information requested immediately available, but if so it could perhaps be circulated to members within a day or two. At least a few comparative tables giving an idea of the working conditions and social conditions enjoyed by the different population groups could perhaps be provided within a few days.

17. The representative of Yugoslavia recalled that the Sub-Committee had discussed the question of the activities of foreign interests in some individual Territories during the previous year. It was his understanding that the Sub-Committee's task now was to analyse the activities of foreign interests in colonial Territories as a whole, and he therefore shared the Tunisian representative's view that to proceed Territory by Territory might not be the best method. What was important was to discover the common characteristics of the activities of foreign interests in the various territories. He agreed that additional information from the Secretariat would help the Sub-Committee in making such a comparative analysis.

18. The representative of the Union of Soviet Socialist Republics said that he supported those delegations which held that, on the basis of the huge mass of material already available to the Sub-Committee and the Special Committee concerning a number of colonial Territories (South West Africa, the Portuguese colonies, Southern Rhodesia, Mauritius, Papua and New Guinea, Fiji, the Bahamas and other colonies), the Sub-Committee should prepare an analytical report on the activities of imperialist monopolies in the colonial Territories as a group and describe the general features and patterns of those activities. As was evident from the information contained in the studies already submitted by the Secretariat and in the statements of delegations, the purpose of the activities in question was the plundering of the colonial Territories' natural resources and the merciless exploitation of the indigenous population of the colonies with a view to obtaining the largest possible profits and maintaining the position held by the monopolies in the colonies not only in order to continue to exploit the colonies themselves but also in order to launch an offensive against the newly independent States and to restore the position which the imperialists had lost in Africa, the Arab East, Asia, Latin America and other areas. However distinctive might be the manner in which the various foreign monopolies penetrated colonial Territories and dependent countries and carried on their activities, there were certain common features and patterns, among which those he would proceed to mention should be noted.

19. It had been shown in the course of previous study by the Special Committee that the very same international monopolies were active in the various dependent Territories of southern Africa and that they had transformed that region into their private domain and were determined to maintain it as a colonialist preserve so that they could continue to earn huge profits in the future as well. It had been brought out that an overwhelming majority of the many hundreds of companies and enterprises active in the area formed part of a very few financial and mining groups which had entangled

in the web of their interests such countries as the Republic of South Africa, South West Africa, Southern Rhodesia, the Portuguese African colonies, Swaziland, Botswana and Lesotho. Foreign capital played a decisive role in exploiting the natural and human resources of the colonial Territories. According to available data, the main imperialist Powers had invested huge sums in the economies of the countries of southern Africa and their total investments were showing an upward trend from year to year. In Southern Rhodesia, for example, foreign investment made up about 80 per cent of total investment, while two thirds of the funds invested in Portugal and its colonies was directly or indirectly controlled by foreign monopolies. The Vorster, Salazar and Smith Governments granted extremely advantageous terms to the foreign monopolies active in southern Africa and guaranteed them a very high return on the capital they invested.

20. The main economic purpose of the export of capital to colonies as well as to other countries was to obtain the highest possible profits. According to bourgeois statistical data, foreign investments yielded a higher profit than domestic. For example, the profit earned by United States monopolies from domestic investment was approximately 8-12 per cent per annum, while in the colonies held by Western European countries it was 22-30 per cent and in the remaining countries of Asia and Africa it was 23-27 per cent. Bourgeois students of the subject acknowledged that the annual return on foreign capital invested in southern Africa averaged more than 27 per cent. In that connexion, the British weekly newspaper *Observer* had written on 8 March 1964 that the foreign companies operating in southern Africa recovered their entire investment within the space of four or five years. Thus, the profits obtained by the imperialist monopolies from the capital invested in the colonies and under-developed countries were two or three times as great as those yielded by domestic investments. The reason for that was the monopolies' merciless exploitation of the cheap manpower of the colonies and the low cost of raw materials and of the land seized by the monopolies. The exceptionally low colonial wage level and the brutal colonial system of exploiting the indigenous population of the colonies thus represented one of the main features of the activities of the imperialist monopolies in the countries which they controlled and the main reason that they were able to obtain the maximum profits in the colonies. Two factors graphically illustrated the specific features of colonial exploitation of labour: the difference in the wage level of white and local workers employed at the same enterprise and the exceptionally high rate of exploitation in the colonial countries. For example, the wage paid to an African worker in the Republic of South Africa amounted to barely 8-10 per cent of that paid to a white worker. African workers in Southern Rhodesia received from one twelfth to one tenth of the wage received by white workers. A similar situation existed in the Portuguese colonies and in other colonial Territories. The same conditions could be observed in the Near East, which had 60 per cent of the world's oil reserves and carried on about 50 per cent of the world's oil trade.

21. The huge oil resources of the Near East and the huge profits to be obtained by the imperialist monopolies from the extraction of oil exerted an irresistible attraction for the gigantic oil monopolies of the United States, the United Kingdom and other countries. The United States companies alone had in the region tremendous investments in excess of \$2,500 million. Eight gigantic oil companies, Standard Oil of New Jersey, Standard Oil of California, Texas, Gulf, Socony, Royal Dutch Shell, British Petroleum and the Compagnie Française de Pétrole, controlled the Arab countries' oil. Five of the eight were United States companies. They controlled 60 per cent of the region's oil production, while British companies controlled another 30 per cent. The cost of oil production in the Near East was much lower than in any other part of the world. That was no accident; one of the reasons was that the wage paid to the workers in the oilfields was one of the lowest in the world and was, as a rule, no more than one fifth or one sixth of the wage paid to the same type of worker in, for example, the United States. As a result, the United States oil monopolies earned \$1,200 million a year from Arab oil, while the figure for the British oil monopolies was \$600 million. For the sake of those profits, the imperialists were prepared to commit, and did in fact commit, any conceivable crime.

22. The activities of United States, British, Australian and other monopolies in relation to colonial peoples in the Pacific and Caribbean areas presented approximately the same picture of plunder and violence. The United States, the United Kingdom, Australia and a number of other colonial countries had substantial investments in those colonial Territories, but there were no processing industries of any significance. The imperialist monopolies wished to go on using the Territories as a source of cheap raw materials for their industry. Accordingly, most of the capital invested went into the production of such agricultural crops as sugar-cane, tobacco, citrus fruits, vegetables and cotton and into the mining industry. Just as in other colonial Territories, international capital was seeking to deprive the indigenous population in the Pacific and Caribbean colonies of their main form of wealth, i.e., their land, a substantial part of which was pre-empted for the construction of military bases and installations which were used to crush the national liberation movements of the peoples struggling for freedom and independence.

23. The report should also emphasize, on the basis of the information available to the Sub-Committee, another characteristic feature of the activities of the international monopolies, namely the fact that the profits they received were distributed in a manner detrimental to the interests of the indigenous population; part of the profits was reinvested in those sectors of the economy which were controlled by the international monopolies and the white exploiting minority, while an even larger part went abroad and was not used to develop the economies of the Territories concerned. The report should show that two distinct economic sectors had in effect come into being in the colonies: a foreign, white-settler sector and an indigenous sector. The first one developed by exploiting the second. As a result, the indigenous sector was characterized by total stagnation and a worsening of social and economic conditions for the indigenous population.

24. From the Secretariat working papers and other sources cited in the Sub-Committee and in the Special Committee it was apparent that throughout the twentieth century an uninterrupted process whereby the peasants, the indigenous inhabitants, were deprived of their land and the best and most fertile land was seized by Europeans had been under way in South West Africa, Southern Rhodesia and the Portuguese and other colonies. The purpose was first of all to use the alienated land to create European farms producing large surpluses for export; secondly, to enable the big monopolies to obtain concessions for the establishment of mining enterprises, and, thirdly, to use the landless peasants to create a manpower reserve for the white settlers' enterprises and the international monopolies. The Secretariat working papers and the statements made by delegations in the Sub-Committee and in the Special Committee showed that, as a result of the process of alienation of land, the people of the colonies had retained only an insignificant proportion of their land—and, indeed, the land least suitable for cultivation. That process could be seen at its worst in southern Africa. In South West Africa, for example, the Africans, who comprised 90 per cent of the population, held only one quarter of the land. As a result, market farming was carried on in South West Africa on European farms in the so-called police zone, while the farming and cattle-raising carried on in the reservations in which nearly three fifths of the country's population was concentrated were essentially of the subsistence type. According to information contained in the May 1964 issue of the magazine *New Africa*, nearly half of the Territory of South West Africa had been turned over to foreign monopolies under concessions so that they could prospect for and exploit natural resources. In Southern Rhodesia, the Europeans, who comprised 5 per cent of the population, held 45 per cent of the arable land and accounted for 93.9 per cent of marketable agricultural production, while the Africans, who comprised 95 per cent of the population, held 55 per cent of the arable land and accounted for only 6.1 per cent of marketable production. Huge tracts of land in Southern Rhodesia had been seized by the big monopolies.

25. A similar situation prevailed in the Portuguese colonies, where large Portuguese and other foreign companies holding concessions essentially monopolized marketable agricultural production. A total of 75 per cent of the land and the over-

whelming majority of the large sugar-cane plantations and virtually all enterprises engaged in the primary processing of agricultural raw materials belonged to foreign capitalist interests and European planters. The expropriation of the land had caused land hunger in the countryside, while taxation and the importation of ready-made consumer goods had created an increased need for money; those developments had caused the male population to leave the rural areas in order to work at the enterprises owned by the foreign monopolies and the settlers and had speeded up the disintegration of the subsistence economy. The African farms, deprived of the most able-bodied members of the peasant families, had deteriorated, causing a further exodus to the foreign-owned and locally owned enterprises in the effort to find a means of livelihood. The African countryside was transformed into a reservoir of cheap labour. At the same time, foreign trading companies, which bought up the raw materials produced for export by the African peasants at low monopoly prices, sold the peasants finished import goods at high monopoly prices. In order to pay their taxes to the authorities and pay off their debts to the trading companies or to usurers, the peasants were forced to use more of their land to raise market crops, particularly export crops, and limit the amount they produced for their personal consumption. As a result, they became even more dependent on the foreign monopolies. Those peasants who suffered economic ruin joined the ranks of the rural and urban proletariat.

26. That situation was maintained by legislation which, outwardly varied in nature but essentially the same in its aims and results, had been enacted in all the Territories in the interests of the international monopolies which exploited the Territories and the European farmer-settlers who constituted the social base of the monopolies and served as their agents. The legislation in question included such colonial laws as the Land Apportionment Act in Rhodesia, the recommendations of the Odendaal Commission for the creation of "Bantustans" in South West Africa, the Indigenous Population Act in Angola and Mozambique, and the 1962 Labour Code for the rural population which restricted the indigenous inhabitants of Angola and Mozambique to types of work that were advantageous to the colonial authorities and their masters. All those laws had a twofold purpose: firstly, to deprive the African peasants of their land and prevent them from becoming competitors of the European farmers or plantation owners, and, secondly, to reduce the African peasants to such poverty that most of the adult males would be forced to work in the mines or on farms for the Europeans.

27. Thus, one of the primary aims of colonial land policy in Africa, just as in other colonies, was to create a labour market for the international monopolies and the farms owned by the white-settler exploiting class and to provide them with cheap labour; many legislative enactments were designed simply to furnish legal justification for that policy and a legal basis for the exploitation of the indigenous population.

28. The process of depriving the indigenous inhabitants of their land was proceeding with equal intensity in the colonial possessions of Asia, Oceania and Latin America. In the United States-administered Trust Territory of the Pacific Islands, as the United States special representative had acknowledged at the thirty-fourth session of the Trusteeship Council, 50 per cent of the indigenous inhabitants' land had been alienated. In the Marshall Islands, only 20 per cent of the land belonged to the indigenous inhabitants. Moreover, a substantial proportion of the alienated land was being used for the construction of military airfields and other military installations. Alienation of the indigenous population's land was being carried out on a broad scale by the Australian authorities in the colonial possessions of Papua and New Guinea. As could be seen from the report of the International Bank for Reconstruction and Development, representatives of which had visited the Territory, 1 million acres of the most fertile land in Papua and New Guinea, representing one sixth of all the arable land, had been seized by Australian planters. According to available information, 70 per cent of the alienated land was handed over to Australians and the international monopolies for a nominal sum—\$1 an acre. The manner in which the land resources of the peoples of Latin America were being plundered was apparent from the situation in Puerto Rico and the Bahamas,

where a substantial proportion of the land had been turned over to foreign capitalist interests under concessions or used for the construction of military bases. The United States military complex occupied 13 per cent of the arable land on Puerto Rico itself and 76 per cent of the land on the nearby island of Vieques. Whole islands in the Bahamas group had been bought and sold by foreign monopolies.

29. Studies had also shown that the international monopolies invested their funds only in those agricultural and other economic sectors in the colonies which brought them the maximum profits. They did not permit the development of national industry in those countries and introduced a one-crop system, forcing the people to grow what was needed for sale on the world market rather than what they themselves needed; the people were thus placed in a position of complete economic—and, consequently, political—dependence on the imperialist monopolies even after they achieved independence. Such factors as the one-sided, distorted nature of an economy oriented towards the production of raw materials for export, the absence of advanced processing industries and the impoverishment of the non-European population were the direct result of the control exercised by foreign companies, which found it much easier to operate because of the fact that the Territories in question were under colonial rule.

30. It had further been shown by studies that the activities of the international monopolies in the colonies had a pernicious effect on the political, economic and social position of the population. In order to maintain their hold, the monopolies condemned the peoples of the colonial Territories to a status characterized by the lack of political rights and deprived them of their electoral and other democratic rights and freedoms, of the right to form trade unions and of their rights in the sphere of education and health. They practised brutal racial discrimination in every sphere of life. The monopolies were guilty of complicity in the merciless suppression of any attempt by the indigenous inhabitants of the colonial countries to assert their right to independence. It was all done for the purpose of bringing about what was referred to as "stabilization and security" in the areas where their capital was most heavily concentrated. Since they were greatly concerned with obtaining such guarantees, the British, United States, Belgian and other monopolies active in mining and agriculture in southern Africa and in other colonial Territories were determined to maintain the colonial system in those Territories at any price, since that system ensured them the highest possible profits.

31. The determination of the monopolies to maintain the colonial system at any price was vividly demonstrated by the fact that they maintained their own armed forces and also allocated part of their profits to the budgets of the administering Powers for the purpose of suppressing the national liberation movement. Under certain laws in force in the Portuguese colonies, companies which received concessions to exploit mineral resources were required to assist Portugal in maintaining "peace and order". K. Madhu Panikhar, a student of the subject, had written about one such foreign company in 1962 in his book *Angola in Flames*: "Diamang is the most important monopolist in Angola. . . . It today accounts for 12 per cent of all exports. The State therefore is extremely lenient towards it. It has the sole right to mine diamonds in Angola; it has a private garrison which has been substantially increased this year. It has also the lowest paid mine-workers anywhere in Africa." As was stated in the 1965 report of the Sub-Committee,^a the Diamang company had allocated more than 88 million escudos for military purposes in Angola in its 1962 budget. Between 1961 and 1963, moreover, it had paid some 48 million escudos to the colonial administration of Angola for the "protection of State property". The colonial companies extended long-term loans on favourable terms to the Salazar régime for the same purpose.

32. In 1964, "private security forces" had begun to be set up in Southern Rhodesia, their main task being to "protect

business" against any possible disorders. Just as in southern Africa, the oil monopolies operating in the principalities of the Persian Gulf maintained their own defence force, i.e., private armies, which were prepared to support the efforts of the administering Power to crush the national liberation movement.

33. An example of how the international monopolies hindered the colonial peoples' progress towards independence and the implementation of the United Nations decisions aimed at eliminating the remnants of colonialism was the activities of the foreign companies which were undermining the effectiveness of the Security Council resolutions providing for sanctions against the racist minority régime in Southern Rhodesia. In defiance of the United Nations decisions, the monopolies operating in southern Africa had come to the rescue of the Southern Rhodesian racists by providing them with everything they needed, particularly oil, and helping them to market Southern Rhodesia's export products. According to a report in the *Sunday Times* of 6 March 1966, one of Smith's ministers had publicly expressed appreciation of the contribution made by foreign oil companies—particularly Royal Dutch Shell and British Petroleum, 56 per cent of which latter company's shares were held by the United Kingdom Government—in supplying Southern Rhodesia with fuel.

34. The social conditions of the indigenous population of southern Africa were aggravated by the fact that the monopolies' activities in that region were furthered by the joint policy pursued by the partners in the "unholy alliance". One of the ominous manifestations of that policy was the establishment of a unified labour market in southern Africa. Under special agreements on the hiring out of labour, the foreign monopolies operating in Angola, Mozambique, South West Africa, the Republic of South Africa and Southern Rhodesia made wide use, with the assistance of recruiting companies, of the practice of transferring hundreds of thousands of African wage labourers from one to another of the various territories, where they were subjected to merciless exploitation. The Portuguese and other colonialists reaped huge profits from the migration of wage labourers in southern Africa. As could be seen in the Sub-Committee's 1965 report, the Salazar régime received \$6 for every Mozambican recruited for work in the Republic of South Africa and 50 per cent of his first three months' wages. In other words, the sale of Africans to the racists as slaves was a substantial source of foreign exchange for Salazar—foreign exchange which was used to purchase arms for the colonial armies which were brutally suppressing the national liberation struggle of those same Africans in Mozambique, Angola and Guinea (Bissau). Thus, in a literal sense, every dollar and escudo received by the Portuguese colonialists from the foreign monopolies was stained by the blood and sweat of the indigenous inhabitants of Africa.

35. The whole vast machinery of exploitation was supported by the State apparatus of the imperialist Powers, by their armies, navies and air forces and by a dense network of military bases covering the colonial Territories. The imperialists did not shrink from any means, including the use of armed force, in order to crush the national liberation movement in the colonies. Thus, the Special Committee had been quite right in concluding at previous stages of its work that the activities of the international monopolies in the colonies—and, indeed, not in the colonies alone—represented the main obstacle to the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. Those activities should be sternly condemned, and the Sub-Committee should adopt recommendations which would further the interests of the indigenous inhabitants of the colonial Territories and help them to advance towards freedom and independence.

36. The representative of the United Republic of Tanzania regretted that the information which had been submitted to the Sub-Committee did not cover all the Territories concerned. For example, no information at all had been submitted on the Middle East, in particular on the tensions arising from United Kingdom colonialism in the Arabian Peninsula and in the Persian Gulf. The murderous campaign which was being directed against the peoples of Aden and Oman and the

^a *Official Records of the General Assembly, Twentieth Session, Annexes*, addendum to agenda item 23 (A/6000/Rev.1), chapter V, appendix.

surrounding area was aimed not only at maintaining political control of the area but also at its economic domination. Information on that area could and should have been made available to the Sub-Committee. The basic commodity produced by the foreign monopolies operating there was oil, and there was no lack of data on the oil industry.

37. His delegation had also been somewhat disappointed at the lack of new information in the working papers prepared by the Secretariat; that on economic conditions in South West Africa contained much information already considered by the Sub-Committee. While there were some data on the extraction of basic minerals in the Territory, they were deficient and could have been expanded by drawing on material published by the foreign monopolies themselves. The *Annual Economic Review* of the Standard Bank Group, for example, gave figures relating to the extraction and refining of such metals as copper, lead and zinc, which indicated that larger profits had been made, greater areas had been exploited and more tonnage had been produced than the data in the Secretariat working paper implied. Such information should have been included in that paper and the Secretariat should consider collating it.

38. While the Sub-Committee quite rightly attached great importance to the situation in southern Africa, there were Spanish and French colonies in other parts of that continent which the documentation prepared by the Secretariat completely ignored. Various petitioners had told the Fourth Committee that the discovery of new mineral deposits in the Spanish Sahara had led to a scramble by international consortia to gain control of the profits. He hoped the Secretariat would bear that in mind and prepare further working papers; the Sub-Committee could consider what further action was required when it discussed its final report.

39. The role of foreign financial and other interests in Territories under colonial domination had already been under study for some three years. The fact that the Sub-Committee was called upon to continue and expand its study emphasized the importance of the subject and its relation to the over-all struggle for the complete implementation of General Assembly resolution 1514 (XV). That resolution clearly showed how the activities of those who had usurped the natural resources of colonial peoples threatened international peace and impeded the independent development of national cultures and the attainment of genuine freedom. The General Assembly had adopted important resolutions with a view to eliminating the flagrant violations of the basic rights of the peoples of colonial Territories. The rape of the natural resources of such Territories was continuing with impunity, and in defiance of the Assembly's resolutions—but with the connivance of the colonial Powers. It was therefore all the more urgent that every aspect of the activities of the foreign financial and other interests should be scrutinized. Previous studies by the Sub-Committee had shown the co-operation between the colonial Powers and the monopolies operating in Territories under their dominion. The implications of such relationships were all the more serious since the final phase of colonialism was now approaching. The formal colonization of Territories was the political manifestation of the economic expansion of the capitalist monopolies and the active presence of financial monopolies in colonial Territories at the present time heralded the economic domination of those Territories in the future. The activities of the foreign financial and other interests in the Territories studied to date, and the co-operation between them and the colonialist Powers, were clear evidence of neo-colonialist designs. That aspect was particularly evident in southern Africa, where racist white settlers, the tools of international imperialism and monopoly capitalism, had usurped the rights of the African peoples and State control.

40. When the illegal racist white minority régime of Ian Smith had usurped State control in Southern Rhodesia, his delegation, and most Member States, had seen it as a continuation of colonialism and had taken the view that force, as opposed to economic sanctions, must be employed to liberate the Zimbabwe people and implemented General Assembly resolution 1514 (XV). The Secretariat working paper on

economic conditions in Southern Rhodesia showed the negative, reactionary role of foreign monopolies in the Territory and the way in which they were sabotaging the Zimbabwe people's struggle for freedom.

41. His delegation did not agree with the manner, extent and form of the sanctions against the Salisbury régime, which were being increasingly undermined by financial monopolies. Nevertheless, it was extremely interesting to note that such monopolies could only continue to operate with the blessing of countries—the United Kingdom and the United States among many others—which were vociferous in supporting the sanctions. Paragraph 95 of the Secretariat working paper on Southern Rhodesia (appendix I below) showed that, in November 1966, the Continental Ore Corporation of the United States was importing pig-iron from Southern Rhodesia into the United States. Such imports for the period January to October 1966 had increased to \$3.2 million as against \$0.22 million for the whole of 1965. Paragraph 75 showed that the Salisbury régime expected to increase its foreign exchange by some \$5.5 million annually from the exploitation of nickel deposits at the Trojan mine. It was significant that 85 per cent of the interest in that mine had been bought by the Anglo-American Corporation. Paragraph 71 of the working paper showed that the United Kingdom company, Turner and Newall, Ltd., which accounted for some 63 per cent of the total production of asbestos in Southern Rhodesia, had reported an increase in sales from £91.9 million to £94.8 million.

42. Petroleum had figured very prominently in the drama of Southern Rhodesia. In spite of the so-called sanctions, the illegal racist minority régime in Southern Rhodesia was still receiving sufficient oil to meet its industrial and other needs. The origin of such oil should be emphasized. It was no secret that United Kingdom and United States companies, such as British Petroleum, Mobil, Caltex and a host of others, were the main suppliers, through their subsidiaries in South Africa. It was impossible to escape the conclusion that the activities of such companies, based in countries which were members of the Security Council, were still the main saboteurs of the recent sanctions imposed by the Security Council. As a result, those monopolies contributed directly to the exploitation of the natural and human resources of Southern Rhodesia. It followed that the activities of the monopolies were an obstacle to the Zimbabwe people's attainment of independence and a direct challenge to the United Nations, which was endeavouring to secure that independence. The overwhelming majority of the people of Southern Rhodesia, through their national liberation movement, had repudiated the activities of the foreign monopolies and their association with the forces of colonialism. All freedom-loving peoples had a duty to condemn the negative attitude of those forces of exploitation, which were detrimental not only to the liberation and long-term interests of the Zimbabwe people, but also to the daily life of the African in Southern Rhodesia. The international community was morally bound to consider ways and means whereby the foreign monopolies should compensate the people of Southern Rhodesia and put an end to activities prolonging the colonial status of the Zimbabwe people.

43. While the Sub-Committee's study of the activities of foreign monopolies in Angola and Mozambique had been extensive, the Secretariat working paper on the Territories under Portuguese administration contained additional information on the exploitation of the natural and human resources of those Territories. The gross exploitation of Mozambique was definitely becoming more serious and disquieting. Information from international sources indicated that financial giants were competing in the scramble to exploit the Territory's natural resources. Recent press reports of oil discoveries in Angola indicated that the oil monopolies were trying to obtain further concessions of land and facilities, which inevitably entailed the wider and more inhuman dispossession of the African people of their natural resources and land. The consequences of competition to that end in other colonial Territories were well known. It was the social fabric of the Territories which was destroyed, not the international monopolies. Consequently, the activities of the latter were undermining the very process by which a nation formed its own identity.

44. It was also known that the Gulf Oil Corporation, a United States company, had discovered extensive natural gas deposits in Mozambique and was negotiating sales with the fascist authorities in South Africa. The African people of Mozambique had been dispossessed so that the company could obtain a land grant. By supplying South Africa with natural gas, the company was contributing directly to the industrial growth of a régime whose policies had been condemned by all freedom-loving peoples as a threat to the peace of the area. Hence, such monopolies were weakening not only the international community's efforts to implement the Declaration on the Granting of Independence to Colonial Countries and Peoples but also its efforts to eliminate the inhuman system of *apartheid*.

45. The International Seminar on *Apartheid*, Racial Discrimination and Colonialism in Southern Africa, held in Zambia in 1967, would be a useful source of data for the Sub-Committee. In addition, the information gathered by the Special Committee during its recent meetings in Africa should be included in the Sub-Committee's report. Particularly relevant was the information from petitioners about the exploitation of Southern Rhodesia, Angola and Mozambique. The representatives of the national liberation movements of Angola and Mozambique had exposed and condemned the activities of the foreign monopolies which, quite apart from suppressing the colonial peoples by economic exploitation were, in some cases, maintaining private armies to engage in all manner of hostile actions against the interests of the population. At the request of the Special Committee, the Mozambique and Angolan national liberation movements had supplied concise reports on such activities and no research would be needed by the Secretariat. The reports could simply be issued as working papers.

46. A further manifestation of the participation of the monopolies in the suppression of the African peoples was to be seen in the direct cash contribution they made to the Portuguese colonialists. Paragraph 26 of the Secretariat working paper on Angola (appendix III below) showed that the Angola Diamond Company, which had just been given a land grant of some 1,025,700 square kilometres, had contributed some 195 million escudos to the Portuguese budget in Angola.

47. An article in the *South African Financial Gazette* on 18 March 1966 had provided further evidence of the strong interconnection between the monopolies active in southern Africa. It had stated that oil production in Angola was to be increased to 2 million tons per year during the following two years, to help meet the rising demands of South Africa, Southern Rhodesia, Angola and Mozambique. The Companhia dos Petroleos de Angola was to invest 150 million escudos annually—some £900,000—for a five-year period to develop the oil fields. The article stated that the investment was required under an agreement between the oil company and the Portuguese Government which was due to run until 31 December 1970 and might be extended by order of the Portuguese Government to the end of 1975. The agreement permitted the oil company to take eight partners in the oil exploration programme—two South African companies and the remainder, French, Italian and Portuguese. That article showed that the prevailing situation was the logical, though negative, result of colonialism and the information in the Secretariat working paper was further evidence of the same kind. It was also relevant that, in her book, *South West Africa*, Mrs. Ruth First had noted that the Consolidated Diamond Mines made an annual profit in South West Africa which was almost double the entire State budget. That was a distressing indication of the uninterrupted violation of the interests of the peoples of southern Africa and of the flouting of the various General Assembly resolutions aimed at the elimination of *apartheid* and colonialism. The situation was very succinctly summarized by Mr. Jack Woodis in his book *Africa: The Way Ahead*, in which he observed that it was ironic that it was precisely where there were the highest number of Europeans to make good the imperialist claim of a "civilizing mission" that the people were furthest away from their goal of freedom. Mr. Woodis also observed that a characteristic of many Territories not yet independent was that they included the main centres of Western investments, especially British and American, which tended to flow to the great concentrations of mineral wealth in South Africa and Southern Rhodesia.

48. It thus followed that the activities of the foreign monopolies in the area, far from benefiting the African people, provided a major incentive, and the machinery, for the exploitation of the people and the criminal domination of their Territories. The fact that a similar situation existed in other Territories under colonial domination was revealed, very disturbingly, in the various working papers prepared by the Secretariat.

49. The representative of Syria said that the United Nations resolutions adopted since the Sub-Committee's discussions of the role of foreign monopolies one year earlier had not deterred those interests from pursuing their policy of exploiting the natural resources of colonial countries and territories to the detriment of the peoples' legitimate rights and interests. The working papers before the Sub-Committee indicated that the volume of concessions granted to foreign companies had increased to such a degree that, in African territories, the exclusion of Africans from any access to their own natural resources had become the rule. In Angola, for instance, the Angola Diamond Company held exclusive rights to the exploitation of over 1 million square kilometres until 1971 and was using them to such effect that the value of diamonds exported to the United Kingdom in 1965 had been 904 million escudos. The information available to members and the testimony of petitioners heard by the Special Committee showed that the indigenous peoples of the Territories received no benefit whatsoever from this intensive exploitation of their natural resources.

50. Similarly, in the case of agriculture, discrimination against the indigenous worker and landowner was a feature of agricultural policy and increased European investment and colonization was encouraged. Agricultural production in the Territories under Portuguese domination and in South West Africa was indeed expanding, but the emphasis was on exports and investments, and not on improving the lot of the African worker, whose wages were, at best, no more than one tenth of those of similar European workers. Throughout southern Africa, in fact, all the industries based on agriculture showed the same characteristics: predominance of aliens, relegation of the Africans to cheap labour and allotment to them of unproductive lands. Moreover, there was every indication that in territories on which no working papers were yet available, such as Aden and Oman, the situation was similar.

51. Such policies and practices were clearly obstructing the progress of African and Asian peoples towards independence. Appeals to the Powers under whose jurisdiction such foreign monopolies operated to ensure that the rights of the indigenous peoples were respected had proved fruitless; in recent years investment had, in fact, increased and the economic power of foreign companies had been consolidated by the formation of consortia. Such discouraging evidence of the triumph of force over principles represented a threat not only to the ultimate independence of the colonial countries but to international peace and security, and the Sub-Committee should emphasize that fact in its conclusions and recommendations.

52. The representative of Yugoslavia said that the studies undertaken by the Special Committee, Sub-Committee I and other United Nations bodies concerning the activities of foreign economic interests and monopolies in colonial Territories furnished convincing evidence that those interests constituted one of the main obstacles to the eradication of colonialism. He would begin by analysing the economic situation in the Territories in southern Africa, which were the major strongholds of the colonial system today. There, the racist and fascist Portuguese, South African and Southern Rhodesian régimes were forging an unholy alliance, with a view not only to perpetuating the exploitation of the indigenous inhabitants but also to setting up bases from which to exert pressure on the newly liberated African States.

53. In that endeavour they had the full support of their military allies and economic partners. A glaring example of the military support they were receiving was to be found in the huge amounts of military aid made available to Portugal by other members of NATO. The evidence compiled in the past three years by the Secretariat showed that in the Territories concerned production was concentrated in two sectors, agriculture and mining, which provided important raw ma-

terials for the industries of the colonial Powers and foreign monopolies. Agricultural production, particularly for export, was controlled mainly by white settlers and the exploitation of mineral wealth by foreign companies. The indigenous inhabitants derived no benefits from those economic activities, but were relegated to the status of cheap manpower.

54. Indigenous farmers cultivated subsistence crops and it was only in exceptional cases that they grew produce to be sold to foreign companies, at prices considerably lower than those paid to European farmers. The reasons for that situation were that the indigenous farmers owned only small plots of unproductive land and that their extreme poverty made it impossible for them to invest in means of increasing their agricultural output. The great bulk of agricultural crops was grown either on the farms of white settlers or on the plantations owned by foreign companies. In Angola and Mozambique new immigrants from Portugal were being granted concessions for estates consisting of hundreds of hectares, whereas the plots owned by or granted to Africans averaged one to two hectares.

55. It was obvious that the Portuguese racists were attempting to strengthen their control by altering the population structure. Recently they had been intensifying their efforts to induce former soldiers to settle in those Territories, as such men could be used in the suppression of the liberation movements. In South West Africa, under the policy of *apartheid*, the Africans were being forcibly dispossessed so that the most fertile land could be turned over to white settlers. A similar policy was being applied in Southern Rhodesia, where *apartheid* already existed in reality and preparations for its formal recognition were being made. The result of those policies was that the indigenous inhabitants were for the most part compelled to work on land belonging to white settlers and foreign monopolies, at wages below the subsistence level.

56. Foreign mining companies were increasing their investments in the Territories in question, attracted by the abundance of mineral wealth, the prospect of high profits, the availability of cheap forced labour and the facilities granted them by the racist régimes. He named various companies engaged in the exploitation of diamonds, iron ore and petroleum in Angola and coal and bauxite in Mozambique, and in mining and other economic activities in Southern Rhodesia. The latter provided the answer to the question how the Smith régime was able to survive the economic sanctions imposed by the Security Council. The international monopolies were making it possible for the goods produced in Southern Rhodesia to reach world markets and for the necessary commodities to be imported into the country. The most eloquent proof of that assertion was the fact that Southern Rhodesia had a supply of petroleum which would meet its needs for more than two years. At one time it had been said that an oil embargo would deal a decisive blow to the Smith régime, but, because of the help of foreign economic interests, that prediction had not been borne out. A number of international monopolies, including the Anglo-American Corporation, had shares in the mining industry of South West Africa. The activities of that particular company in the Territories under Portuguese domination, Southern Rhodesia and South West Africa were illustrative of the way in which foreign monopolies in the Territories in southern Africa operated.

57. Economic interests constituted the basis for the political attitude shared by the colonialists and their Western partners. The large companies representing the vested interests of the Western countries were aiding and abetting the racists and colonialists in their war against the peoples of southern Africa. Of particular significance in that connexion were the data provided by the representatives of the Angolan liberation movements to the effect that certain companies had private armies which they placed at the disposal of the Portuguese racists engaged in the massacre of Africans struggling for national liberation.

58. The papers prepared by the Secretariat on the colonial Territories in the Pacific and the Indian Ocean (appendices IV, V and VI below) showed that the situation there was practically the same as in southern Africa. The economy was based on agriculture and mining; agriculture was dominated by European farmers, who were able to purchase fertile land from the colonialist authorities at very low prices; the indige-

nous inhabitants were compelled to work on estates and plantations owned by European settlers and foreign processing companies for wages which were below subsistence level. The processing industry and trade were controlled mainly by foreign capital, while mineral resources were exploited exclusively by foreign monopolies. The story of gold mining in Papua and the Trust Territory of New Guinea was illustrative of the adverse consequences of colonialist exploitation: after years of mining during which millions of dollars' worth of gold had been extracted there was now evidence of slackened production as the deposits began to give out. Thus the foreign monopolies had deprived those Territories of a commodity which would have been invaluable to them in their efforts to promote their economic development after attaining independence. As it was, the indigenous inhabitants had derived no benefit from the exploitation of their gold resources, because the profits had not been re-invested in the Territories but had simply gone to fill the coffers of foreign companies.

59. Turning to the colonial Territories in the Caribbean, he noted that tourism was the sole industry in the Bahamas, an industry entirely controlled by United States and European capital. A number of international banks had their offices in that Territory, which in addition, had become a haven for criminal organizations.

60. The trend was towards increasingly close interrelationships between foreign economic interests and the colonial Powers, particularly in southern Africa. The aid granted to the colonialists by those economic interests in the form of loans and even direct financial contributions earmarked for the suppression of the liberation movements constituted one of the decisive factors enabling the colonial Powers to keep whole peoples in a state of colonial subjugation. Those Powers were, in turn, increasingly facilitating the exploitation by foreign monopolies of the natural and human resources of the Territories in question. The apologists for the beneficiaries of such exploitation, who argued that their presence was helping to improve the living standards of the Africans, deliberately ignored the fact that the peoples in question were deprived of any opportunity to take part in the process of decision-making regarding the economic development of their countries and were simply an object of trade between the colonial Powers and foreign monopolies.

61. It was to be regretted that the Secretariat had not had time to prepare working papers on the operations of foreign interests in the colonial Territories in southern Arabia, where foreign monopolies were extremely active in prospecting for and exploiting petroleum resources. Such an analysis would have been particularly useful in the light of the present dangerous situation in the Middle East and the continued oppression of the people of Aden and the southern part of the Arabian peninsula.

62. On the basis of the conclusions drawn from the examination of the situation over the past years, the material prepared by the Secretariat and the statements of members of the Sub-Committee, it should be possible to adopt recommendations which would enable the General Assembly to take far-reaching decisions concerning the activities of foreign economic interests which were impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples.

63. The representative of Finland said that the Sub-Committee was concluding its examination of a question which was both difficult and complex. His delegation had carefully studied the documentation submitted by the Secretariat but would have liked to have more time and possibly obtain the opinions of experts. He would therefore make only a few general remarks concerning that documentation, which shows that the people of the Territories of southern Africa were being subjected to discrimination in many fields.

64. Finland was traditionally opposed to all forms of discrimination and deeply regretted that the sanctions against the Smith régime and the resolutions concerning discrimination in that region had not been universally complied with and had not yet produced the desired results.

65. It was not easy to draw conclusions with regard to the other Territories. The Sub-Committee had been asked to study the activities of foreign interests which were impeding

the implementation of the Declaration. The matter was therefore doubly restricted in scope, first, because the study must deal with foreign interests and, secondly, because they must be interests which were impeding the implementation of the Declaration; but it was hard to determine in which cases the foreign interests and not those of the administrative Power had resulted in discrimination and exploitation of a certain territory and it was also difficult to conclude how and to what extent the discriminatory practices had been impeding the development towards independence. Economic factors no doubt play an important role but they are not the sole and decisive factors in influencing the future of a country. Far more important was the policy pursued by the administrative Power, which held the power to change the future course of a country and to protect the interests of the majority of the population. He quoted part of the communiqué issued on the Meeting of the Foreign Ministers of the Nordic Countries in Helsinki in August this year, and said that intensified efforts must be made to find within the framework of the United Nations solutions which had substantial chances of obtaining such support as was necessary for their implementation.

66. The representative of Tunisia recalled that his delegation had already expressed its views on how the Sub-Committee should study the question. At the present stage, therefore, it wished to describe briefly the pattern of behaviour of the economic forces operating in colonial Territories. Tunisia believed that the Sub-Committee should no longer be content with general statements and should demonstrate scientifically, using figures, what it had stated in theoretical terms. It also believed that such a demonstration should be given wide publicity and brought to the attention of the general public.

67. The pattern of behaviour of the economic forces studied by the Sub-Committee showed a number of characteristic features. The first observed tendency was to make the colonial Territory an outlet for the metropolitan country's products and a source of cheap raw materials. Secondly, the colonial Power systematically regulated to its own advantage the flow of trade and all commercial activities between itself and the colonial Territory. That flow of trade exerted a very strong influence and would continue to do so even after independence, since the Territory would find it very difficult to change the trade pattern and diversify its markets and outlets. Thirdly, the colonial Power's investments in a Territory were made with a very definite view to the future, which was manifested in a minimal period of investment and very high dividends.

68. The capitalist model also prevailed in agriculture. The settlers established themselves on the best land and left the unproductive land to the indigenous inhabitants. Without going into detail, it could be said that the settlers thus brought about two types of cultivation in the country: on the one hand, modern cultivation with ample technical and financial resources and, on the other, very primitive cultivation without any such means and naturally producing poor yields, a fact which was attributed to the laziness and negligence of the indigenous inhabitants. Another feature of the pattern was that the indigenous inhabitants were reduced to the status of a despised and derided sub-proletariat. Still another element was the appeal made by the colonial authority to sources of capital and the facilities it granted to investors (tax exemptions, subsidies and the like). Lastly, the economic interests in question frequently originated in countries other than that of the colonial Power, with the result that a closely knit system of converging interests which prospered at the expense of the colonized Territory was established in that Territory.

69. He had not been able to study thoroughly the extensive documentation prepared by the Secretariat, but he continued to believe that a detailed study of the problem by experts would be required. In that connexion, he mentioned the study *Foreign Investment in the Republic of South Africa*,^e prepared by the committee of experts established by the Special Committee on the Policies of *Apartheid* of the Government of the Republic of South Africa. That document could serve as a model for the study to be prepared for the Sub-Committee by a group of experts. His delegation formally proposed the estab-

lishment of such a group, to make a general synthesis of the documentation submitted to the Sub-Committee and prepare a well-documented study which would constitute an indictment of the exploitation of colonial Territories.

70. The representative of the United Republic of Tanzania said that if the Tunisian proposal was for the preparation of a document which would be examined by the Sub-Committee, he fully endorsed it. On the other hand, he did not share the Finnish representative's view that the volume and importance of the documentation were such that an expert would have to study it and then report his conclusions to the Sub-Committee. The Sub-Committee had been established to evaluate the role played by foreign monopolies in the colonial countries. The purpose was to make a political evaluation. Only the Sub-Committee itself could make that evaluation, and it could not shift its responsibilities to an expert or a group of experts. Every delegation had the right to call in its own experts, if available, to help in analysing the documentation submitted to it. The Sub-Committee, however, did not need any experts in order to form its own opinion.

71. His delegation had no intention of denying the right of any people to call for foreign investments in its country if it considered them necessary; however, the question could be discussed only by a sovereign people, for a colonial people did not have the necessary political powers. That fact became even more evident in the case of small Territories in which the local government itself frequently consisted of representatives of foreign monopolies. In that connexion, an article published on 26 August 1967 in *The New York Times* concerning the Bahamas had stated *inter alia* that the economic exploitation of that Territory had grown so blatant and the interests involved had become so incompatible that the administering Power itself had been obliged to convene a commission to study the financial aggression committed against the Bahamas by foreign interests. That commission's inquiry had revealed, in particular, that certain members of the Bahamian Cabinet were in the service of foreign financial interests, that one of the main sources of profit for those interests was gambling establishments in the Bahamas and, lastly, that the Territory's national culture was gradually being destroyed and supplanted by an artificial and decadent culture.

72. That example should suffice, in his delegation's view, to prove that foreign monopolies played an iniquitous role in colonial Territories and were preventing the peoples of those Territories from acquiring and profiting from what was in fact their property. Only a political organ could take a decision on that question, and experts could do no more than prepare data for the information of the Sub-Committee, which would itself evaluate them.

73. His delegation had stated earlier what conclusions and recommendations it believed the Sub-Committee should submit to the Special Committee.

74. The representative of the Union of Soviet Socialist Republics said he had listened very closely to the Tunisian representative, who had stressed that the colonial Territories had been a convenient source of raw materials and profits for the foreign monopolies. Unquestionably, most of Europe's capitalist countries had achieved industrialization by looting their colonies. The colonial Powers had developed their Territories' trade and economy only in so far as that served their interests. Consequently, upon attaining independence, those Territories encountered enormous economic difficulties.

75. The Tunisian representative had proposed the establishment of a group of experts to study closely the available data on the activities of foreign economic and other interests which were impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, in the same way as the Secretariat had done in producing the publication entitled *Foreign Investment in the Republic of South Africa*. The USSR delegation accepted that proposal, but it felt that the group should also be asked to study the relevant documents prepared for the Trusteeship Council. Although the working paper contained in the publication he had just mentioned before the Sub-Committee was, in general, well prepared, it dealt with only one aspect of the question—foreign investments and the huge profits reaped by foreign

^e United Nations publication, Sales No.: 67.II.K.9.

monopolies in Non-Self-Governing Territories. The Trusteeship Council's documents, on the other hand, also dealt with the legislative and social aspects designated by the Secretariat, which must be taken into account in studying the situation in those Territories. However, while the technical work could be done by a group of experts, the Sub-Committee itself must draw the political conclusions and formulate recommendations.

76. The representative of Finland, although admitting that the population of colonial Territories had been mercilessly exploited, had attempted to draw a distinction between the responsibility of the administering Powers—particularly political responsibility—and the activities of foreign economic interests. One should bear in mind the well established thesis that policy was the concentrated expression of economy. That could be illustrated by the fact that, in addition to making direct investments in those Territories, the foreign monopolies often extended sizable loans to the administering Power and thus helped it to pursue its policy of oppression. The colonial Powers, in their turn, imposed on the Territories under their administration laws which favoured and protected the foreign monopolies. Thus, the political and economic aspects were closely interconnected.

77. The representative of Tunisia explained that, when he had proposed that a group of experts should study thoroughly the documentation prepared for the Sub-Committee, he had in no way meant to suggest that the Sub-Committee should not report to the Special Committee on the matter at the present stage. Even without going into the heart of the subject, the Sub-Committee should be able to formulate some general comments and conclusions in its report to the Special Committee, so that the latter could in turn report to the General Assembly at the twenty-second session. The group of experts, which would be similar to that set up by the Special Committee on the Policies of *Apartheid* of the Government of the Republic of South Africa, would study available data and present them the following year in a form more accessible to the layman, while the Sub-Committee would draw the relevant political conclusions.

78. The representative of the United Republic of Tanzania accepted the proposal in principle, but requested the Tunisian representative to give members time to consider the composition and functions of the proposed group of experts.

79. The Chairman stated that the Sub-Committee was completing its examination of the activities of foreign economic and other interests which were impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. It was plain from the documents before the Sub-Committee and from the statements made in the debate that foreign economic and other interests had continued to play a dominant role in the economy of the colonial Territories under consideration and that foreign enterprises and settlers of European stock retained their hold on the principal sectors of production. The Sub-Committee had also found that the foreign companies active in those Territories had made no attempt to develop their economy in the interests of the indigenous population and that the Governments concerned continued, as a matter of policy, to bolster up the position of the foreign economic and other interests in the Territories they administered by developing foreign investments and encouraging foreign interests to go on using the Territories as a source of raw material and cheap labour. The Sub-Committee was convinced that such co-operation between the administering Power and foreign interests was contrary to the rights and interests of the indigenous population and that any further delay in fully implementing the Declaration set out in General Assembly resolution 1514 (XV) would seriously prejudice international co-operation and constitute a threat to world peace and security. The Sub-Committee therefore believed that the Special Committee should recommend the General Assembly once again to condemn the activities, in the Territories under consideration, of the foreign economic and other interests, which, in disregard of world opinion, continued to support the colonial régimes, and to appeal to the Governments concerned to take without delay the necessary measures to put an end to those activities; the General Assembly should also once again condemn the policy of certain administering Powers which continued to impede the accession of the in-

igenous populations to independence and complete freedom, and should urge those Powers to abandon that policy.

80. Those conclusions would be in the Sub-Committee's report to the Special Committee. In the Chairman's view, however, after reporting to the Special Committee, the Sub-Committee should continue its consideration of the matter at the following session. It would then require fresh information. The Secretariat should therefore be asked to begin collecting the necessary data in order to bring up to date the studies begun at the current session and to prepare working documents on certain other colonial Territories which the Sub-Committee had not yet considered, notably Aden and Oman.

B. Conclusions

81. Having studied the activities of foreign economic and other interests in South West Africa in 1964, in the Territories under Portuguese administration in 1965 and 1966, and in Southern Rhodesia in 1966, the Sub-Committee reviewed this year such activities in all these Territories and their effects in southern Africa as a whole. It also considered for the first time the role of foreign economic interests in other colonial Territories. On the basis of this review covering a period of several years, the Sub-Committee expresses its grave concern over the continued penetration, consolidation and expansion of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples.

82. The study shows that the main aim of the international monopolies in the colonial Territories is to make the largest possible profits. This is made possible, first of all, by their rapacious exploitation of the natural resources in the colonial Territories, secondly by their ruthless exploitation of the cheap labour of the indigenous peoples in these Territories and, finally, by the fact that laws of a discriminatory nature have been enacted by the colonial Powers to further the interests of the international monopolies.

83. The economies of the colonial Territories are dominated by foreign monopolies and by the exploiting white minority. The foreign capital is invested basically in the mining and other industries which together produce almost all the exports of these Territories and produce the highest possible profits. These profits are either taken out of the Territories or remain in the hands of the exploiting minority of foreign settlers and are therefore not used for the economic development of the Territories or for the improvement of the economic and social standards of the indigenous peoples.

84. The negative consequences of these foreign investments for the colonial peoples can be easily observed, especially in Territories in the southern part of Africa. Despite the fact that large sums, totalling over \$5 billion, have been invested by the imperialist Powers, the indigenous African populations remain in a state of impoverishment. In contrast, highly developed industries and agriculture, cities, harbours and airports and other wealth created by the blood and sweat of African labour are at the disposal of the alliance of the minority of local white exploiters and foreign monopolies.

85. Owing to the fact that the basic means of production, namely the land, mines, plants and factories, transport and communications in colonial Territories are all in the hands of foreign capitalists and local settlers associated with foreign capitalists, the indigenous population are deprived of all opportunities to take part in economic, commercial and other kinds of activity in their countries; the indigenous populations are cruelly exploited by the foreign monopolies and by the colonial authorities which support these monopolies.

86. The Sub-Committee finds that the domination of agriculture by foreign monopolies has led to the alienation of land from the indigenous population. The best lands have been seized by foreigners. As a result, the overwhelming majority of peasants are obliged to lease land from European landlords and foreign companies on unfavourable terms. African peasants are forced to cultivate only those crops in which the concessionary companies specialize. They may sell their harvest only to the agents of these companies and at prices determined by the companies themselves, which usually are much lower

than the average prices paid to the European farmers and the prices prevailing in the world market. As a result, the foreign monopolies and colonial Powers earn further profits. Thus, the indigenous population is under a double oppression—exercised both by the foreign companies and by the white settlers.

87. Because the international monopolies have gained control over all the branches of agriculture which produce export crops, the agricultural economies of the colonial Territories consist of two parallel sectors: a cash economy controlled by the colonialists and a traditional subsistence sector. There is no integration between these two sectors. By maintaining this separation and by emphasizing the production of export crops, colonialism and the international monopolies have impeded the economic development of the colonies.

88. The colonial authorities, in collaboration with the international monopolies, are driving the indigenous populations from the fertile lands, thus depriving them of their means of subsistence and forcing them to work in industries or on the farms of European settlers to avoid starvation.

89. The domination of the colonial Territories by foreign monopolies, whose only aim is to earn the highest possible profits, has very harmful political, economic and social consequences. The indigenous populations of these Territories are deprived of political rights and freedoms, or are prevented from exercising them. The peoples of the colonial Territories live in poverty. There is racial discrimination in the payment of wages, which, for indigenous workers are from five to fifteen times less than those paid to white workers. There are no laws to protect workers, no social security, no pensions for aged workers or for disabled workers. The overwhelming majority of the indigenous people are illiterate and practically deprived of medical care.

90. The Sub-Committee finds that the international monopolies, in Southern Rhodesia, South West Africa, the Portuguese colonies (i.e., Angola and Mozambique), and in all the other colonial Territories have played and continue to play, through their activities, the consolidation of their power and their penetration of the Territories, a reactionary role in economic, political and social development. They support the policy of racial discrimination pursued in the colonies by giving financial, economic and military assistance to administering Powers and racist régimes which are engaged in suppressing national liberation movements. This state of affairs contradicts the basic aims and objectives of the United Nations and the obligations assumed by the administering Powers under Article 73 of the Charter.

91. Considering these aspects in some detail, the Sub-Committee finds, first, that as a result of discriminatory legislation imposed by the Colonial Powers in Angola, Mozambique, Southern Rhodesia and South West Africa, and in the other colonial Territories, the great majority of the inhabitants are denied any significant participation in the political and economic life of their own Territory, while the colonial Powers have arrogated to themselves the authority to concede, control and exploit all the natural resources over which the peoples of the Territories have undeniable sovereign rights. The Sub-Committee's studies this year confirm not only that foreign economic and other interests hold a dominant position in the economies of all the Territories in southern Africa and in other territories as well but also that all the major sectors of production are controlled by foreign capital, including that of the colonial Power, and by settlers of European origin.

92. Having decreed all mineral deposits in the Territories they administer to be the public domain of the State, the colonial Governments have assumed the right to grant mining concessions, with the result that these concessions have been granted only to European and other foreign interests. In Angola and Mozambique, which are two of the largest and most populated Territories in southern Africa, Africans have no rights in the sub-soil mineral wealth. In Angola, where mining is the principal area of large investment, rights to exploit all the important minerals are held by foreign and Portuguese-owned companies, many of which have exclusive rights over large areas of the Territory. The Angola Diamond Company,

for instance, has exclusive rights over more than 1 million square kilometres to prospect for and mine diamonds until 1971 and may upon expiration of its contract, which is renewable, retain claims of up to 50,000 square kilometres. The Belgian-owned Petrofina, the partly Portuguese-owned Sociedade Anónima Concessionária de Refinação de Petróleos em Portugal (SACOR) S.A.R.L. (which is reported to have links with the Royal Dutch Group) and the United States-owned Cabinda Gulf Oil Company have exclusive rights to prospect and mine petroleum. Similarly, the largest iron ore deposits in Angola are held under exclusive concessions covering more than 100,000 square kilometres by the Lobito and Lombige mining companies, with financial participation by Fried. Krupp (Essen) of the Federal Republic of Germany and Jojgaard and Schultz A/S (Copenhagen) of Denmark. In Mozambique, the Belgian and Portuguese-owned Companhia Carbonífera de Moçambique has a mining concession over coal deposits estimated at over 400 million tons. Exclusive petroleum prospecting and mining rights over large areas of the Territory are held by the United States-owned Mozambique Gulf Oil Company and the Mozambique Pan American Oil Company.

93. In Southern Rhodesia, where foreign economic interests played a unique role in the establishment of a racist minority government, foreign settlers exercise power at the expense of the indigenous population and, in concert with foreign economic and other interests, have proceeded with a systematic and ruthless exploitation of the land and the indigenous peoples to their mutual advantage, with the result that the interests of foreign undertakings operating in the Territory and those of European settler elements have become closely interlocked and interdependent. Today, foreign economic and related interests control the major sectors of Southern Rhodesia's economy, accounting for more than 80 per cent of all capital invested in the Territory; they are predominant in mining, banking and finance, and in the major manufacturing industries. The origins of these foreign interests are mainly South African, British and American, and are closely linked with other international and financial interests in other parts of southern Africa.

94. The dominance of foreign capital in Southern Rhodesia is particularly striking in the mining industry, which accounts for 75 per cent of the capital investment in all industry. The major mining and financial interests include the Anglo-American Corporation (the largest mining financial interest in South Africa) and the British South Africa Company, which was one of the largest mining and financial interests in Southern Rhodesia up to its merger in April 1965 to form Charter Consolidated Ltd., and which had assets exceeding £80 million in 1964. Other mining groups include Lonrho Ltd., which has extensive dealings in central and southern Africa, including Southern Rhodesia and Mozambique, and is a major shareholder in the Companhia do Pipeline Mocambique Rhodesia S.A.R.L., and Selection Trust Ltd., which is associated with American Metal Climax (AMAX). Asbestos, Southern Rhodesia's major mineral export, is in the hands of the United Kingdom company, Turner and Newall Ltd. Other companies operating in Southern Rhodesia include Rhodesia Chrome Mines Ltd., African Chrome Mines Ltd., and the Union Carbide Rhomet of Que Que, all three owned by the Union Carbide Company of the United States and associated with a London holding company, Chrome Company Ltd., whose interests are British and American; the Rhodesia Vanadium Corporation, a wholly owned subsidiary of the Vanadium Corporation of America, which produces about 30 per cent of the Territory's total chrome ore; the Kamativi Tin Mines, the main producer of tin in the Territory, whose chairman is from the Netherlands; and the Bikita Minerals Ltd., virtually the only producer of lithium in Southern Rhodesia. The shareholders of Bikita Minerals Ltd. include Selection Trust (which holds 40 per cent of the shares indirectly), Treselca Ltd., American Metal Climax Inc., and American Potash and Chemical Corporation.

95. The mining sector in South West Africa, which contributes nearly half of the gross domestic product, is predominantly in the hands of two large foreign companies closely connected with even larger companies active in South

Africa and elsewhere. Diamonds, which are the Territory's major resource, are controlled almost exclusively by South African, British and United States interests. By far the largest and most profitable company operating in the Territory is Consolidated Diamond Mines of South West Africa Ltd., a subsidiary of De Beers Consolidated Mines of South Africa Ltd., which is itself in effect a subsidiary of the Anglo-American Corporation of South Africa. The real ownership of De Beers has been estimated by the Company to be spread as follows: South Africa—44 per cent, continental Europe—27 per cent, United Kingdom—25 per cent; other countries—4 per cent. Although Consolidated Diamond Mines had an initial capital investment of only R.10.4 million,^f in 1962, the shareholders' funds amounted to R.120 million and the reserves nearly R.200 million. In 1965, profits before taxes were R.64.5 million, and after paying R.24.8 million in taxes, royalties, etc., net profits amounted to R.39.7 million. Marine Diamond Corporation Ltd., which is the second largest diamond producer in South West Africa, is also closely associated with the Anglo-American Corporation and is mainly owned by South African, United Kingdom and United States interests. Mr. Paul Getty's Tidewater Oil Company, in addition to petroleum prospecting rights in the Territory, has interests in diamonds.

96. Rights over South West Africa's important deposits of base metals, including lead, copper, zinc and tin, and also vanadium and petroleum prospecting rights, are also exclusively held by interests from South Africa, the United Kingdom and the United States. The Tsumeb Corporation, which is the second largest mining company in the Territory, and of which the principal owners are the American Metal Climax and Newmont Mining Corporation of the United States, is the main producer of copper, zinc and lead; its assets and inventories in 1963 amounted to over R.11.5 million. Another company holding a substantial interest in the Tsumeb Corporation is Selection Trust Ltd., a widely spread mining investment company which also holds an interest in American Metal Climax, in addition to substantial interests in South Africa, South West Africa and central Africa. In 1965 out of metal sales of R.51.5 million, the Tsumeb Corporation had a net operating income of R.30.2 million and a net profit after depreciation and taxes of R.18.9 million. The remaining rights over lead, zinc, tin, vanadium and copper are held by the United Kingdom and South African interests, and two Japanese companies have interests in the copper mines. The Iron and Steel Industrial Corporation, a South African Government corporation, operates a tin mine in the Territory and is establishing a large zinc mine. South African interests also control the asbestos and iron mines in Swaziland.

97. In the Pacific and Caribbean Territories, foreign economic activities follow the same pattern as in southern Africa. In Papua and New Guinea, foreign interests dominate the major sectors of the economy, which is based on the exportation of a few cash crops and mineral resources. European enterprises also control nearly all the mining and timber industries, as well as most of the commercial and trading activities. In Fiji, Australians control almost all the major enterprises, such as the sugar and gold-mining industries; they also control nearly all the shipping, banking, insurance, trading, major retailing, tourist hotels and manufacturing. In 1966, Australia's stake in Fiji was valued at approximately \$US100 million. In the Caribbean, economic opportunities are mainly in the hands of non-indigenous interests. In the Bahamas, for instance, tourism, the sole industry, is entirely controlled by United States and European capital, and recent information showed that European members of the local government have shared actively in this exploitation.

98. In the past few years, in almost all the Territories studied by the Sub-Committee, and more especially in the Territories in southern Africa, foreign companies have grown richer, remittances of profits and dividends outside of the Territories have increased, but the standard of living of the great majority of the inhabitants has had no share in these gains.

^f One Rand = \$US1.40.

99. Between 1961 and 1965, the total value of diamonds exported from Angola amounted to 3,591 million escudos^g (\$US125 million) and the Angola Diamond Company's total profits amounted to 2,000 million escudos (\$US70 million), of which 765 million escudos (\$US27 million) went to individual shareholders overseas. In return for the mining rights, the Portuguese colonial Government in Angola received a total of some 770 million escudos as its share of the profits and dividends, together with some 72 million escudos as the company's "participation in the defence of the national patrimony". In these five years, the Portuguese Government in Lisbon received 155 million escudos from taxes on dividends paid. To help the colonial Government, the Angola Diamond Company has since 1962 granted it loans amounting to more than 226 million escudos (\$US8 million). While the major share of the wealth from diamonds went to shareholders and the colonial Government, apart from the meagre wages paid and the social services the company claims to have provided to the workers, Africans in Angola did not benefit from this mining operation. While the company's annual profits rose by 74 per cent between 1961 and 1965, according to an official Portuguese source, average wages of "salaried workers" in Angola rose only 15 per cent.^h What is also significant is that, under its official statutes, members of the board of directors and the supervisory committee (*conselho fiscal*) (who together may not exceed 25 members) receive annually 6 per cent of the net profits. In 1965, 31 million escudos were set aside for these members. Calculations show that this sum was equal to about one quarter of the company's total official wage-bill for its 26,265 workers, or about 50 per cent of their cash wages.ⁱ

100. Income from petroleum mining in Angola has also increased. Petrangol's income from mining and refining activities, for instance, rose by 56 million escudos to 172.7 million escudos between 1963 and 1965, and in the latter year its distributed profits amounted to 23.3 million escudos. All the three petroleum mining companies in Angola have signed new contracts with the Government and are now stepping up their activities. These companies—Petrangol, Angol and the Cabinda Gulf Oil Company—will spend a yearly average of 375 million escudos in prospecting in 1968 and 1969 and they will also pay the Mining Development Fund a total of 3.5 million escudos each year. On signing its new contract, Petrangol alone paid the Government a "bonus" of 30 million escudos and agreed to provide the Government with two loans, one of 250 million escudos for three years at 4 per cent interest and the other of 40 million escudos for ten years without interest.

101. Thus, the foreign companies operating in Portuguese colonies are released from all taxes and duties: export and import duty, income and other taxes. Huge territories are assigned to each of these companies and they have their own police force, security service and even army.

102. According to the agreements concluded between the Government of Portugal and these companies, the latter are bound to support the Portuguese Government, "in securing peace and order". They allocate some of their means to building military barracks and pay to the Government of Portugal considerable sums of money for the defence of so-called "national property".

103. In Southern Rhodesia, profits made by foreign economic and white settler minority interests from the exploitation of the land and natural resources of the Territory in 1965 were officially listed as follows: gross operating profits of companies rose by £10.9 million (21.2 per cent) during the year to £62.3 million; additionally, gross income from unincorporated European enterprises amounted to £29.4 million. For the large

^g One escudo = 3.5 cents; one US dollar = 28.5 escudos.

^h Mendes, Alfonso, *O Trabalho assalariado em Angola* (Lisbon, Instituto Superior de Ciencias Sociais e Politicas, Ultramarina, 1966), p. 57.

ⁱ The Angola Diamond Company does not publish wage rates paid to its workers. According to official information, the minimum wage rate for "salaried workers" in the Luanda district is 185 escudos in cash and 200 escudos in food, clothing, lodging and medical care. The minimum wage for recruited African "rural workers" is probably lower. For the purpose of this calculation, 400 escudos per month has been used.

companies with international activities, no separate accounts are available for their operations in Southern Rhodesia alone. Other sources of information show that the Anglo-American Corporation of South Africa Ltd. reported group profits after taxes for 1965 at £14,621,000, compared with £13,730,000 in the previous year; ordinary shareholders received 13 shillings per share and general reserves increased by more than £6 million. Charter Consolidated, which was established in 1965, reported profits after tax for the first year of operations at £7.8 million, while net assets rose over this year from £155.7 million to £171.6 million, resulting in an increase in share value from 31s. 10 1/2d. to 35s. 1-1/2d., or an increase of 3s. 3d. per share. Selection Trust (associated with American Metal Climax) has wide interests in central and southern Africa, and reported profits after tax for the year ending March 1966 at £3.2 million, as compared with £2.9 million in 1965. Other typical examples of high profits include those of M.T.D. (Mangula) Ltd., which produces 85 per cent of the copper concentrates in Southern Rhodesia. Between 1965 and 1966 this company's net profits after tax rose by 45 per cent, from £2 million to £2.9 million. Equally dramatic were Lonrho's group profits, which amounted to 22.5 per cent per 5 shilling share.

104. In Papua and New Guinea, according to the report of the International Bank for Reconstruction and Development, many private enterprises have been highly profitable, with returns high enough to finance substantial reinvestments and at the same time to permit a sizable outflow of capital. On the basis of the limited data available, profits in recent years are estimated to have amounted to A\$6^j to A\$10 million a year. Among the largest companies operating in the Territory and in other parts of the Pacific, the Steamship Trading Company, Ltd. had a consolidated net profit of A\$816,272 in 1964, representing an earning rate of 24.4 per cent on average paid-up capital; in 1964 and 1965 the company paid an annual 13.5 per cent dividend. In 1965, W. R. Carpenter Holdings had increased profits for the twenty-second successive year. The company's earning rate on capital investment in 1965 was 35.4 per cent, and in 1966 it was 32.16 per cent. The dividend paid each year was 15 per cent. Burns Philp and Co. in 1965-1966 maintained the 10 per cent annual dividend it has paid for the last fourteen years.

105. In addition to high profits, which in many cases amount to double or triple the returns on capital invested elsewhere, in recent years foreign interests have been especially encouraged by special privileges offered by the colonial Governments. To attract new investments to Angola and Mozambique in 1965, the Portuguese Government liberalized conditions relating to foreign capital, opening to outside investment economic sectors which hitherto had been protected. In addition, foreign capital was granted special privileges to transfer moneys outside the Territories. Similar measures have been introduced in other Territories. For example, in Papua and New Guinea there is a low scale of taxation as compared with Australia; other "incentives" include tariff protection and tariff concessions and the provision of technical and other services. Since 1965, the Industrial Development Ordinance has provided tax holidays and tax exemptions on dividends during an initial period of five years.

106. With the collaboration of the colonial Government, non-African interests are expanding their control in the Territories in southern Africa. In Angola, new valuable mineral deposits which are being acquired by foreign interests include the recently discovered copper deposits over which the Japanese Nippon Mining Company has requested mining rights, new phosphate deposits over which the French and United States owned Sociedade Companhia Franco-Americana de Metais et Minerais (CAFREMET) is acquiring rights, and petroleum rights are being acquired by the Dutch company Bataafse Petroleum Maatschappij N.V. SARL in the northern part of the Territory. In Mozambique, a South African company, Edmundian Investments Ltd., has obtained a concession to mine copper in the Tete district; the Société Française de Pétroles is acquiring rights for offshore petroleum prospecting,

and recently the South African Government is reported to have agreed to the construction of a pipeline to transport natural gas from Mozambique to the Witwatersrand. A similar trend is evident in the other Territories, as may be seen from the studies annexed to the present report.

107. To secure quick returns, foreign capital is now making a determined drive to increase exports from the Territories. In Angola, with guarantees by the Portuguese Government, foreign investments amounting to almost \$45,100 million have been committed to ensuring an output from the Cassinga mine of 5 to 5.5 million tons of iron ore annually instead of at the rate of 1.5 million tons as previously planned. Total value of exports of ore are expected to reach 1,300 million escudos (\$US45 million) annually; during the period of amortization of about ten years foreign exchange earnings are expected to amount to about 500 million escudos annually, and after amortization to about 1,000 million escudos annually. At this rate, the 100 million tons of certain ore reserves at Cassinga will be exhausted in less than twenty-five years, but benefits to the Territory will be minimal, since the mining project is being highly mechanized and is not expected to provide many jobs and training opportunities for the local population.

108. A characteristic feature of the operation of foreign economic and other interests in the Territories in southern Africa, and particularly in South West Africa and Southern Rhodesia, is the preponderance of an interlocking combine of South African, United Kingdom and United States interests. The most important interests are those of four major companies which operate throughout the whole of southern and central Africa with world-wide assets of approximately £450 million: the companies involved are the Anglo-American Corporation of South Africa, Charter Consolidated (U.K.) Selection Trust, and Lonrho Ltd. (U.K.). The net profits of the world-wide operations of these four companies for 1965 totalled £26 million, a fair percentage of which was from their operations in southern and central Africa. Apart from its interests in Southern Rhodesia and elsewhere in central and East Africa, Lonrho Ltd. is also heavily involved in Mozambique. The Anglo-American Corporation, Charter Consolidated and Selection Trust control most of their southern and central African commitments from South Africa, where they are heavily involved. Other companies of international standing also operating in Southern Rhodesia have parent or extended branches in South Africa. Since the main sources of foreign capital in the Republic of South Africa are the United Kingdom and the United States, it can be seen that the interests of the settler régimes in southern Africa are interlinked and dependent on the same sources of finance-capital.

109. The widespread interests of the Anglo-American Corporation throughout southern Africa and beyond illustrate the dangerous stranglehold of foreign interests. The Anglo-American Corporation is the largest mining financial interest in southern and central Africa and is the major foreign company operating in Southern Rhodesia, with interests in banking and finance, mining, agriculture and manufacturing. The group's large interests in Southern Rhodesia are vested mainly in Rhodesian Acceptances, Ridgeway Hotel, Mazoe Citrus Estates, Hippo Valley Estates, Rhodesian Copper Products, Premier Portland Cement Co. (Rhodesia), Rhodesian Filling Co., Rhodesian Alloys, Rhodesian Iron and Steel Co., Anglo-American Rhodesian Development Corporation, and Wankie Colliery Co. Ltd. Together with its subsidiary De Beers, the Anglo-American Corporation controls major interests in the diamond mines in both Angola and South West Africa, as well as in mining and other activities in South West Africa, Southern Rhodesia and Mozambique. Anglo-American, through its subsidiary the Swaziland Iron Ore Development Company also has rights over the Swaziland iron deposits, the exports of which, over ten years, are expected to total £40 million. Since April 1965, the British South Africa Company, which up to then had been one of the largest mining and financial interests in Southern Rhodesia, merged with the Central Mining and Investment Corporation and the Consolidated Mines Selection Company, which are linked with the Anglo-American group, to form the new Charter Consolidated Ltd., the assets of which are held as

^j A\$1.00 = \$US1.10.

follows: 39 per cent in the Republic of South Africa; 23 per cent in North America, 16 per cent in "the rest of Africa" and 22 per cent elsewhere. The Anglo-American Corporation, together with the British South Africa Company, purchased in 1957 more than 89 per cent of the issued capital of the South West Africa Company, which operates two base metal mines in South West Africa.

110. The interlocking directorate of the four major foreign economic interests in central and southern Africa is well represented by the membership of the board of directors of Charter Consolidated. Mr. H. F. Oppenheimer is both Chairman of the Anglo-American Corporation and Charter Consolidated. Mr. Chester Beatty, Chairman of Selection Trust, is also a member of the board of directors. In addition, both the Anglo-American Corporation and Charter Consolidated are major shareholders in Lonrho Ltd. The interests of Selection Trust are spread as follows: 35 per cent in central and southern Africa, 9 per cent in West Africa, 50 per cent in North America and 6 per cent in the United Kingdom and elsewhere. The bulk of Lonrho's interests are concentrated in East and central Africa.

111. The information before the Sub-Committee shows that the important foreign interests in Angola and Mozambique are similarly linked with international financial circles through such groups as the Anglo-American Corporation, the Belgian Forminière and Société Générale de Belgique; Tanganyika Concessions Ltd., which is associated with the Union Minière du Haut Katanga and whose shareholders include Rhodesia Anglo-American and Rockefeller interests; Fried. Krupp of the Federal Republic of Germany, with its world-wide interests; the French Pichény Trust, and more recently other groups of Italian and Japanese nationality. It is thus clear to what extent the whole of southern Africa is threatened by an interlinked system of economic colonialism which supports the minority colonial Governments in perpetuating the exploitation of the indigenous inhabitants. It is evident also that the trend is towards an increasingly close relationship between foreign economic interests and the colonial Powers, with the former granting loans and financial assistance to the latter, which in turn facilitate the foreign activities.

112. The Sub-Committee has carefully considered all the information available to it with a view to ascertaining the degree to which foreign investments by their very presence help to raise the standard of living of the inhabitants of the Territories. The Sub-Committee finds that in general the profits exported by the large companies from the Territories far exceed the wages they pay to their workers, who because of the collaboration of the colonial Powers with the foreign interests are deprived of a just remuneration; and, because trade union activities are forbidden, they are denied any rights to take part in the process of decision-making regarding their own welfare and working conditions. Furthermore, the information shows that in all the colonial Territories the great majority of indigenous workers are employed solely as labourers and are given little access to training and advancement. (In the Portuguese Territories even the lower-level skilled jobs as well as artisan work are reserved for European settlers.) What is even more serious is the recent information provided by petitioners that some of the large companies in Angola and Mozambique even have their own armies, which provide support to the colonial Governments in the suppression of national liberation movements.

113. The role played by foreign interests in support of the perpetuation of the colonial Governments is already exemplified by the support Portugal receives, in its efforts to retain its hold on Angola and Mozambique, from the major countries having foreign interests. It is further highlighted by the recent events in Southern Rhodesia. Since the illegal declaration of independence, the Ian Smith régime has reacted to the international financial and economic sanctions and the oil embargo with a view to regulating the economy and to giving it a new direction. To this end, the régime has assumed various emergency powers to control the external and internal trade of the country and all the economic resources of the country. The European settlers and foreign companies, which own almost all the private sector of the economy representing

agriculture, commerce and industry, have put themselves on a war footing in support of the economic measures instituted by the régime.

114. So far only the agricultural sector of the economy has been affected to any degree by international sanctions, but the illegal régime, with the aid of commerce and industry represented by foreign companies and settler interests, has come to the assistance of the European tobacco and sugar farmers by providing them with financial assistance to diversify their production, with emphasis on the growing of grain and the production of beef cattle. Visible trends indicate that the mining and manufacturing industries, except for a few adverse cases, have continued to operate near normal conditions in spite of sanctions; expansion in mineral production was specifically reported in gold, nickel and copper. With the active support of the Smith régime, foreign economic and settler interests engaged in the manufacturing industries have accelerated development of new products in substitution of imports and have continued to diversify and expand the production of goods which were imported in the days before sanctions were applied. Profits of foreign economic interests which cannot be repatriated as a result of financial counter-sanctions imposed by the illegal régime are being ploughed back into the economy to buttress the régime. The major petroleum and ore distributing companies in Southern Rhodesia, under the emergency regulations, have also continued their operations since the illegal declaration of independence; consequently, since the oil embargo, British Petroleum Co. Ltd., Shell Petroleum Co. Ltd., Mobil Petroleum Co. Ltd. and Caltex Ltd. have continued to distribute petroleum and oil products in Southern Rhodesia which are now supplied from South Africa and Mozambique. In order to be able to do this more efficiently, Shell, Caltex and Mobil were reported to have extended their storage tank facilities in August 1966.

115. The information available shows that the economic power wielded by foreign economic interests in Southern Rhodesia is directly supporting the white settler régime in Southern Rhodesia, thereby impeding the implementation of the sanctions which have been imposed by the international community.

116. The Sub-Committee finds that in Southern Rhodesia, South West Africa and the Territories under Portuguese administration, and in the other colonial Territories also, much of the best land has been alienated to European settlers and non-indigenous interests, who together control all the major export crops. In Southern Rhodesia, under the Land Apportionment Act as amended in 1941, 38 per cent of the total land area is allocated for the exclusive use of the European settler community, numbering about 240,000 and some 45 per cent, in theory, to the 4 million Africans of the Territory. Lonrho Ltd. alone owns ranches covering almost 1 million acres. The area allocated to the European settlers includes the best cultivable and conveniently located land, but only 3.5 per cent has been cultivated. On the other hand, thousands of qualified Africans have been unable to establish farms on individually owned land. In South West Africa, which at the 1960 census had a total population of 526,000 including 74,000 Whites, 54.5 per cent of the population live in four Native reserves along the northern border, and European-owned farms cover 47.3 per cent of the Territory. Similarly, in Angola and Mozambique large areas of land have been alienated to foreign companies and settlers from Portugal and the process has been continued. Under new legislation introduced in 1961, Portuguese and other Europeans can obtain land concessions up to 50,000 hectares; the Portuguese "Overseas Minister" can grant special interests, areas up to 100,000 hectares, and the Council of Ministers up to a quarter of a million hectares. Africans living in rural areas who do not opt to be governed by Portuguese civil law do not enjoy these rights; they cannot as a general rule own land individually but are limited to the right of usufruct (*dominio útil*) over holdings which in the nine productive areas seldom average more than a few hectares. A similar situation exists in other colonial Territories. In the Trust Territory of the Pacific Islands, the United States report to the Trusteeship Council for 1966 shows (page 283) that indigenous persons hold only 40 per cent of the land and 58 per cent has been alienated. In Papua and New Guinea, as the International Bank report shows (page 81), 1,181 non-

indigenous agricultural holdings cover more than a million acres, almost two thirds of which is unused.

117. As a result of discriminatory legislation and practices, the economies of the colonial Territories are characterized by the existence, side by side, of a money sector in which agricultural production, particularly for export, is controlled by white settlers and foreign interests, and a traditional sector in which indigenous farmers cultivate subsistence crops. Available information shows that, although in recent years in some areas indigenous inhabitants have been enabled to grow the high price cash crops, they generally have to sell their produce to foreign companies, at prices below those paid to European farmers. This situation generally has arisen because indigenous farmers only have access to unproductive land and small plots and their extreme poverty has made it impossible for them to invest in means of increasing their agricultural output.

118. The situation obtaining in agriculture and agricultural processing industries in Angola and Mozambique affords a classic example of the effect of the imperialist policy under which the Territories produce raw materials for metropolitan and foreign industries and are markets for their manufactured goods. As the previous studies have shown, in the implementation of this policy Portugal imposed extensive regulations on the Territories which favoured Europeans and highly capitalized or monopolistic enterprises and controlled the production, processing and marketing of agricultural products for export. At the same time, other legislation restricted Africans from owning land and engaging in agricultural and trading activities on the same terms as Europeans, with the result that the great majority of Africans have only an insignificant share in the wealth derived from the natural resources of their own country and the product of their own labour.

119. As the Sub-Committee's previous reports have shown, for Portugal, Angola and Mozambique have been and remain the principal source of raw cotton and sugar. Through other exports and railway services, these Territories also earn a major share of the foreign exchange which strengthens Portugal's own balance of payments. In Angola, individual settlers and private companies, varying in size, predominate in the production of coffee and sisal, which together account for more than 50 per cent of the Territory's visible exports. In Mozambique most of the major export crops, which account for over 80 per cent of the Territory's exports, are controlled by non-African capital. In both Territories, Africans engaged in agriculture are either wage earners, subsistence farmers who sell their surplus produce to dealers or government agencies, or small producers who sell their crops through officially organized channels at government-controlled prices. Although some mechanization has been introduced in recent years, nearly all production on European estates is by African labour.

120. In Angola, where coffee has become a new source of wealth for Portuguese settlers, some 2,000 European owners have coffee farms and plantations totalling over 420,000 hectares, or almost a million acres. Coffee-growing by Africans, however, remains controlled by the Government, and the holdings of those who are permitted to grow coffee generally average between one and two hectares per family. In 1965 it was estimated that, as compared with the total of 175,000 Africans employed in agriculture, including over 120,000 employed on coffee farms, only 60,000 Africans were able to grow coffee for their own account.

121. In both Angola and Mozambique, sugar production is the monopoly of large companies. In Mozambique, the largest is the British-owned Sena Sugar Estates Ltd., which has a nominal capital of 288 million escudos (\$US10 million) and in 1965-1966 accounted for two thirds of the Territory's total output. One of the sugar companies formed in recent years in Mozambique has French participation through COMPADEC, Presente-Roullier and CERIS; another has South African participation through the Industrial Development Corporation of South Africa. Cashew, which has become Mozambique's leading export crop, is mainly controlled by South African (with heavy participation by Anglo-American Corporation of South Africa), Italian, British (including Spence and Pierce) and Portuguese interests.

122. The system of forced cotton cultivation may be recalled as the most glaring example of Portugal's ruthless exploitation of the Africans in Angola and Mozambique. Africans living in areas designated as cotton zones had to grow a required area of cotton, often at the expense of food crops. They had to sell the cotton at low prices which in bad years hardly earned them enough money to pay the required taxes. But by 1960, with 87 per cent of its raw cotton needs supplied by Angola and Mozambique at prices below those ruling in the world market, the Portuguese textile industry, employing 70,000 workers in Portugal, ranked twelfth among European producers of cotton thread and cloth, and textile exports accounted for one eighth of Portugal's total visible exports.

123. The economy of South West Africa is almost entirely controlled by non-indigenous interests, whether in the form of foreign companies or of "white" settlers. Indigenous-controlled economic activity is limited to subsistence farming, which amounted to only 3.5 per cent of the gross domestic product according to the most recent estimate, to limited sales of livestock products and a small amount of petty trading in "Native" locations and reserves. The control over the utilization of natural resources, which has been theoretically delegated to the South West Africa Legislative Assembly, is entirely in the hands of the "white" population and virtually all the known major resources of the Territory have been granted to non-indigenous interests. Commercial farming is largely confined to European farmers within the police zone. Agriculture and animal husbandry in Native reserves is predominantly of a subsistence character and Africans in reserves outside the police zone are not permitted to sell their products outside their own areas. Animal husbandry, which is the Territory's most important agricultural activity, is almost totally controlled by European interests with government support. In 1962, livestock sales by Africans in reserves in the police zone, where sales are under government supervision and control and where livestock has been limited by government regulation as well as by the low purchasing power of Africans, amounted to less than 1 per cent of the Territory's karakul and livestock sales for export and local consumption. In 1965, only about 3 per cent of the 3.2 million karakul sheep were located in "non-white areas", though some sheep on "white" farms were owned by non-Whites.

124. In Southern Rhodesia, foreign economic interests, especially of United Kingdom origin, play a prominent role with regard to tobacco, which is the most important export of the Territory (exports in 1965 amounted to £47 million, amounting to 30 per cent of total domestic exports). Although tobacco-growing is mainly in the hands of European settlers, foreign enterprises have considerable investment in tobacco processing, marketing facilities and in some cases cigarette factories. Chief among these are companies controlled by Imperial Tobacco, Gallaher, British American Tobacco Ltd., and Rothmans Tobacco. Sugar, which was one of the Territory's top five exports in 1964, is controlled mainly by South African and British interests. The principal sugar producers include Triangle Ltd., which is indirectly wholly owned by Hulett's Sugar Corporation Ltd., the largest sugar producing firm in South Africa, Hippo Valley Estates Ltd., the major shareholders of which are the Rhodesian Anglo-American Company and the British sugar company Tate and Lyle Ltd.

125. The information before the Sub-Committee shows that, while with the support of government measures exports of cash crops have increased, to the profit of the colonial Power and foreign interests, in Angola, for instance in 1964, Companhia Angolana de Agricultura (CADA), which has one of the world's largest coffee plantations, earned net profits of almost 40 million escudos (about \$US14 million); the average European coffee farmer with 100 hectares had a gross income of \$28,000 but the African farmer with an average of one to two hectares received at best 2 per cent of the European's income. The discriminatory policy of the colonial Governments, inequitable taxes and controlled prices have, moreover, impoverished the rural population engaged in subsistence agriculture. In Angola, for instance, exports of maize, beans, rice and peanuts grown by Africans have not increased in the past fifteen years. Similarly, in Mozambique, whereas the sector controlled by non-African capital has grown significantly in the past decade and crops such as cashew, rice and cotton,

which were formerly regarded as "African crops", are now being increasingly taken over by European farmers, African production has, with some exceptions, remained static or actually decreased.

126. In Southern Rhodesia, the mass exploitation of the African workers to provide cheap labour for foreign economic and settler interests accounted in part for the big boost in company profits and settler prosperity. Total wages paid to the 629,000 Africans in employment for 1965 amounted to \$80.6 million, providing an annual average wage of £128. On the other hand, wages for the 89,000 Europeans (including a few Coloured and Asians) in employment in 1965 amounted to £114.4 million, showing an annual average income of £1,284, or ten times that of the Africans. Although the national average *per capita* income was reported as £84 in 1965, the actual income of Africans living in the rural areas not covered by the above employment figures was only a fraction of this amount. Total income for the rural household population of 2,443,000 in 1965 fell by £1 million to £24.6 million, providing a *per capita* income of £10 per annum; estimates of African production for their own consumption plus the gross value of sales fell by £1.5 million to £21.1 million.

127. In South West Africa, the exploitation of African labour is supported by an official colour bar in employment which affects the indigenous population, limiting them to the more menial occupations. Africans are not permitted to join trade unions or to strike. The wage structure for African workers is therefore strikingly below that of "white" workers. Thus, the average annual wage paid by mining companies in 1962 to "Whites" amounted to R.2,542 and to "non-Whites" R.202.9. Figures for hourly wages for adult African wage earners in selected occupations in October 1965 varied from R.0.20 for unskilled labourers to R.0.60 for garage mechanics (general duties), corresponding to annual rates of some R.400 to R.1,200. Corresponding figures for "white" workers are not available but advertisements for posts requiring little experience offer annual salaries in the range of R.3,000. As Africans provide the major share of labour, the large companies have therefore been able to reap huge profits.

128. In the Pacific and Caribbean Territories, a similar situation has resulted from the collaboration of the colonial Powers with private economic interests, linked with world markets, which control the major export crops. In Papua and New Guinea, for instance, where agricultural products in 1965 made up 86 to 90 per cent of the total exports, non-indigenous production accounted for 72 per cent of the copra exports, 50 per cent of the coffee, 75 per cent of the cocoa and nearly all the rubber. The prescribed minimum cash wage for indigenous workers was only A\$39 a year for the first year and A\$45.5 a year thereafter, though the value of food, clothing and lodging is estimated at A\$143 per year. The latest available statistics show that in 1962-1963, when the present minimum wage prevailed, the average income of indigenous workers (including income in kind but excluding free medical care and transportation) was estimated at A\$320 a year, as compared with an average income of A\$3,600 for non-indigenous workers who are not regulated by the Territorial labour legislation.

129. The Sub-Committee finds that there has been extensive expropriation of indigenous land in almost all the colonial Territories for the exclusive use of European settlers and foreign enterprises. As land is the basic resource of the people, these expropriations have inflicted economic hardships on the indigenous population and given rise to social and political problems. The situation in Angola and Mozambique is particularly serious, as Portugal, in defiance of the trend of the times, openly seeks to secure its hold in Africa by changing the population structure of these Territories through increased European settlement.

130. The plight of the indigenous population is worse in the Territories in southern Africa because the colonial Governments continue their discriminatory practice of keeping Africans restricted to reserves and locations, thus controlling their movement, restricting their enjoyment on a basis of equality of social and welfare amenities, denying them the right to organize trade unions and preventing their free political advancement. However, in all colonial Territories the same pattern of exploitation can be seen: the indigenous population, deprived of their rightful share of the fruits of the land,

have not benefited from educational or agricultural expansion services which would enable them to make a really purposeful use of their land resources. In southern Africa, in particular, as a result of natural population growth, Africans are increasingly constricted, and much of their land is subject to soil erosion. In consequence, they have been forced to move in increasing numbers from the rural areas to seek work in the European-owned plantations and in the mining and manufacturing industries, thereby providing foreign interests with a source of cheap labour. Foreign economic activities supported by the colonial Governments have thus led to the destruction of the social fabric of the indigenous communities and thereby undermined the very process by which the people could build their own nation.

131. The Sub-Committee has reached the conclusion that the international monopolies operating in the Territories under their financial domination exert a considerable influence on the policies of the Governments of certain Western Powers. This is possible owing to the fact that the Governments of these Powers have a direct interest in the companies operating in the above-mentioned Territories, and also through the direct links which exist between the monopolies and the State apparatus of these Powers. The monopolies thus have the means of exerting a strong influence on the policies of the Governments of certain Western Powers, which they utilize to the full for their own mercenary ends. For this reason, the Governments of certain Western Powers support the activities of the international monopolies and thereby impede the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples.

132. Recapitulating the points made, the Sub-Committee finds that:

(a) With the support and encouragement of the colonial Powers, foreign economic and other interests not only dominate the economies of Southern Rhodesia, South West Africa and the Territories under Portuguese administration, but control all the major sectors of production in these and other colonial Territories.

(b) The foreign interests in the Territories have a close relationship with influential international financial groups. While it is in southern Africa, which is the last stronghold of colonialism, that the activities of groups predominantly of South African, United Kingdom, United States and Belgian nationality, together with growing interests from France, the Federal Republic of Germany, Italy and Japan, most clearly show their characteristic features, in other colonial Territories foreign interests are similarly linked to the international market.

(c) The foreign interests and the colonial Governments are linked by a system of mutual benefits; through concessions and privileges provided by the colonial Governments, cheap labour made available by the discriminatory legislation and practices and the denial of legitimate indigenous trade union activities, the foreign interests exploit the natural and human resources in the Territories with the sole aim of amassing profits, and at the same time the colonial Governments share in the profits, which are used to further their colonial domination and the suppression of the peoples under that domination.

(d) By their control of the major resources and the concentrated exploitation of mineral and agricultural production solely for export to world markets, foreign economic interests operate without concern for the balanced economic development of the Territories where they have contributed to the stagnation of the traditional sector of the economy and have furthered the impoverishment of the great majority of the indigenous people; foreign economic interests therefore share the responsibility with the colonial Powers for the sufferings of the colonial peoples.

(e) Contrary to the recommendations of the General Assembly, foreign economic activities in the Territories in southern Africa and all other colonial Territories have not withdrawn but, on the contrary, have continued their expansion and consolidation and are speeding up the processes of exploitation which deprive the people of the natural resources needed for a viable independence. What is even more serious is that, as past experience has shown, these close relationships established at this stage of the evolution of the colonial Territories not only

impede independence but also affect the future of these Territories.

(f) The countries having the largest foreign interests in Southern Rhodesia, South West Africa and Angola and Mozambique are the same countries which are providing support to the illegal Smith régime in its defiance of international sanctions, to the South African Government in its expansion of *apartheid* policies throughout southern Africa, and to the Portuguese Government in its suppression of the national liberation movements in order to maintain its domination in its Territories in Africa. Thus, it is evident that through their economic activities in the colonial Territories foreign interests contribute to the threat to international peace and security by impeding the independence of the colonial peoples.

(g) It is therefore of the utmost urgency that every effort should be made to ensure the full and rapid implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in all the Territories where anachronistic colonialism continues to deny the people their right to freedom and self-determination.

C. Recommendations

133. The Sub-Committee considers that, in view of the common characteristic features of the foreign economic interests active in the Territories in southern Africa, and in all other colonial Territories, the Special Committee should recommend to the General Assembly that it:

(a) Reaffirm the inalienable right of the peoples of the Territories over their natural resources and their right to enjoy the benefits thereof;

(b) Strongly condemn the policies of the colonial Powers which deprive the colonial peoples of these rights;

(c) Condemn the colonial Governments for their active support and promotion of foreign economic activities and other interests which exploit the natural and human resources of the Territories without regard to their need for balanced economic development and without regard to the welfare of the indigenous peoples;

(d) Draw the attention of the colonial Powers to the fact that, so long as the people of the Territories are denied full political rights and participation in a government of their own choice, concessions to foreign economic and other interests in disregard of the interests of the people run counter to the recommendations of the General Assembly and are a violation of the provisions of the Charter, and especially of Article 73, which affirms the principle that the interests of the inhabitants of the Non-Self-Governing Territories are paramount;

(e) Call upon the colonial Powers to put a stop to all discriminatory measures affecting the use and enjoyment of the natural resources, including in particular land ownership and settlement, and to halt all measures aimed at granting concessions to foreign companies, establishing more European immigrants and foreign interests in the Territories to perpetuate colonial and economic domination;

(f) Strongly condemn the present activities and operating methods of foreign economic and other interests in the colonial Territories which aim solely at the amassing of large profits, resulting primarily from the exploitation of cheap labour, and impede the progress of their peoples towards freedom and independence;

(g) Express its grave concern that foreign economic and other interests are directly and indirectly assisting the colonial Powers by supplying them with financial, material and other support which enables them to continue their colonial domination;

(h) Appeal to the Governments of the United Kingdom, the United States, Belgium, France, the Federal Republic of Germany and other Powers to take legislative, administrative and other measures with respect to their nationals who own and operate enterprises in the colonial Territories, and particularly in Southern Rhodesia, South West Africa and the Territories under Portuguese administration, so as to put an end

to their activities which are at present detrimental to the interests of the inhabitants of the Territories;

(i) Request the United Nations Council for South West Africa to consider urgently measures for ending the activities of foreign economic and other interests in South West Africa, and especially the illegal activities of South Africa;

(j) Appeal to all States to put a stop to all forms of assistance and the sales of arms and ammunitions, through any channels whatever, which are intended for: (i) the illegal régime of Southern Rhodesia; (ii) the Government of South Africa, and (iii) the Government of Portugal, so long as they continue their present policy of colonial domination in Africa;

(k) Appeal to all the specialized agencies of the United Nations, and in particular to the International Bank for Reconstruction and Development and the International Monetary Fund, and request them to withhold from South Africa, Portugal and the illegal régime of Southern Rhodesia any further financial, economic or technical assistance so long as they continue their policies of *apartheid*, colonialism and racial discrimination;

(l) Urge all Member States to co-operate fully with the United Nations in the rapid and effective implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, so as to ensure to the peoples concerned their full enjoyment of fundamental human rights and freedoms and through self-determination the attainment of independence;

(m) Request the Secretary-General to give the widest possible publicity to the information on the role of foreign economic and other interests in Southern Rhodesia, South West Africa, the Territories under Portuguese administration and all other colonial Territories, and to the conclusions and recommendations adopted;

(n) Decide to retain on the agenda of its twenty-third session 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 the Territories in Southern Rhodesia, South West Africa and Territories under Portuguese domination and in all other Territories under colonial domination".

D. Adoption of the report

134. The present report was adopted by the Sub-Committee at its 46th meeting, on 27 September 1967. The representative of Finland stated that his delegation could not support all the conclusions and recommendations of the report.

Appendix I

Economic conditions in Southern Rhodesia, with particular reference to foreign economic interests

Working paper prepared by the Secretariat

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I. INTRODUCTION

1. At the request of the Special Committee, the Secretariat prepared at the end of 1965 a special study of the economy of

Southern Rhodesia, with particular reference to foreign interests. This was supplemented by a working paper, prepared by the Secretariat in June 1966, on recent developments concerning economic sanctions. Both of those papers were considered by Sub-Committee I of the Special Committee and were appended to the Special Committee's report on Southern Rhodesia.^a

2. Since 1965, when the initial study was made, economic conditions in Southern Rhodesia have changed appreciably as a result of the economic sanctions adopted against the illegal régime by the great majority of States Members of the United Nations and by certain other States. At the same time, the illegal régime, in order to defend its economic position, has since the end of 1965 ceased the publication of all economic and financial statistics and has urged private economic interests active in the Territory to refrain from publishing economic information. It is not possible, therefore, to provide up-to-date official detailed information on recent trends in the economy. Foreign companies with large investments in Southern Rhodesia have tended to be very guarded about their operations in the Territory.

3. On the other hand, various statements, usually of an optimistic nature, have been made from time to time by various "Ministers" in charge of financial or economic matters, balanced to some extent by a number of statements by Chairmen of Chambers of Commerce or of farmers' organizations. Various newspapers, including some financial journals with a reputation for reliability, have published appreciations of the economic situation containing in some instances estimates of the order of magnitude of production and foreign trade in particular commodities and for the economy as a whole. Information on foreign trade in 1966 has been provided by the Secretary-General in a report to the Security Council on the basis of statistics reported by States.^b Using what information is available, the Secretariat has already included in the working paper on conditions in the Territory an account of the internal economic developments, foreign economic relations and oil supply situation in Southern Rhodesia.^c

4. The present working paper is aimed at bringing the information contained in the 1965 study up to date, in so far as that can be done, and otherwise indicating the general trends which have become visible as regards foreign economic interests in Southern Rhodesia.

II. OUTLINE OF RECENT ECONOMIC DEVELOPMENTS

5. In an "Economic Survey of Rhodesia for 1965", published by the illegal régime in July 1966, it was stated that the year had been a highly successful one. The gross domestic product had increased by 7.25 per cent from £329.7 million to £351.6 million and the gross national product per head at constant 1964 prices by £2.2 to £84.1.

6. The main contributors to the increased gross national product were company profits, which rose by 21.3 per cent from £51.4 million to £62.3 million and wages and salaries, which increased by 6.1 per cent from £183.5 million to £195.0 million. One sector of the economy did not share in that progress, namely, the African rural household sector, where estimated income fell by £1 million because of unfavourable weather conditions.

7. Details of the gross national product of Southern Rhodesia in terms of its industrial origin in 1965 with comparison figures for 1964 are given in the following table:

	1964 ^a	1965
	£ million	
Agriculture		
(i) (Non-African)	47.6	46.4
(ii) (African, including subsistence crops)	21.7	20.3
TOTAL	69.3	66.7
Mining and quarrying	19.0	23.1
Manufacturing	59.1	66.6
Building and construction	16.0	15.4
Electricity and water	13.9	14.5
Distribution	43.3	49.5
Transport and communications	28.5	31.1
Public administration and defence	14.0	16.4
Education and health	14.6	15.7
Other	52.2	54.6
Gross domestic product at factor cost	329.7	353.6
Less net income paid abroad	16.1	15.2
Gross national product at factor cost	313.6	338.3
Plus indirect taxes less subsidies	25.5	26.6
Gross national product at current market prices	339.1	364.9

^a These 1964 figures have been revised and do not therefore correspond exactly with those given in the basic study.

8. The following table shows, for 1965, with corresponding figures for 1964, the gross domestic product *per capita*, average earnings of non-African and African employees and African rural household income *per capita*:

	1964	1965
Gross domestic product (£ million)	329.7	353.6
Total population (thousands)	4,140	4,260 ^a
Gross domestic product <i>per capita</i> (£)	79.6	83.0
National income at constant 1964 prices (£)	62.4	65.1
Non-African wages and salaries (£ million)	107.7	114.4
Number in employment (thousands) ..	86.6	89.0
Average earnings (£)	1,243	1,285
African wages and salaries (£ million)	75.8	80.6
Number in employment (thousands) ..	621	629
Average earnings (£)	122	128
Rural household income <i>per capita</i>	11.0	10.1

^a Average for the year. The population at 31 December 1965 was estimated at 4,330,000: 4,080,000 Africans, 224,000 Europeans and 21,000 others.

It may be noted that in 1965, reversing the trend since 1960, the number of Europeans in employment substantially increased. Following a decline in 1963-1964, the total European population also increased, reaching the 1962 level of an estimated 224,000, the highest ever recorded.

9. While economic conditions in 1965 were hardly at all affected by the illegal declaration of independence on 11 November, the economic consequences of that act and in particular sanctions of increasing scope obviously had a depressing effect on the economy in the following year.

10. While no statistics are available, Mr. John Wrathall, "Minister of Finance" made a statement to "Parliament" on 9 February 1967 covering Southern Rhodesia's economic situation during 1966. In this statement Mr. Wrathall said that the present situation was far more satisfactory than most people had believed possible and that despite sanctions there had been a drop of less than 5 per cent in the gross domestic product compared to 1965. During the year, the European consumer price index had increased by 2.5 per cent and the African index by 2.3 per cent. Employment among Europeans, Coloureds and Asians had remained at the same level as in 1965, but there had been an increase of about 2,500 in the

^a *Official Records of the General Assembly, Twenty-first Session, Annexes*, addendum to agenda item 23, chapter III, part II, appendices I and II.

^b *Official Records of the Security Council, Twenty-third Year, Supplement for January, February and March 1967*, documents S/7781 and Add.1 and 2.

^c See *Official Records of the General Assembly, Twenty-second Session, Annexes*, addendum to agenda item 23 (A/6700/Rev.1), chapter III.

monthly average of African employees. Owing to migration, there had been a net loss of Europeans of just under 1,000 persons, as compared to a net gain of 4,000 during 1965, but this had been offset by natural increase and the European population at the end of December had reached an all-time high.

11. With respect to future plans, Mr. Wrathall stated that the "Government" was gearing its policy to maintaining activity, despite reduced export markets. To achieve this, efforts in support of manufacturing industry would be intensified, including import control and the abolition of preferential tariffs to Commonwealth countries. Diversification of agriculture would also continue.

12. It may be noted that the fall in the gross domestic product of less than 5 per cent was the first such fall since 1931, and, together with the 2.5 per cent increase in the European cost of living, represented a real fall closer to 7.5 per cent. Taking into account the normal annual rate of increase of the African population (between 3 and 3.5 per cent), the fall in real *per capita* income was about 10 per cent.

13. It may be further noted that the figures concerning European emigration given by Mr. Wrathall, which are a good index of economic decline, have been questioned. During the year, according to South African statistics, South Africa received a net immigration of more than 3,000 white Rhodesians.

III. AGRICULTURE

A. General

14. Agriculture is Southern Rhodesia's biggest and most important industry, and is the largest single contributor to the national income as well as the largest single earner of foreign exchange and employer of labour. In 1965, it accounted for 40 per cent of all Africans in employment and contributed about 19 per cent to the gross domestic product.

15. Climatically, the year 1965 was not particularly favourable to agriculture and there was a decline in its level of contribution (21 per cent in 1964). The output of European agriculture rose slightly by £300,000 to £66.5 million, but the estimate of African production for own consumption plus the gross value of sales fell by £1.5 million to £21.1 million.

16. Sales of the principal agricultural commodities in 1965 amounted to £63 million. Southern Rhodesia's main export crops, tobacco and raw sugar, together in 1965 accounted for £50,000,000, or about 35 per cent of total domestic exports.

17. In early 1966, Southern Rhodesia was reported to have faced a farm crisis as a result of drought in nearly the whole of Matabeleland and in part of the Midlands. The drought was reported to have affected Southern Rhodesia's agriculture, although to what extent was not known.

18. With the imposition of sanctions which in the agricultural sector was principally directed at the tobacco and sugar crops, the illegal régime embarked on a policy of diversification of agriculture to counteract sanctions; the three key words in Southern Rhodesian agriculture, according to the Ministry of Agriculture, were "water", "diversification" and "intensification". Among the crops which are being promoted for foreign exchange earning to counterbalance possible effects of sanctions on tobacco and sugar are tea and coffee in the Eastern districts, and cotton, wheat and maize. The cattle industry has also been expanded in acreage and production and was estimated in May 1966 by the Ministry of Agriculture to be worth £200 million; in 1965, the industry was listed as the third most important after tobacco and sugar. How far these attempts at diversification have succeeded since the imposition of sanctions is not known but it is believed that it has considerably helped to ease employment difficulties in the agricultural sector in the first year of sanctions and given hard-pressed farmers new outlets for cash crops.

19. At the opening of the annual congress of the Rhodesia National Farmers' Union on 21 June 1966, the President, Mr. Tim Mitchell, said that, with the possible exception of the 1930s and the war years, agriculture in the country had never been in a worse position. This position, he said, had not been caused by drought or the actions of the United Kingdom Government. It had arisen because of an accumulation of many factors, including a number of past policies which in

some instances had unwittingly increased the cost of production. Mr. Mitchell said the present situation in agriculture was that there was no over-all profit in the industry. The return on investment capital, he added, was undoubtedly less than 5 per cent. Rhodesian farmers were not only tired of receiving prices which were satisfactory to everyone but themselves, they were also in no mood to allow such a position to continue. Resolutions confirming the above statements were also adopted by the Que Que Farmers Association and the Lomagundi farmers in September 1966.

20. In order to help the agricultural sector of the economy in the circumstances in which it found itself, the illegal régime in 1966 gave various subsidies to the industry. The total allocation of government funds to the farmers (excluding special supplements for tobacco) for 1966 amounted to about £3,000,000; £460,000 for drought relief; £500,000 for irrigation development; £1,250,000 for the Graylin Committee to provide interest-free loans to farmers in financial difficulty; a supplementary payment for maize expected to amount to £500,000; and subsidies of £330,000 for fertilizers and £100,000 for fuel.

B. Tobacco crop for 1966

21. Total exports of unmanufactured Southern Rhodesian tobacco in 1965 amounted to £47 million or roughly 30 per cent of the total value of domestic exports (£142.5 million). The major portion of this consisted of 246 million pounds of Virginia flue-cured tobacco auctioned for £33.8 million at Salisbury.

22. The Southern Rhodesian tobacco crop for 1966 was estimated at around 250 million pounds. The State Tobacco Corporation handled the sale of the tobacco crop.

23. On 7 February 1966, the United Kingdom Government made an Order, which banned the export of tobacco from Southern Rhodesia and the sale of tobacco in Southern Rhodesia with a view to its being exported. Under the Order, it became an offence under United Kingdom and Southern Rhodesian law for traders or speculators to buy Southern Rhodesian tobacco and stockpile it until the return of lawful government.

24. On 24 March 1966, the Ministry of Agriculture announced a list of reserve prices for different grades of tobacco. The announcements emphasized that these prices were those on which payments to growers would be based and did not represent the figure which would be the purchase price to tobacco merchants. On the whole, the reserve prices announced averaged around 26d. (about 31 cents (US) per pound). The average price of the Southern Rhodesia leaf in 1965 was 33d. (about 39 cents) per pound.

25. When the tobacco sales opened at Salisbury on 29 March 1966, the régime abandoned the traditional public auction system for private treaty sales by which the buyer would decide what grade of tobacco he wanted and then make an offer to the Tobacco Corporation. This was reportedly done to protect the identity of the buyers. The sales were held in secret.

26. Halfway through the 1966 sales, it was reported that payments being made to tobacco farmers by the Tobacco Corporation were considerably below the average price promised to the farmers by the régime. Credence was given to the above reports when the Ministry of Agriculture in the second half of 1966 announced retroactive supplementary payments to tobacco farmers for the 1966 crop. The total value of bonuses paid to farmers in 1966 amounted to £2.5 million. With these payments, it was calculated that the Tobacco Corporation's total payments to the industry for the 1966 crop would amount to £24 million. In 1965, the crop sold for £35 million on the Salisbury auction floors.

27. On 9 November 1966, the President of the Rhodesia Tobacco Association, Mr. Carol Heurtley, stated that the "Government's" supplementary payments to flue-cured tobacco growers meant that the national average cost of production had now been covered. While not every grower had received his cost, he was pleased that the "Government" had completed its promised obligations.

28. The deliveries of Virginia flue-cured tobacco from growers to the Tobacco Corporation ceased on 17 October 1966. There had been various reports about the proportion of the

over-all crop sold. However, the reports agreed in estimating that the majority of the crop bought by the Corporation remained unsold.

29. To counteract the United Kingdom Government's ban on the sale and purchase of Southern Rhodesian tobacco, the illegal régime, on 4 March 1966, brought the tobacco packing and buying sections of the industry under the Emergency Control of Manpower Regulations by which the companies are compelled to continue their operations and maintain employment at existing levels and changes in the running of the companies can only be made subject to Government approval.

30. Tobacco manufacturers operating in Southern Rhodesia include Imperial Tobacco, Gallaher, British-American Tobacco and Rothman's Tobacco. No figures are available for 1966 on the operations of these companies in Southern Rhodesia.

31. Published sources in countries of destination so far available for trade with Southern Rhodesia^a show tobacco exports covering diverse periods of 1966 as follows: United Kingdom imports for the period January to November 1966 amounted to \$8.2 million, as against \$52.2 million for the whole of 1965; the Federal Republic of Germany's imports for the period January to September 1966 amounted to \$7.3 million, as against \$18.1 million for the whole of 1965; the Netherlands imports for the period January to November 1966 amounted to \$4.8 million, as against \$5 million in the whole of 1965; Denmark's imports for the period January to September 1966 amounted to \$1 million, as against \$1.1 million for the whole of 1965; Austria's imports for the period January to September 1966 amounted to \$1.2 million, as against \$2.8 million for the whole of 1965; Belgium-Luxembourg's imports for the period January to August 1966 amounted to \$1.7 million, as against \$2.5 million for the whole of 1965; Switzerland's imports for the period January to November 1966 amounted to \$0.97 million, as against \$1.9 million for the whole of 1965; United States imports for the period January to October 1966 amounted to \$0.93 million, as against \$0.8 million for the Federation of Rhodesia in 1965.

C. Tobacco crop for 1966-1967

32. On 14 July 1966, the "Minister of Agriculture", Mr. George Rudland, announced that the target for 1966-1967 flue-cured tobacco production would be 200 million pounds. He gave an assurance to growers that if sanctions made a return to free unfettered auction impracticable, the Government would guarantee the market for the crop at grade prices calculated to return to the growers an average of 28d. per pound. Buyers could therefore be assured that Rhodesian tobacco would continue to be available. A control scheme would be introduced, the Minister said, and the details of this would be announced by the President of the Rhodesian Tobacco Association.

33. On 24 July 1966, the Ministry of Agriculture announced that the target for the 1966-1967 burley tobacco crop had been set at 6 million pounds. Provision was made to guarantee to growers an average of 23d. per pound of tobacco. On 31 August 1966, the Ministry further announced that it would, if necessary, provide financial support for a crop of 1.5 million pounds of Samsun Oriental tobacco for the 1966-1967 crop at grade prices designed to give an average return of 26d. per pound.

34. On 20 October 1966, Mr. Rudland warned tobacco growers not to produce a crop in excess of their allocated quotas. He said any such action next season would be irresponsible and would upset present marketing arrangements. Plans had been made, he said, to ensure that no grower who ignored the requirements of the tobacco control scheme would benefit by so doing.

D. Sugar crop for 1966

35. Southern Rhodesia's sugar industry has expanded almost tenfold during the last six years. The 1965 crop before the illegal declaration of independence was estimated at 250,000

tons and the total export of raw sugar in 1965 earned £3.5 million.

36. On 17 March 1966, the United Kingdom Government announced a ban on all exports of sugar from Southern Rhodesia. According to the Order, which is effective under both United Kingdom and Southern Rhodesian law, it is now "illegal for speculators or others to buy Rhodesian sugar and hold it in Rhodesia or elsewhere in the hope of selling it at a profit when legal Government is restored".

37. By February 1966, the main buyers of Southern Rhodesian sugar, namely, the United States, Canada and the United Kingdom had already placed an embargo on sugar imports from Southern Rhodesia. The United Kingdom authorities hoped that Zambia and Malawi, which have been dependent on Southern Rhodesia for their sugar supplies, would co-operate also.

38. It was announced on 19 July 1966 that Japanese orders for about 50,000 tons of Southern Rhodesian sugar had been cancelled. The orders were placed before the illegal declaration of independence and their cancellation was reported to represent a foreign exchange loss of £750,000.

39. Hippo Valley Estates, one of Southern Rhodesia's main sugar producers, on 19 July 1966 reported a loss of £372,345 for the year ended 31 March 1966. The Chairman, Sir Raymond Stockil, was reported to have said that the loss was due primarily to low world prices and difficulties in commissioning a new sugar mill; he added, however, that the Zambian market had been entirely lost and the market in Malawi, where the planting of cane had started, would be lost also.

40. In February 1967, it was reported that the Chirundu Sugar Estates, which is controlled by Tate and Lyle Limited, had ceased production. At the 64th annual meeting of Tate and Lyle Limited on 22 March 1967, the President of the company, Sir Ian D. Lyle, stated that it was sad to have to relate that the Chirundu Sugar Estates in Southern Rhodesia had ceased production. The majority of the staff had been placed elsewhere in the sugar industry and some had been transferred to Zambia. Regarding Rhodesia Sugar Refineries, which is also controlled by Tate and Lyle, the President stated it was still continuing under a "no-profit, no-loss" arrangement designed to underpin the raw producers. It was not possible to forecast when there would be a return to normal commercial trading. The failure to resolve political difficulties and the imposition of mandatory sanctions were now making it difficult to maintain normal relationship between London and the Rhodesian companies.

41. There was no report on the operations of Triangle Limited. This concern and the above two companies are the major producers of sugar. Triangle Limited is a subsidiary of Sir J. L. Hulett and Sons (Rhodesia) Ltd., which in turn is wholly owned by Hulett's Sugar Corporation Limited, the largest sugar producing firm in South Africa.

42. It has been reported that cotton and citrus fruits have become alternative crops to sugar.

43. Figures from countries of destination so far available for sugar exports from Southern Rhodesia^a show that, for the period January to June 1966, Canada imported \$0.7 million worth of sugar from Southern Rhodesia; imports in 1965 amounted to \$1.6 million. United Kingdom imports for the period January to June 1966 amounted to \$1.3 million; imports in 1965 amounted to \$3.6 million. Figures for South Africa, Zambia and Malawi for 1966 were not available. Imports in 1965 amounted to \$0.7 million for South Africa, \$3.5 million for Zambia and \$3 million for Malawi.

44. It was reported from Bonn in October 1966 that an import of 9,100 tons of Southern Rhodesian unrefined sugar which had arrived at Hamburg in December 1965 and had been banned at United Kingdom Government request had been sold to an undisclosed country. Since it arrived in Hamburg, the sugar had been held in a bonded warehouse. The cargo was originally Southern Rhodesia's entire 1965 sugar quota for the United States. It was being shipped in the 10,000 tons Panamanian vessel *Pericles G.C.* from Mozambique to the United States in November 1965, when the United States

^a See *Official Records of the Security Council, Twenty-third Year, Supplement for January, February and March 1967*, document S/7781/Add.1.

^e *Ibid.*

Government banned its importation following the United Kingdom Government sanctions against the illegal régime.

E. Cotton

45. It was reported from Salisbury on 30 September 1966 that official sources estimated that a record crop of 120 million pounds of cotton would be grown in the 1967 season. This followed a recent government recommendation to double the size of the cotton crop which was estimated at 60 million pounds for the 1966 season. In 1965 the crop was 40,102,000 pounds. The report stated that the indications were that this increased amount of cotton could be readily marketed both in Southern Rhodesia and in neighbouring countries. The actual price would be announced before the ginning season started about May 1967. The "Government" was reported to be analysing proposals put to it by the cotton marketing committee on future marketing policy. The growers' committee had reached agreement in principle on government proposals.

F. Maize

46. On 23 August 1966, Mr. George Rudland, the "Minister of Agriculture", announced bonus payments to maize growers by which they would receive a supplementary payment of 2s. per bag (200 pounds) of maize on top of the basic price of 29s. 6d. per bag already announced, from the Government Grain Marketing Board. It was announced that the supplementary payment would cost £500,000, which meant that the present maize crop sold to the Board had totalled 5 million bags. In the 1964-1965 year, the Grain Marketing Board had bought 2,569,183 bags of maize from Europeans and 254,452 from Africans.

G. Wheat

47. The main increase in the local production of substitutes for imports occurred in the wheat crop, which increased from 20,900 bags in 1964 to 43,300 bags in 1965. In 1966, the Smith régime allocated £450,000 to the Sabi Limpopo Authority to finance the wheat scheme at Mkwasi in the Lowveld, using water from Lake MacDougall for growing about 2,600 acres of wheat.

IV. MINING

A. General

48. Mineral exports of Southern Rhodesia in 1965 earned £32,353,669, which was the highest ever attained. Asbestos remained Southern Rhodesia's most valuable mineral, followed by gold and copper, these three accounting between them for over two thirds of the total value of all minerals mined. Coal and chrome ore were the next most important minerals, and, together with asbestos, gold and copper accounted for 89 per cent of the total value of mineral production. Other minerals which accounted for the remaining 11 per cent of the mineral exports included iron (3 per cent), tin metal (2 per cent), limestone and lithium (1 per cent each) and others (4 per cent).

49. In view of the heavy capital expenditure involved in mining, local European participation in this sector of the economy is very modest. Foreign economic interests, represented mainly by United Kingdom, South African and, to a lesser extent, American interests, predominate in the mining sector of the economy through the operation of subsidiaries which are to a large extent interlocked in a complicated network. The major companies with diversified economic interests, including mining, in Southern Rhodesia are the Anglo-American Corporation of South Africa, the London-based Charter Consolidated (a sister company of Anglo-American), and Lonhro Ltd. (see annex below).

50. Other companies with narrower and more specialized interests in Southern Rhodesia include Turner and Newall, Ltd., which is based in Manchester and accounts for 63 per cent of the total production of asbestos in Southern Rhodesia; Rhodesia Chrome Mines, Ltd., and African Chrome Mines, Ltd., and the Union Carbide Rhomet of Que Que, all three mines owned by the Union Carbide Company of the United States and associated with a London holding company, Chrome

Company Ltd., whose interests are British and American; the Rhodesia Vanadium Corporation, a wholly owned subsidiary of the Vanadium Corporation of America, which produces about 30 per cent of the Territory's total chrome ore; M.T.D. (Mangula) Ltd., which produces over 85 per cent of the total copper concentrates of Southern Rhodesia and is a subsidiary of the Messina (Transvaal) Development Co. Ltd., of South Africa; the Kamativi Tin Mines, the main producer of tin in the Territory, whose Chairman is from the Netherlands; and the Bikita Minerals Ltd., virtually the only producer of lithium in Southern Rhodesia.[†] The shareholders of the Company include Selection Trust (40 per cent of the shares indirectly), Treselca Ltd., American Metal Climax Inc. and American Potash and Chemical Corp.

51. A web of secrecy has been thrown around the operations of the mining industry since the illegal declaration of independence. Specifically barred government publications since the imposition of sanctions include the regular bulletins on the state of the mining industry; the censorship of general economic news items has also to a large extent blanketed the operations of the industry. These actions were taken to safeguard the international markets of the industry and to safeguard the internal operations of the industry from scrutiny and further sanctions by the United Kingdom and the international community. Consequently, no figures are available from within Southern Rhodesia on the operation of the mining industry since the illegal declaration of independence. However, certain activities within sectors of the mining industry were reported on in 1966 by the "Government" and the mining companies themselves. While these did not provide an over-all picture, they are worth noting as indications of the state of the industry.

52. By the end of July 1966, the United Kingdom Government, under the Southern Rhodesia (Prohibited Exports and Imports) Order, had imposed embargoes on the export of chrome, pig-iron, iron ore, copper and asbestos, which constitute the main mineral exports of the country. However, unlike agricultural produce, namely tobacco and sugar, world demand for copper, asbestos, and chrome, in particular, gave the industry a decided edge as compared with other sectors of the economy in the war of sanctions. Consequently, the mining industry did not—unlike the farming community and the industrialists—complain frequently about existing economic conditions.

53. Moreover, according to press reports in 1966, the mining companies in Southern Rhodesia had stockpiled large quantities of ore at the port of Beira in Mozambique in anticipation of sanctions; these were technically considered as being outside Southern Rhodesia prior to the imposition of United Kingdom sanctions and were therefore freely exported to international markets. In this connexion, special mention must be made of the Union Carbide Company of the United States, which was reported to have imported significant amounts of chromite ore from its stockpile of an estimated 140,000 tons in Mozambique. It was also reported that the United Kingdom Government in 1966 had given dispensation to certain companies to import chrome and iron ore from Southern Rhodesia in fulfilment of outstanding contracts.

54. Statistics available on the mineral exports of Southern Rhodesia covering diverse periods in 1966 have been compiled, from reports by countries of destination, by the Secretary-General.[‡]

55. According to the report, exports of asbestos, crude, washed, or ground (including asbestos waste) to the Federal Republic of Germany for the period January to September 1966 amounted to \$2.5 million as against \$3.3 million for the whole of 1965; to the United Kingdom for the period January to November 1966, they amounted to \$2.01 million as against \$8.6 million for the whole of 1965; to Spain for the period January to September, they amounted to \$1.6 million as against \$2.05 million for the whole of 1965; and to Japan for the period January to September 1966 they amounted to \$2 million as against \$1.5 million for the whole of 1965.

[†] Southern Rhodesia is the largest producer of lithium ore in the world.

[‡] See *Official Records of the Security Council, Twenty-third Year, Supplement for January, February and March 1967*, document S/7781/Add.1.

56. Total exports of iron ore in 1965 amounted to \$1 million.^h Exports to Japan for the period January to September 1966 amounted to \$4.3 million.

57. Total exports of chromium ore and concentrates in 1965 amounted to \$10.7 million. Export figures available from countries of destination show that exports to the United States for the period January to October 1966 amounted to \$3.2 million as against \$6.0 million for the Federation of Rhodesia for the whole of 1965.

58. Total exports of copper in 1965 amounted to \$18.3 million. Exports to the Federal Republic of Germany for the period January to September 1966 amounted to \$14.3 million as against \$11.7 million for the whole of 1965; exports to Italy for the period January to September 1966 amounted to \$2.2 million as against \$12 million for the whole of 1965; exports to Greece for the period January to September 1966 amounted to \$2.1 million as against \$2 million for the Federation of Rhodesia for the whole of 1965.

B. Gold

59. Gold sales in 1965 amounted to £6.8 million. Annual reports on the major mining companies available for 1965 were as summarized below.

60. The gold mines of the Lonrho group of companies reported that their production for 1965 totalled 90,325 oz. of fine gold, equivalent to 16 per cent of Rhodesian output. The resulting working profit for the year amounted to £396,544 (see annex below). The gold mining companies associated with the Lonrho group are Mazoe Consolidated Mines Ltd., Kanyemba Gold Mines Ltd., Mashaba Mines Ltd. and Coronation Syndicate Ltd.

61. According to the Barclays Bank, D.C.O. *Overseas Review* for April 1966, the Anglo-American Corporation had sunk three new shafts at its mines on the Felixburg gold belt, near Umvuma. Another shaft at the Tchargwa mine, which was abandoned some years ago because of water difficulties, was being deepened and developed. In June 1966, the Chairman of the Anglo-American Corporation, Mr. Oppenheimer, stated that an exploratory shaft was being sunk at the Champion mine, in the Odzi area, where bore holes indicated the possibility of mineable tonnages of both gold and silver ore.

62. It was reported in August 1966 that Southern Rhodesia had launched its biggest gold prospecting programme to date, with most of the large mining companies throwing all their resources into an all-out bid to find new goldfields and develop existing ones. The Government was well aware that gold was its most secure foreign currency earner and that little effort was required to sell it on an international level. Gold's countering effect against inflation, and its lack of price fluctuation had provided an ideal climate for the easy selling of gold.

63. Falcon Mines Ltd. reported profits to 30 September 1965 at £332,706 (£328,507) subject to tax of £30,451 (£35,234). Two dividends, each of 20 per cent, required £199,718, leaving a carry-forward of £146,846. The issued capital was £499,293. Fixed assets exceeded £1.7 million and net current assets £155,465. Ore reserves at 30 September 1965 were estimated at 809,600 tons averaging 6.92 dwt. The main source of revenue of the company is the Dalny Mine covering 1,538 claims (including the Pizy and Arlandzer sections); other mining properties include the Falcon Mine (30 claims) and the M'tuga Copper claims in Zambia. The company also owns two farms with a total acreage of 4,978 acres.

64. Globe and Phoenix Gold Mining Co. Ltd., Rhodesia, reported net profit in 1965 after tax at £164,397 (£208,371). Dividends totalling 7s. per 5s. share took £117,500, leaving £45,524. The company mining interests are located at Que Que in the Sebakwe District and in the Gwelo District.

C. Copper

65. Despite sanctions, the operations of the copper mining industry were considerably extended in 1966.

^h The Southern Rhodesian figure of \$1 million is contradicted by the Japanese figures. According to Japan, its imports of iron ore in 1965 amounted to \$4.8 million.

66. On 3 March 1966, the "Deputy Minister of Mines", Mr. I. B. Dillon stated in an interview that three new copper mines would probably be opening in the northern area of Southern Rhodesia within the next twelve months. Mr. Dillon also stated that sanctions would not affect Southern Rhodesian sales of copper. The current emphasis on copper mining in Southern Rhodesia was dictated simply by demand and value.

67. At the end of August 1966, the "Ministry of Information" announced that a new high-grade copper mine known as the Elephant Mine, the first of its kind in Southern Rhodesia, had begun full operation in the Sabi Valley, 150 miles south-east of Salisbury. The statement added that at a conservative estimate of future copper prices, the new mine development could mean an increase of at least £250,000 in Southern Rhodesia's annual export figures.

68. On 20 September 1966, it was reported that Lonrho Ltd. was to undertake a new drilling programme aimed at establishing the extent and value of the copper deposits in the Inyati block, a few miles north-east of Headland. The area to be explored covers about sixty square miles. Lonrho would operate through a subsidiary company.

69. M. T. D. (Mangula) Ltd., which produces over 85 per cent of the total copper concentrates in Southern Rhodesia, a subsidiary of the Messina (Transvaal) Development Co., which is incorporated in South Africa, reported profits after tax to 30 September 1966 at £2.9 million, compared with £2 million in the previous year. The Chairman, Commander H. F. P. Grenfell, viewed the future "with confidence and optimism". Dividends totalling 37.5 per cent amounted to £1,875,000, and the capital reserve was increased by £827,786. The results included a profit of £563,000 on sales made but not priced in 1964-1965. Issued capital was £5 million. Mining assets stood at £8.2 million, ore stockpile at £602,573, and interests in group companies at £360,821. The Company bought 450,000 shares at par in Messina Rhodesia Smelting and Refining Co., Ltd., thus increasing its holding to 80 per cent of the share capital. Current liabilities, including provision for the final dividend, exceeded current assets by £218,038. Copper sales realized £5,244,826 against £3,759,621 in the previous year, and the ore reserves were increased by 2.5 million tons. There were indications of important extensions north and south of the existing workings.

70. Messina (Transvaal) Development Co. Ltd., the parent company of the Mangula copper mine in Rhodesia, reported net profits after tax to 30 June 1966 at R9.6 million, a large increase on the R6.2 million of the previous year. Mining assets of the group had a book value of R29 million. The Messina mine appeared at just under R7.4 million, Mangula at R14 million, and other Rhodesian properties represented the balance; the Alaska smelter standing at R2.5 million, the Alaska mine at just under R3 million, Sanyate at R1.1 million, and Umkondo at R894,868.

D. Asbestos

71. Turner and Newall Ltd., the United Kingdom company which accounts for 63 per cent of the total production of asbestos in Southern Rhodesia through subsidiaries, reported for the year to 30 September 1966 an increase in sales from £91.9 million to £94.8 million, but net profit after tax was only slightly higher at £9,474,744 (£9,354,741). Profits earned in Rhodesia, which could not be remitted, were given at £1,930,392. Manufacturing companies in the group which previously used Rhodesian asbestos were now partially supplied from Canadian and Swaziland companies of Turner and Newall. Accounts from the mining and manufacturing companies in Rhodesia were available only to 30 November 1965; in that period, the subsidiaries made pre-tax profits of £2,594,000, compared with £2,779,000 for the full year 1964-1965. A final dividend of 7 per cent again made 10¾ per cent.

E. Coal

72. The Wankie Colliery Company's preliminary profits statement for the year ending 31 August 1966 showed that over-all sales were maintained during the year at 3,369,870 tons compared with 3,348,455 tons in 1964-1965. Profits after tax amounted to £1,163,000, compared with £1.2 million in

the previous year. Shareholders received 1s. 3d. after tax (the same), taking £792,000 (£660,000). The carry-forward was £363,000 (£342,000).

73. Fixed assets appeared at £5.7 million; investments at £6.2 million and net assets at £649,000. The issued capital was £6.3 million. Sir Keith Acutt, the Chairman, foresaw a steady decline in sales to Zambia. He stated that if sales to Zambia should fall to about 500,000 tons in 1966, about half of the purchases during the last two years, one of the two collieries would be put on a care-and-maintenance basis.

74. By November 1966, Wankie coal sales had dropped by about a third in comparison with sales for 1965. The drop in sales was attributed to rail transport difficulties with Zambia.

F. Nickel

75. It was reported in May 1966 that a further £2.2 million a year was expected to be added to Rhodesia's foreign exchange income when the Trojan nickel mine, at Bindura, had been developed to full production. It was further reported that the Anglo-American Corporation had bought an 85 per cent interest in the mine and was to invest £4 million (including the purchase price) to expand production to 600,000 tons of ore a year. Behind the plan to expand the Trojan mine was the growing demand for nickel. On 20 September 1966, it was further announced that Anglo-American Corporation would examine the economic potential of base mineral claims owned by the Shamva Nickel Mines under an option agreement between the Corporation and that company. The Shamva mine is located about forty miles from the Trojan mine.

G. Scheelite

76. The "Rhodesian Ministry of Mines" announced at the beginning of October 1966 that two new scheelite mines were to come into production. Scheelite, a strategic mineral, is the basis for tungsten, and was reported to be in world demand. One of the mines, known as the Tact mine, owned and operated by the Rhodesian Selection Development Company Ltd., was said already to be producing a high grade of scheelite. The second mine, the Killarney, located in Filabusi, was expected to go into production within three or four months.

H. Graphite

77. The Industrial Development Corporation announced in May 1966 that the new graphite mining project near Karoi, 120 miles north of Salisbury, would go into production soon.

78. The statement said that the construction of the plant at the £50,000 project was almost complete and it would be officially opened in the near future. The Corporation was backing the project in conjunction with Rhodesian Graphite and a Federal Republic of Germany company based in Munich. It was planned to produce about 500 tons of graphite a month, worth £150,000 a year.

V. SECONDARY INDUSTRY

A. Introduction

79. The manufacturing activities of Southern Rhodesia are concentrated on the production of the cheaper varieties of consumer goods, such as clothing, textiles, footwear and the processing of food products, as well as heavier industries such as the metal, iron and steel industries. In 1965, manufacturing contributed as much as agriculture to the gross domestic product; it accounted for £66.6 million—19 per cent—of the gross domestic production of £353.6 million.

B. Present situation

80. Since the illegal declaration of independence, the manufacturing sector of the economy has assumed added responsibility in the fight against sanctions. To cut down on imports, as a means of conserving foreign exchange, the Smith régime has given encouragement to local manufacturers to provide import substitutes. Details about the activities of the manufacturing sector of the economy as a whole for 1966 are not available. However, an indication of the general trend is

discernible from statements by members of the Smith régime and leaders of industry and commerce.

81. On 22 June 1966, Mr. Clifford Dupont, Officer Administering the Government, stated that the imposition of sanctions had led to the introduction of import controls. The resultant inconvenience to the people of Southern Rhodesia, and more particularly to the merchants, had been accepted in a most generous and co-operative manner. These controls had not been without positive advantages, which industrialists had been quick to exploit. Clear evidence of the accelerating development of industry was already to be seen, new products in substitution of imports constantly coming on to the market. Industrialists were continuing to expand and diversify, and were producing goods now which they would not have thought it possible to make a few months ago. His Government would continue to provide to the maximum possible extent foreign currency for capital goods and raw materials required for new investment projects.

82. In his budget statement of 21 July 1966, Mr. Wrathall said that since 11 November 1965, foreign exchange had been allocated for the establishment of new industries, the value of whose fixed investment totalled almost £4 million. Of this, over £800,000 was in the food, drink and tobacco industries, more than £900,000 in the metal, metallic and non-metallic mineral manufacturing industries, £1.9 million in the textile clothing and footwear industries and about £300,000 in rubber, wood, paper, travel goods, furniture, chemicals and various other industries. These projects would give direct employment to over 200 Europeans and nearly 2,000 Africans.

83. The Government was also examining new proposals for a projected fertilizer factory, estimated to involve investment of £10 million.¹

84. New expenditures to combat the effects of sanctions included £325,000 to enable the Industrial Development Corporation to establish a confirming house and to provide it with additional capital for assisting with the diversification and development of industry, particularly industrial projects directed towards economically sound import substitution. The upsurge in cotton production made it necessary to bring forward the construction of the new gin at Bindura; this involved an additional allocation of £197,000.

85. According to Mr. Wrathall's statement, production continued at a high level in the first half of 1966 despite sanctions. Although 1965 had been a good year, the figures for the first five months of 1966 were even better for some industries, notably mining, food-stuffs and electricity. Industrial production as a whole, however, fell by about 7.5 per cent during this period compared with the same period in 1965. In the early months of 1966, there was a setback in some types of retail business, but in the food, clothing, footwear, drapery and general merchandise trade business was at a higher level than in the corresponding months of 1965.

86. In 1966, the Smith régime repeatedly called upon commerce and industry to try to help agriculture in Southern Rhodesia by supplying farmers hit by sanctions or drought with credit over a difficult period.

87. The President of the Associated Chambers of Commerce of Rhodesia, Mr. C. J. Hughes, in a foreword to the Chamber of Commerce *Annual Report* which was published on 2 June 1966, stated that while the ingenuity shown by Rhodesian businessmen in their efforts to overcome sanctions was outstanding, it would be unrealistic not to acknowledge that sanctions had had some effect. Mr. Hughes added that, as at June 1966, the distributive sector of the economy had been the hardest hit and some of the weaker and less efficient organizations in this sector had succumbed. Mr. Hughes forecast that in the long term this cutting-out might result in an over-all strengthening of the distributive sector of the economy. In reply to the repeated appeals to commerce made in 1966 by the Ian Smith régime to try to help agriculture in Southern Rhodesia by supplying farmers hit by sanctions or drought with credit over a difficult period, the annual report stated that repeated warnings had been issued that because merchants' credit facilities had been curtailed, the amount of money which

¹ The proposals were made by a South African consortium of which no details were available.

it would be possible to advance to the agricultural sector would be extremely limited.

88. At the annual general meeting of the Associated Chambers of Commerce of Rhodesia at Salisbury on 8 June 1966, Mr. Hughes was reported to have repeated that it would be dishonest and dangerous for members to delude themselves that sanctions were not having an effect on the economy. The distributive sector had been hard hit and the position was not improving. Commerce was bearing the main burden. Many firms were incurring heavy losses to keep people in employment. They could not continue this holding operation indefinitely.

89. On 19 August 1966, the President of the Salisbury Chamber of Commerce, Mr. G. J. Sichel, in a message published in the organization's annual report, was reported to have warned that sanctions against Southern Rhodesia would "take yet a larger toll of casualties". The message also stated that it would be foolish for members to allow themselves to be lulled into a sense of false security on the strength of short-term achievements and early successes in the economic war. He stressed the need for forward planning to counter long-term problems arising out of sanctions and added that tomorrow's problems would undoubtedly be more intractable than those facing Southern Rhodesia today.

90. On 1 September 1966, Mr. Sichel, speaking at the group's annual meeting, criticized the Government for withholding statistical information needed by businessmen for planning. He stated that the withholding of external trade and tobacco statistics was understandable, but he seriously questioned the need for an embargo on such items as the retail sales index for motor vehicle sales and the cost-of-living index.

C. Iron and steel

The Rhodesian Iron and Steel Co. Ltd. (RISCO)

91. The Rhodesian Iron and Steel Co. Ltd. (RISCO) made a profit of £600,000 in 1965 as compared with £500,000 in 1964. There are many international shareholders in this company, including the British companies of Lancashire Steel and Stewarts and Lloyds, and Anglo-American Corporation, Rhodesia Selection Trust, Messina (Transvaal) Development Co. and Tanganyika Concessions; the Government of Southern Rhodesia is a shareholder in the company. The present value of assets is £13 million.

92. Following the embargo on the export of pig-iron, it was reported that the output of the Southern Rhodesian Iron and Steel Corporation (RISCO) had decreased. RISCO was declared a "designated industry" by the Southern Rhodesian régime in order to prevent it from being closed, and a manpower control order was issued to prevent dismissals of employees. In February 1966, it was reported that RISCO had shut down two of its three blast furnaces and one of its two open-hearth steel furnaces and had abandoned a £7 million expansion and modernization scheme.

93. In May 1966, the company was reported to have been seriously affected by sanctions, to the extent that it had an overdraft of nearly £2 million. In February and May 1966, experts from the South African Iron and Steel Industrial Corporation (ISCOR) visited Southern Rhodesia at the invitation of RISCO to advise on further expansion and, according to the South Africa *Financial Gazette*, raised speculation about closer co-operation between the two industries. In September 1966, it was reported that ISCOR's proposal for the expansion of RISCO, which related to steel production and to making RISCO an autonomous and economically viable unit in the southern African industrial complex, had been sent to Southern Rhodesia.

94. In October 1966, it was reported that the Rhodesian Government had lifted the manpower provisions on the Rhodesian Iron and Steel Company and on Richard Costain (Africa), which had a contract with RISCO. No explanation was offered officially, but it was understood that RISCO had managed to replace lost pig-iron markets, though at lower prices than in the past.

95. In November 1966, it was reported that the Continental Ore Corporation of the United States, an agent of RISCO, in fulfilment of outstanding contracts, was importing pig-iron from Southern Rhodesia to the United States.

96. Total exports of pig-iron for 1965 amounted to \$11.7 million. Exports to the United States for the period January to October 1966 amounted to \$3.2 million, as against \$0.22 million for the Federation of Rhodesia for the whole of 1965; exports to Italy for the period January to September 1966 amounted to \$2.6 million, as against \$0.358 million for the whole of 1965; exports to Japan for the period January to September 1966 amounted to \$1.3 million as against \$9 million for the whole of 1965.

D. Ferro-chrome

Rhodesian Alloys (Private) Ltd.

97. No information is available on the operation of ferro-chrome manufacturing since the illegal declaration of independence.

98. The major producer of ferro-chrome, Rhodesian Alloys (Private) Ltd., in the past (prior to sanctions) produced 17,000 tons of ferro-chrome annually, worth about £2.2 million. Its main markets were in South Africa, Canada, the United States and Australia. It is controlled by John Brown and Company and Rhodesian Anglo-American.

E. Motor car industry

99. Following the imposition of sanctions, the illegal régime extended the Manpower Regulations under the State of Emergency to cover the four major motor vehicle assembly plants in Southern Rhodesia.

100. The Minister of Economic Affairs of South Africa, Dr. N. Diederichs, was reported in June 1966 to have issued a warning in connexion with an American motor concern's instructions to its representatives in South Africa not to supply Southern Rhodesia with cars or accessories.

101. The Minister declared that the South African Government would not tolerate foreign Governments issuing instructions to their South African subsidiaries which clashed with South African policy. And he added: "If South Africa does not participate in a boycott action, then no South African company has the right to participate in a boycott". South Africa was not engaged in any boycott, and its trade with Southern Rhodesia was continuing on normal lines.

102. On 17 June 1966, the President of the Rhodesian Motor Trade Association was reported to have said in a speech at Umtali that petrol rationing had been catastrophic for the trade, and to have spoken of the possibility of a breakdown. Since petrol rationing had been introduced, he said, new car sales had dropped by more than 40 per cent and commercial vehicle sales by more than 50 per cent. Workshop revenue and the sale of spare parts were also down.

103. On 8 February 1967, the Ford assembly plant, which had held the leading share of the market in the industry, closed down as a result of the exhaustion of the supply of parts. The British Motor Corporation plant at Umtali, the second major producer, was also reported near the breaking point, mainly as a result of lack of spare parts. Plant production had been reduced to eight units a day.

104. The other two companies involved in the industry are Rootes (Central Africa) and the Rover Company. No detailed information on these two companies was available.

105. According to press reports, new cars and spare parts were, however, coming into Southern Rhodesia through front organizations from neighbouring countries. Vehicles mentioned included Rovers, Mercedes-Benz, Volkswagens and Simcas.

F. Central African Petroleum Company

106. Pumping of crude oil through the Beira-Umtali pipeline to the Central African Petroleum Refineries Ltd. (CAPREF) at Umtali in Southern Rhodesia ceased about mid-December 1965 as a result of the banning of oil tankers from landing supplies for Southern Rhodesia at Beira. The refinery was reported, accordingly, to have shut down its facilities around mid-January 1966.

107. On 21 December 1965, the Smith régime introduced emergency regulations, under the Manpower Regulations, which provided that no employee of the Central African Petroleum Refineries Company or of the distributive companies might

be discharged or resign without the prior consent of the Minister of Labour. The major distributive companies involved are Shell Petroleum Co. Ltd., British Petroleum Co. Ltd., Mobil Petroleum Co. Ltd., Caltex Ltd., and Total Oil Products Rhodesia Oil Ltd. Under the regulation the distributive companies have continued their operations since the oil embargo.

108. Since the refinery was closed down, refined oil and petroleum products have been coming into Southern Rhodesia from South Africa and reportedly from Mozambique.

G. Companhia do Pipeline Moçambique-Rodésia

109. The Beira-Umtali pipeline, which supplied CAPREF with its crude oil until mid-December 1966, is owned by the above company. Ownership of the pipeline was held by Lonrho Ltd. (62.5 per cent) and Portuguese interests (37.5 per cent). The last unloaded cargo of crude oil consigned to CAPREF arrived at Beira around mid-December 1965, prior to the United Kingdom embargo.

110. The annual report of Lonrho Ltd. for 1965 stated that the pipeline started operations in January 1965 and in the first operational year 146.5 million gallons of crude oil were pumped to the refinery at Umtali. This represented a gross revenue of £2,091,094, from which compensation amounting to £1,607,927 was paid to the Mozambique Railway Company. No pumping had been carried out since the end of December 1965, as no crude oil tankers had off-loaded in Beira following the sanctions imposed against Southern Rhodesia.

111. On 17 May 1966, the Commonwealth Secretary, Mr. Bottomley, stated in reply to a question in the House of Commons that the United Kingdom Government had agreed for the time being to help with the expenses of the Companhia do Pipe line Moçambique-Rodésia, and in particular the expenses of maintaining and repairing the pipeline installations, since the pipeline was out of use. The agreed contribution was £54,000 a month for a minimum period of three months from 7 April 1966. On 13 September 1966 the United Kingdom Government announced that it had decided to terminate the payments. The termination of payments took effect from 7 October 1966.

H. Transport and power

112. On 15 November 1966, the President of Zambia, Dr. Kenneth Kaunda, stated that the Common Services owned jointly by Zambia and Southern Rhodesia, namely the Rhodesia Railways, the Kariba hydroelectric scheme and the Central African Airways, which provide Zambia with its vital power supplies and its communications and external trade links and whose headquarters are all in Southern Rhodesia and for all practical purposes are controlled from Salisbury, could not be properly operated and administered in the absence of a legal Government in Southern Rhodesia.

113. In a letter dated 23 February 1967,¹ the Government of Zambia informed the Secretary-General that:

(a) Negotiations to separate the jointly owned Rhodesia Railways were going on;

(b) Similar negotiations to separate the joint owned Central African Airways were also going on;

(c) Payments received by the Kariba Power Corporation from Zambia were being blocked and not allowed to go over to Southern Rhodesia to supplement their foreign exchange.

I. Rhodesia Railways

114. On 26 September, Rhodesia Railways took over the control and operation of the rail line through Bechuanaland, which is the most direct rail link between South Africa and Southern Rhodesia. Control of the 400-mile line was formerly split between South African Railways and Rhodesia Railways, with the South African Railways operating the line from Mafeking up to the halfway point at Mahalapye, and the Rhodesia Railways operating it over the rest of the distance to Plumtree, on the Southern Rhodesian border. According to a statement issued by the Bulawayo headquarters of the Rhodesia Railways, the entire Bechuanaland section of the

railway line in question had been owned by the Rhodesia Railways since it was built in the 1890s, although one half of it had been managed by the South African Railways.

115. It was reported that Rhodesia Railways' report for the financial year ending July 1966 showed a loss of slightly over £100,000, compared with a profit of nearly £2 million in the previous year, despite an increase in traffic and total revenue.

116. In order to facilitate trade between the two countries, Rhodesia Railways introduced a new fast freight service to Johannesburg and the South African ports. On 26 August 1966, a spokesman for Rhodesia Railways announced that a new fast goods service to be known as Rail Trader would come into operation on 27 August 1966. The new service would link Salisbury and Bulawayo with Johannesburg, Port Elizabeth, East London, Durban and Cape Town. Trains from Salisbury would take four days to Johannesburg and six days to the ports. Trains from Bulawayo would take a day less to the ports. Negotiations were also under way to introduce a similar service from South Africa to Southern Rhodesian centres.

117. In May 1966, the Ian Smith régime appointed a three-man commission of inquiry to investigate an alternative rail link between Southern Rhodesia and South Africa through Beit Bridge. The commission, which held its first sitting on 15 June 1966, was composed of three South African experts, Mr. W. G. Muller, an advocate of Johannesburg, and two economists, Mr. H. G. Ashworth of Cape Town and Dr. M. D. Marais of Pretoria. The two possible connexions being considered by the Commission were either from West Nicholson or Rutenga to join the South African Railway line from Beit Bridge. Either one of the two proposed connexions would give Southern Rhodesia a direct rail link with South Africa. According to South African sources, whichever route the alternative rail link took, it would help to strengthen trade bonds between Southern Rhodesia and South Africa.

J. Central African Power Corporation

118. The Central African Power Corporation, in its annual report published on 13 December, stated that, despite the Rhodesian crisis the Kariba hydroelectric dam made a record profit of £1,010,810 in the year ending 30 June 1966. Zambian purchases during the year increased by 5.8 per cent and accounted for 51.4 per cent of the sales. Purchases by Southern Rhodesia increased by 4.4 per cent and accounted for 48.6 per cent of the sales.

K. Central African Airways

119. The Central African Airways announced a record profit of over £600,000 for the year ending 30 June 1966. All its subsidiary airlines—Air Malawi, Air Rhodesia and Zambia Airways—realized operating profits for the year.

VI. ECONOMIC RELATIONS IN SOUTHERN AFRICA

A. General

120. The normal major trading partners of Southern Rhodesia, apart from the United Kingdom, are its neighbouring countries in southern Africa: Zambia, Malawi, and South Africa, in normal times, account for about 40 per cent of its total domestic exports and about 30 per cent of total imports; although trade with Botswana (formerly Bechuanaland) is almost negligible for Southern Rhodesia, it is considered of vital importance to the former.

B. Economic relations with Zambia

121. In 1965, the total value of exports, including re-exports, from Southern Rhodesia to Zambia amounted to £46 million, of which domestic merchandise accounted for £36.1 million; imports from Zambia amounted to £4.3 million.

122. Since the illegal declaration of independence, Zambia has imposed a licence system whereby only certain commodities can be imported from Southern Rhodesia.² The permitted imports from Southern Rhodesia are mainly essential commodities for which alternative sources of supply have not

¹ See *Official Records of the Security Council, Twenty-third Year, Supplement for January, February and March 1967*, document S/7781/Add.2, annex.

² *Ibid.*

been found. Trade figures between the two countries for 1966 are not available, although, according to press reports, Zambia had cut its imports from Southern Rhodesia by an estimated 30 per cent.

C. *Economic relations with Malawi*

123. In 1965 total exports, including re-exports, from Southern Rhodesia to Malawi amounted to £9.5 million, of which domestic merchandise amounted to £7.7 million; imports amounted to £1.4 million.

124. The Government of Malawi, between November 1965 and December 1966, imposed some trade restrictions on Southern Rhodesia.¹ However, Malawi continued to trade with Southern Rhodesia in essential commodities, while it appealed to importers to find alternative sources of supply outside Southern Rhodesia. Trade figures for 1966 between the two countries are not yet available.

D. *Economic relations with Bechuanaland (Botswana)*

125. In 1965, total exports, including re-exports, from Southern Rhodesia to Bechuanaland amounted to £2.3 million, of which domestic merchandise amounted to £1.6 million; imports amounted to £72,000. Bechuanaland became independent as Botswana on 27 September 1966. By the end of 1966, no reports regarding economic measures against the illegal régime were available. In February 1967, the Government of Botswana, in a letter addressed to the Secretary-General,² stated that it had prohibited the entry from Botswana of arms, ammunition and military equipment into Southern Rhodesia and the exportation to that country of petrol, oil and lubricants from Botswana stocks. It had also granted political asylum to ninety-five people from Southern Rhodesia since the illegal declaration of independence. It was however apparent to the Botswana Government that full compliance with Security Council resolution 232 (1966) would pose special economic problems for Botswana. If it complied with resolution 232 (1966) and the illegal régime should retaliate, the Government would be faced with an economic threat to the country of the utmost gravity.

E. *Economic relations with South Africa*

126. In 1965, the total value of exports, including re-exports, from Southern Rhodesia to South Africa amounted to £14.4 million, of which domestic merchandise accounted for £12.8 million. Total imports from South Africa amounted to £27.5 million.

127. Pursuant to its declared policy of not participating in any form of sanctions or boycotts, the Republic of South Africa has, since the illegal declaration of independence continued to maintain "normal trade relations" with the Ian Smith régime. In clarification of the term "normal trade relations", the Government of the Republic has explained that this did not mean continuing to sell the same commodities or quantities as before. It meant that everybody in competition tried to sell what he could and as much as he could. It also meant trade without inhibitions and without breaks.

128. According to trade figures released by the South African Department of Customs and Excise in September 1966, trade figures for the first eight months of 1966 showed that while South Africa's exports as a whole had risen about 12 per cent over the same period in 1965, exports to the rest of Africa increased by 30 per cent to a little over £60 million. Imports from the rest of Africa for the first eight months of 1966 reached about £35 million. The Department of Customs and Excise has since July 1965 ceased to provide detailed breakdowns according to countries of destination for exports to African countries.

129. Although no details were given, it was reported that the bulk of the increase in exports of about £15 million to the rest of Africa was in the main due to a sharp rise in the flow of goods to Southern Rhodesia. Imports from the rest of Africa at about £35 million were reported to be around

the same level as in 1965, although imports as a whole had fallen by 15 per cent. The difference in the general trend was also attributed mainly to an increase of imports from Southern Rhodesia.

130. Quite apart from South Africa's own trade with Southern Rhodesia, it has been persistently reported that South Africa had been providing cover for clandestine trade between third countries and parties with Southern Rhodesia. According to these reports, goods ostensibly directed to South Africa from third countries eventually find their way into Southern Rhodesia under prearranged contracts. Conversely, South African ports are reported to have increased their tonnage of Southern Rhodesian exports which pass through the ports under cover of South African goods. It should here be noted that since the illegal declaration of independence, South Africa has ceased to differentiate between its exports and re-exports.

131. Since the illegal declaration of independence, Southern Rhodesian industrialists have embarked on a sales promotion campaign in South Africa with a view to increasing sales in the Republic. There have also been exchanges of visits between manufacturers and industrialists of the two countries to discuss marketing problems and how best to facilitate the flow of trade between the two countries.

F. *Economic relations with Portugal*

132. Portugal has also continued to maintain trade relations with Southern Rhodesia, having declared on many occasions that it would not take part in sanctions that would affect the flow of trade in southern Africa. Although trade between Southern Rhodesia and Portugal and the Territories under Portuguese administration is almost negligible, Portugal occupies a predominant position in the control of the external trade routes of Southern Rhodesia, Zambia and Malawi, through the seaports of Beira and Lourenço Marques in Mozambique. It has also rail links to all the three landlocked countries and to South Africa. Southern Rhodesia's principal export and import outlet is the seaport of Beira in Mozambique, which also handles the main bulk of the external trade of Zambia and Malawi.

133. Portugal's policy of maintaining trade relations with Southern Rhodesia has therefore offered the illegal régime a most valuable outlet for exports and imports. According to press reports, Portugal has become an outlet for re-exporting embargoed Southern Rhodesian commodities, primarily tobacco and sugar.

134. During the year 1966, Southern Rhodesia and the Territories under Portuguese administration in southern Africa were brought closer together economically through visiting trade missions.

135. A six-man trade mission from Southern Rhodesia headed by Mr. Malpas, Chairman of the National Export Council of Rhodesia, visited Portugal in the first week of November 1966. The mission included Mr. Graylin, Chairman of the Rhodesian Tobacco Export Council.

VII. FOREIGN TRADE OF SOUTHERN RHODESIA

A. *Foreign trade for 1965*

136. According to figures published by the Central Statistical Office at Salisbury on 6 June 1966, total exports in 1965 amounted to £165 million of which domestic exports accounted for £142.55 million; re-exports for £15.145 million and net gold sales for £6.794 million. Total exports in 1964 amounted to £140.55 million. Imports in 1965 amounted to £119.8 million, as compared with £108.2 million in 1964. Foreign trade for 1965 thus showed an increase of 17 per cent in total exports and 10.7 per cent in imports.

137. The main customers of Southern Rhodesia maintained their order of importance as in 1964 and took domestic exports in 1965 as follows: Zambia (£36.1 million); United Kingdom (£31 million); South Africa (£12.8 million); Federal Republic of Germany (£12.8 million); Malawi (£7.7 million) and Japan (£7.4 million). The main suppliers for imports were the United Kingdom (£36.4 million); South Africa (£27.5 million); United States of America (£8.2 million);

¹ *Ibid.*, document S/7781, annex II.

² *Ibid.*, document A/7781/Add.2, annex.

Japan (£6.6 million); Federal Republic of Germany (£4.9 million) and Zambia (£4.3 million).

138. The visible balance of trade after making allowances for stocks and internal freight showed an improvement over 1964. It rose by £5.3 million from £36.5 million in 1964 to £41.8 in 1965. After deduction of net payments abroad for visible items, the current account balance amounted to a favourable £14.0 million.

B. Foreign trade for 1966

139. Sanctions, imposed on Southern Rhodesia by most of its trading partners outside Africa under Security Council resolution 217 (1965), in general terms exempted contracts concluded before the illegal declaration of independence, or, in certain cases, before the States concerned went through the necessary legislative processes to give effect to these sanctions. Other States put their trade with Southern Rhodesia under a licensing system by which trade in specified commodities was permitted pending their availability from other sources at competitive prices.

140. External trade statistics for 1966-1967, in conjunction with other relevant statistics since February 1966, have been suppressed by the illegal régime on the grounds that reports incorporating such statistics were detrimental to the national interest because their publication would aid and encourage opponents to take counter-measures and embarrass the friends of the régime. However, data on the trade of Southern Rhodesia for 1966 was reported by certain countries of destination and origin. The data reported as at 23 February 1967^a are in no way complete and do not include any data from some of the normal major trading partners of Southern Rhodesia, namely Zambia, South Africa and Malawi, which together accounted for about 40 per cent of the total domestic exports and about 30 per cent of total imports in 1965. Data provided by countries of destination and origin for the foreign trade of Southern Rhodesia as contained in the addendum to the Secretary-General's report do not cover a uniform period of time. Full information on the trade of Southern Rhodesia is not at present available and may not be available for some time.

141. However, import figures so far available show that total imports to Southern Rhodesia from the United States for the period January to October 1966 amounted to \$6.5 million, as against \$23 million for the Federation of Rhodesia for the whole of 1965; imports from Belgium-Luxembourg for the period January to August 1966 amounted to \$2.6 million, as against \$6.8 million for the whole of 1965; imports from France for the period January to September 1966 amounted to \$2.7 million, as against \$3.9 million for the whole of 1965; imports from the Federal Republic of Germany for the period January to September amounted to \$8.3 million, as against \$11 million for the whole of 1965; imports from Italy for the period January to September amounted to \$3.9 million, as against \$6.3 million for the whole of 1965; imports from the Netherlands for the period January to December 1966 amounted to \$5.7 million, as against \$7.3 million for the whole of 1965; imports from the United Kingdom for the period January to November 1966 amounted to \$7 million, as against \$88 million for the whole of 1965; imports from Switzerland for the period January to November 1966 amounted to \$1.7 million, as against \$1.6 million for the whole of 1965; imports from Japan for the period January to September 1966 amounted to \$7.4 million, as against \$16.6 million for the whole of 1965.

142. As far as the Smith régime is concerned, the only statement of substance on foreign trade for 1966 was made by Mr. Wrathall, "Minister of Finance", on 21 July. He said in his budget statement that with the imposition of sanctions, it was inevitable that there would be some decline from the high levels of exports achieved in the period July-December 1965. The drop for the six months to June 1966 was nothing like as large as had been predicted in some quarters. This was because of the efforts made by industrialists to search out and open up new markets and because of the ingenuity with which they had circumvented sanctions. During the six months to the end of June 1966, the value of exports other than tobacco

was £46.4 million, or 17 per cent lower than in the comparable period of 1965. Imports were reduced to the desired level without causing any widespread hardship or impairing the effectiveness of essential industry. For the six months to June, the total of imports was limited to £40.1 million, or 32 per cent below the 1965 figure. The substantial reductions in imports and the much smaller decline in the value of exports had a profound effect on the balance of trade and, in respect of trade other than tobacco, produced a favourable visible balance of £6.3 million, compared with an adverse balance of £2.9 million for January-June 1965.

VIII. LABOUR

A. Labour Legislation

143. Control of manpower was introduced in Southern Rhodesia in December 1965 and gazetted in a new set of emergency regulations on 5 February 1966. On 8 March 1966, these new regulations were incorporated into the purported amendment to the Emergency Powers Act of 1960. The Emergency Powers (Control of Manpower) Regulations empowered the illegal régime to prevent companies from dismissing employees and could stop employees resigning and leaving the country without permission. Unemployment has to a considerable extent been arrested, temporarily at least, by the extension of the Manpower Regulations to certain sectors of the economy. By April 1966, the Manpower Regulations had been extended to cover all the oil distribution companies and CAPREF, tin and iron and steel industries,^o the tobacco industry and four motor vehicle assembly plants in Southern Rhodesia.

144. Also, the Emergency Powers (Industrial Relations) Act of 23 February gave the "Minister of Labour" the right to suspend specific provisions of industrial agreements made under the Industrial Conciliation Act, at the request of the employers.^p It covered most sectors of commerce and industry, but excluded agriculture and railways. Employers might now request alterations in conditions concerning hours of work, short time, leave and remuneration laid down in present agreements. The object was to enable employers, for a temporary period, to alter these conditions of service as an alternative to dismissing workers. It was reported that a number of industries had since cut down on their hours of work to save workers from retrenchment, but no estimates were available.

145. On 11 February 1966, the illegal régime published orders extending the closed labour areas to all parts of Southern Rhodesia with the exception of five districts on the eastern border of Southern Rhodesia. These orders made it illegal for employers outside these five districts to engage alien Africans entering Southern Rhodesia from 11 February 1966. According to an official statement, the purpose of these orders was to make job opportunities available to Southern Rhodesian Africans. The order did not affect foreign Africans who were already working in Southern Rhodesia. It is estimated that there are close to 200,000 foreign Africans, mainly from Malawi and Zambia, employed in Southern Rhodesia.

146. In January 1966, the Smith régime published a draft Industrial Conciliation Amendment Bill by which it would introduce compulsory deduction of union dues, the setting up of an industrial tribunal, and compulsory arbitration.

B. Employment

147. In 1965, the number of Europeans, Coloureds and Asians in employment increased from 86,000 to 89,000 and Africans from 621,000 to 629,000. In a statement on 9 February 1967, Mr. Wrathall, "Minister of Finance", stated that the monthly average employment figures for non-Africans in 1966 remained at the 1965 level, while those for Africans were some 2,500 higher than in 1965.

^o The Manpower Regulations on the iron and steel industries were lifted in October 1966.

^p See *Official Records of the General Assembly, Twenty-first Session, Annexes*, addendum to agenda item 23, chapter III, part II, appendix I, paras. 306-315.

^a *Ibid.*, document S/7781/Add.1.

148. On 4 September 1966, the "Minister of Internal Affairs", Mr. William Harper, stated in the Legislative Assembly that since the assumption of independence, nearly 3,000 appointments had been made in the public services. This had been a major influence in keeping down unemployment and had helped the morale of the country.

C. Wages

149. In 1965 total earnings rose by more than 6 per cent from £183 million to £195 million and average annual earnings by 4.9 per cent to £128 in the case of Africans and by 3.4 per cent to £1,285 in the case of Europeans, Coloureds and Asians.

ANNEX

FINANCE COMPANIES

1. Three large financial houses that have multifarious dealings in the economy of Southern Rhodesia and, indeed, in the economy of east, central and southern Africa, are dealt with separately in the present annex. The companies are the Anglo-American Corporation of South Africa Ltd., Charter Consolidated and Lonrho Ltd.

2. The company reports for the above companies for 1965 were issued during the first half of 1966. In these statements, general references were made regarding the operations of the companies in Southern Rhodesia for the first few months following the imposition of sanctions. Company accounts published covered their over-all operations, including those in Southern Rhodesia, but no separate accounts were issued for their operations in Southern Rhodesia as a whole. It was therefore not possible to assess their operations in Southern Rhodesia separately.

Anglo-American Corporation of South Africa Ltd.

3. Anglo-American Corporation of South Africa Ltd., which has large central African interests, reported group profits after tax for 1965 at £14,621,000, compared with £13,730,000 in the previous year. Ordinary shareholders received 13s. (12s.), taking £8,275,000. General reserves were increased by £6¼ million (£6 million) and the carry-forward was £1,139,500. Quoted investments standing in the books at R138.7 million had a market value of R388.4 million. The main offices and interests of the Company are located in Southern Rhodesia (Salisbury), Zambia (Lusaka), Australia (Melbourne), the United States of America (New York), Canada (Toronto), the United Kingdom (London), and South Africa (Johannesburg), where it has its head office.

4. The group's large interests in Southern Rhodesia are vested mainly in Charter Consolidated, Rhodesian Acceptances, Ridgeway Hotel, Mazoe Citrus Estates, Hippo Valley Estates, Rhodesian Copper Products, Premier Portland Cement Co. (Rhodesia), Rhodesia Milling Co., Rhodesian Alloys, Rhodesian Iron and Steel Co., Anglo-American Rhodesian Development Corporation, and Wankie Colliery Co. Ltd.

5. No separate accounts for the groups' operations in Southern Rhodesia were available. However, in the statement of the Chairman, Mr. H. F. Oppenheimer, at the 49th annual general meeting of the Company in June 1966, it was stated that the interests of the Company in Southern Rhodesia had obviously suffered from the uncertainties arising from the unilateral declaration of independence, which had also complicated its operations in Zambia. During the year Anglo-American Corporation Rhodesia was expanded to take over the Rhodesian interests previously held by the British South Africa Company. The Corporation had a wide spread of assets and would continue to play an important part in the economic development of the country. The group had carried out an energetic prospecting programme in Southern Rhodesia and, during the year, the Rhodesia-based companies spent a considerable sum on prospecting in new and remote areas and in investigating mineral deposits offered to them. Negotiations for the acquisition of a major holding in Trojan Nickel, a nickel mining company near Bindura, had recently been completed.

6. Mr. Oppenheimer stated that the interests of the Company in Southern Rhodesia went back to the formation of the Corporation and that when Rhodes planned the first settlement of Rhodesia he had already formed and was chairman of De Beers Company, with which Anglo-American is closely associated today. It was therefore natural that the Company should continue to play a leading and constructive part in Southern Rhodesian development. In these circumstances, the crisis arising from the unilateral declaration of independence touched the Company deeply. All business in Southern Rhodesia was carried on in its shadow and its repercussions were greatly affecting southern Africa as a whole. Without discussing the merits of the dispute, it would certainly appear to him that there was room for negotiations to end a situation which constituted a grave danger to Rhodesia and all its neighbours. It was satisfactory to know that exploratory talks were taking place.

7. The directorate of the Company as at 30 May 1966 was as follows: H. F. Oppenheimer (Chairman), Sir Keith Acutt, K.B.E. (British) (Deputy Chairman), R. B. Hagart (Deputy Chairman), D. O. Beckingham, E. T. S. Brown, P. H. A. Brownrigg, C.M.G., D.S.O., O.B.E. (British), Sir Frederick Crawford, G.C.M.G., O.B.E. (British), Dr. M. W. De Kock, P. V. Emrys-Evans (British), C. W. Engelhard (American), G. C. Fletcher, M.C., H. C. Koch, H. Macconachie, P. J. Oppenheimer (British), S. D. H. Pollen, M.B.E., T.D., (British), G. W. H. Rely, Sir Albert Robinson (British), M. W. Rush, J. W. Shilling, The Honourable H. A. V. Smith (British), S. Spiro, M.C., W. D. Wilson.

Charter Consolidated

8. It will be recalled that on 1 April 1965, Charter Consolidated, a new London-based mining-finance company was formed as a result of the merger of the British South Africa Company, Central Mining and Investment Corporation and the Consolidated Mines Selection Company.^a Under the arrangements for the establishment of Charter Consolidated, members of the Anglo-American Group are the largest shareholders of the Company (approximately 30 per cent of the capital). At its inception, the interests of Charter Consolidated were 39 per cent in the Republic of South Africa, 16 per cent in the rest of Africa, 23 per cent in North America and 22 per cent elsewhere. The Anglo-American Corporation, in addition to its investments in Charter Consolidated, is listed as a technical adviser to the Company. Charter Consolidated's main interests are in mining, metallurgy, electrical and mechanical engineering and areas most closely allied to these, such as the refining of metals. Other interests include finance and investment.

9. With the establishment of Charter Consolidated in March 1965, the British South Africa Company, the Central Mining and Investment Corporation, and Consolidated Mines Selection Company between them received £24.4 million in 5s. shares in exchange for their entire capital. Soon after the merger, the principal Rhodesian interests of the group were amalgamated with the Rhodesian interests of the Anglo-American Corporation group, and Charter Consolidated thereby obtained shares in Anglo-American Corporation (Rhodesia) Ltd. on the basis of underlying net assets of £5.7 million. That is now the group's only significant investment in Rhodesia. Since then the holding has been written down to £4,156,000.

10. No separate accounts for the Company's operations in Southern Rhodesia are available. However, for the year ending 31 March 1966, Charter Consolidated reported profits after tax, for the first year of its operations, at £7,779,000. Net assets increased over the year from £155,663,000, equivalent to 31s. 10-1/2d per share, to £171,641,000, equivalent to 35s. 1-1/2d. per share, an increase of 3s. 3d. per share.

11. Mr. P. V. Emrys-Evans, Chairman of Charter Consolidated, retired at the end of December 1966. He was succeeded by Mr. H. F. Oppenheimer on 1 January 1967. There are three deputy chairmen, Mr. S. D. H. Pollen, the Hon. H. V. Smith and Mr. W. D. Wilson (managing director). The other members of the board are Sir Keith Acutt, Mr. A. Chester Beatty, Comte T. de Feuillade de Chauvin, Mr. J. E.

^a *Ibid.*, part II, annex, para. 20.

H. Collins, Sir Frederick Crawford, and Messrs. C. W. Engelhard, H. St. L. Grenfell, J. O. Hambro, P. J. Oppenheimer, Evelyn R. A. de Rothschild, T. P. Stratten and T. Muir Warden.

12. Mr. O. B. Bennett and Mr. Maurice W. Rush were appointed to the board as from June 1966, and Messrs. R. B. Loder, R. V. Pritchard (secretary), J. G. Richardson and L. Stopford Sackville were appointed additional managers of the company.

13. There are nine alternate directors, namely, Sir Jim S. Holland and Messrs. O. B. Bennett, G. W. Flint, H. R. Fraser, R. St. L. Granville, N. K. Kinkead-Weekes, J. Christopher Loder, R. H. MacWilliam and B. W. Pain.

14. A local committee in Rhodesia consists of Sir Henry McDowell and Messrs. T. C. A. Birley, I. M. Cowan and C. C. W. Parke.

Lonrho Limited

15. The Lonrho group of companies, which has large diversified interests throughout east, central and southern Africa, issued its annual report for 1965 on 5 April 1966.

16. The report showed that Lonrho, Ltd., had a group consolidated profit before tax of £1,823,000. According to a subsequent report, Lonrho Ltd., had consolidated net profit after tax to 30 September 1965 of £174,756 in the case of the parent company and £427,025 in that of the subsidiaries. In the previous year, the comparable figures were £137,420 and £118,279. Dividends of 12½ per cent amounted to £189,037. The carry-forward was £16,266 by Lonrho and £660,868 by subsidiaries. Issued capital totalled £1.4 million. Group fixed assets stood in the books at £10.7 million and investments at £1.9 million (though the market value is substantially higher). Net current assets appeared at £564,749. Outstanding debentures, loans, etc., totalled £3.2 million. Net assets were thus £9.9 million.

17. No separate accounts were issued for the Company's operations in Southern Rhodesia, but the report of the Company on its operations in Southern Rhodesia stated that a rationalization of the Rhodesian mining interests of the Coronation Syndicate group had been put into effect by transferring all mining properties, assets and liabilities into a wholly owned Rhodesian registered subsidiary, which was renamed Corsyn Consolidated Mines Limited. The Rhodesian mines recorded a year of not inconsiderable success. For the first time in many years, the total ore reserves as at the financial year end showed an increase, rising from 547,000 tons to 627,000 tons. This trend was expected to continue. Despite a decrease in average value from 8.8 dwt to 8.0 dwt per ton, the gross gold content in the reserves increased by some 11,000 oz.

18. The production from the gold mines of the group totalled 90,325 oz. of fine gold, equivalent to 16 per cent of the Rhodesian output. The resulting working profit for the year amounted to £396,544.

19. Regarding land and ranching, the Company report stated that it had ranches in the Matabeleland and Midland areas of Southern Rhodesia covering an area of 928,000 acres. At 30 September 1965, 45,523 head of cattle were held on the ranches, as compared with 45,630 on 30 September 1964. Sales during the year totalled 7,984 head, resulting in a gross revenue to the group of £228,800.

20. The group's other operations in Southern Rhodesia included the sale of motor vehicles, spare parts and accessories, and the operation of breweries and distribution of "Chibuku" beer. No separate accounts for Southern Rhodesia were available for these operations.

21. Lonrho Ltd. also owns 62.5 per cent of the shares of Companhia do Pipeline Moçambique-Rodésia, S.A.R.L., which supplied crude oil to Southern Rhodesia until the end of December 1965.

22. Mr. A. H. Ball is chairman and joint managing director of Lonrho Ltd. in London, Mr. R. W. Rowland, his colleague as joint managing director, being resident in Africa.

23. The other members of the board are Mr. J. A. Caldecott, Mr. F. E. O. Davies, Mr. J. N. Kiek, Mr. C. D. Mackenzie, the Hon. A. J. B. Ogilvy and Mr. J. Whitehouse. There are two alternate directors, Mr. J. A. G. Mills, group general manager in England, and Mr. F. A. Butler, group chief accountant. The Secretary in London is Mr. J. M. Turner.

24. Mr. N. Kruger is manager in Rhodesia, Mr. G. Percy managing director in Malawi, and Mr. T. M. D. Mtine, managing director in Zambia.

25. On 22 September 1966, it was reported that Lonrho Ltd. estimated that for the year to 30 September 1966 consolidated profit before tax and depreciation would be about £3,750,000. An interim dividend of 6d. per 5s. share had been declared. No details were available.

Appendix II

Economic conditions in South West Africa with particular reference to foreign economic interests

Working paper prepared by the Secretariat

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I. INTRODUCTION

1. In 1964 the Secretariat prepared for Sub-Committee I a working paper containing information on the activities of the mining industry and other international companies having interests in South West Africa. This information was annexed to the report of Sub-Committee I and reproduced in the report of the Special Committee to the General Assembly.^a Subsequently the Secretariat has included information on significant economic developments in the Territory in the working papers prepared each year for the Special Committee (see A/AC.109/L.437).

2. At the request of the *Ad Hoc* Committee for South West Africa, the Secretariat prepared at the beginning of this year a working paper containing general information on South West Africa which includes a section on economic developments in the Territory, as well as a study of labour and educational conditions.^b

3. Since the original study was prepared by the Secretariat in 1964, the basic pattern of the economy of the Territory has remained unchanged, although there has been some quickening of development in the money sector of the economy. The first section of the present working paper contains an account of the general development of the economy in South West Africa, including such statistics for the gross domestic product and for foreign investment and trade as are available. Succeeding sections deal with developments in the past few years in agriculture, the fishing industry and mining, with particular reference to foreign interests.

II. GENERAL

4. The economy of South West Africa has been described as a dual economy, consisting of a predominant modern exchange sector and of a traditional subsistence sector.

5. The exchange sector is represented by a small number of mining companies, two of which are of great importance, a rapidly expanding fishing industry, a commercial community in the larger cities, and a large number of farms, most of which are of considerable size and are individually owned.

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

^b *Ibid.*, *Fifth Special Session, Annexes*, agenda item 7, document A/6640, annex II.

6. The guiding roles in the exchange sector of the economy are played entirely by the white section of the population. The exchange economy has affected a large proportion of the African population of South West Africa, but almost exclusively in their role as wage earners. Those residing in the part of the Territory outside the Police Zone are able legally to enter the exchange economy in the southern part of the Territory only through engagement as unskilled workers under contract.

7. The subsistence economy is practised exclusively in the Native reserves. It has been estimated that the value of the uncommercialized activities of the non-white population amounted to 3.5 per cent of the gross domestic product of South West Africa in 1951.

8. The following table shows the gross domestic product of South West Africa over the last few years, together with the contributions of various economic activities to the gross domestic product:

GROSS DOMESTIC PRODUCT^a

Year	Agriculture	Fishing	Mining	All other sectors	Total	
					Actual value	Adjusted to 1958 prices
(million Rands)						
1962	31.6	4.3	47.2	64.2	147.3	139.6
1963	34.3	5.2	57.0	66.5	163.0	153.9
1964	39.4	6.0	79.4	68.8	193.6	180.4
1965	36.0	6.8	99.7	71.4	213.9	191.7

^a Table reproduced from *South West Africa Survey, 1967*, published by the Department of Foreign Affairs of the Republic of South Africa in March 1967. According to the Survey, the figures given are preliminary unofficial estimates and must be interpreted with due caution. In particular, the figures for fishing appear to be grossly understated.

9. The figures given are for the gross domestic product, which represents goods produced and services performed and not the gross national income, which represents the extent to which the gross domestic product is reduced by remittances abroad or increased by payments from outside the Territory to residents in South West Africa. The latest South African figures provide no recent estimates of gross national income. Estimates for earlier years were given in the report of the Odendaal Commission.^c For example, in 1962 the gross national income was estimated by the Commission at R104.4 million,^d while the gross domestic product was estimated at R146.7 million. The unusually large discrepancy of R42.3 million can be explained by the large income earned by foreign companies involved in exploiting the mineral and other resources of the Territory.

10. It will be noted that there has been a rapid increase in the gross domestic product over the past few years. Mining activities have been stepped up to a considerable extent, while the fishing industry has expanded substantially and agriculture has benefited from improved conditions of marketing. Moreover, the government sector of the economy has expanded since the appearance of the Odendaal Commission's report and the implementation of some of the proposals contained therein. Thus, the road-building programme has been expanded, modern airfields have been constructed, preliminary steps have been taken towards putting into effect the Ruacana Falls power project on the South West Africa-Angola border and, for the first time, certain steps have been taken to provide adequate

water supplies in the northern Native reserves and to develop their economic potential. Moreover, the large sums—amounting to R22 million—spent by the Government to purchase “white” farms for inclusion in the proposed African homelands have had a buoyant effect on the economy, though they have also contributed appreciably to inflation. It must be noted, however, that little of this increased activity has been to the benefit of the African population of South West Africa, who continue to receive wage rates many times lower than those received by white workers.

11. As has been noted above, the money economy is predominantly White-owned. However, it is only in the past few months that the first estimates of total capital investment in the Territory have been forthcoming. In an estimate appearing in *The Windhoek Advertiser* at the end of January 1967, capital investment in South West Africa was put at R352 million, as follows: R82 million by foreign investors other than South African; R170 million by the South African Government, including R105 million invested in the railway system; and R100 million by local and South African private enterprise. More recently, total investment in the fish processing, mining and manufacturing industries was estimated by the South African Government at R92.22 million, of which R49 million represented foreign overseas capital and the remainder South African and South West African capital; the latter was known to be small.

12. Foreign trade statistics for South West Africa are difficult to establish, because the Territory is totally united for customs and trade purposes with South Africa and no separate statistics are kept. However, the recent South West Africa Survey contains estimates of the export trade, which are reproduced below:

EXPORT TRADE: 1963-1966
(Amounts in thousand Rands)

Product	Total exports			
	1963	1964	1965	1966
<i>Agricultural products</i>				
Karakul pelts	16,053	13,747	14,027	15,875
Livestock	15,357	16,503	17,193	14,115
Livestock products	3,069	2,626	2,144	2,525
Other agricultural products	100	90	123	120
Sub-totals	34,579	32,966	33,487	32,635

^c Commission of Enquiry into South West Africa Affairs, established in 1962 by the Republic of South Africa under the chairmanship of Mr. F. H. Odendaal.

^d One Rand = 10 shillings sterling = \$US1.40.

EXPORT TRADE: 1963-1966 (continued)

Product	Total exports			
	1963	1964	1965	1966
<i>Fishery products</i>				
Fish meal	11,400	13,900	19,700	22,400
Canned fish	5,800	10,000	13,600	14,000
Other fishery products	5,300	10,300	11,650	12,500
Sub-totals	22,500	34,200	44,950	48,900
<i>Mineral products</i>				
Diamonds	43,908	60,256	70,311	85,014
Blister copper	8,092	13,953	15,034	19,242
Refined lead	48	7,109	14,812	12,287
Lead/copper/zinc concentrates	10,422	7,857	10,198	7,876
Other mineral products	2,612	4,171	4,781	3,339
Sub-totals	65,081	93,346	115,136	127,758
TOTAL EXPORTS	122,160	160,512	193,573	209,293

It should be noted that the figures shown had been compiled from various sources and could not in all respects be regarded as fully reliable.

13. Of the exports listed, the karakul pelts in their entirety, some five sixths of the fishery products and the greater part of the base metal production were exported overseas. On the other hand, almost all exports of livestock and livestock products were directed to South Africa, as were R8.3 million of the fishery products and R3.4 million of the base metal products in 1966. Moreover, all diamonds were initially directed to South Africa for marketing by the Diamond Producers' Association.

14. It was estimated that about 90 per cent of the Territory's total imports, currently estimated at R154 million annually, were obtained from the Republic of South Africa. Imports were said to be at present well below exports, which totalled R194 million in 1965.

III. AGRICULTURE

15. Agriculture continues to be, in terms of its contribution to the gross national product, much less important than mining, its share of the product having remained steady at about one fifth over the past few years. The estimated gross value of agricultural production in 1965 is as follows:

Products	Rands	Percentages
<i>Animal husbandry</i>		
Cattle:		
Beef	24,945,976	56.2
Breeding	215,166	0.5
Dairy products	2,041,200	4.6
Sheep:		
Pelts	14,027,414	31.6
Breeding	33,117	0.1

Products	Rands	Percentages
Wool	1,079,727	2.4
Mutton	970,596	2.2
Hides and skins	376,631	0.8
Pigs	351,720	0.8
<i>Agriculture</i>		
Cash crops	230,001	0.5
Horticulture	120,000	0.3
TOTAL	44,391,548	100.0

16. Commercial farming is largely confined to European farms within the Police Zone. Agriculture and animal husbandry in the Native reserves is still predominantly of a subsistence character. Africans in the reserves outside of the Police Zone have in any case not yet been permitted to sell agricultural products outside of their areas; livestock sales by Africans in reserves in the Police Zone, where sales are under government supervision and control and where livestock has been limited by government regulation as well as by the low purchasing power of Africans, amounted to less than 1 per cent of the Territory's karakul and livestock sales for export and local consumption in 1962. The *South West Africa Survey* gave the value of livestock sales from Native reserves in more recent years as follows:

Year	Rands
1963	580,247
1964	238,859
1965	477,758
1966	1,116,107

17. Since for climatic reasons animal husbandry is the major agricultural activity in the Territory, the following figures of livestock population according to principal areas as at 30 June 1965 are of interest:

Animals	Farms of Whites ^a	Native reserves within southern sector	Rchoboth Baster Gebiet	Northern Native Territories	Total for South West Africa
Cattle	1,542,531	126,146	13,671	664,887	2,347,235
Karakul sheep ..	3,054,081	53,309	43,829		3,151,219
Other sheep	586,643	17,086	4,693	79,619	688,041
Goats	773,958	239,652	34,940	492,794	1,541,344
Horses, mules and donkeys	42,884	11,869	1,310	44,311	100,374

^a This includes the number of animals belonging to Africans but grazed on white farms.

18. The traditional pattern of "white" agriculture in South West Africa has been the single family farm, which though often of considerable extent because of the arid nature of the country did not represent in any single instance a considerable aggregate of foreign investment. Nevertheless, the farming community as a whole, by reason of its political influence, was able to obtain for itself substantial measures of subsidy and assistance from the South West African Administration, particularly in the form of relief of indebtedness and other

emergency help in times of drought. Recent reports have indicated that many farms have been bought and are operated by organizations which did not make their money basically out of farming. One unnamed organization was said to own thirty farms totalling 175,000 hectares and others were said to have hired hundreds of thousands of hectares. An African member of the Legislative Assembly has complained that this trend was contributing to the depopulation and "blackening" of the rural area.

19. One company, the Kaap-Kunene Beleggings Beperk, incorporated in South Africa in 1963 with an authorized capital of R5 million divided into 50¢ shares, runs approximately 25,000 head of cattle on farms owned and leased by it in South West Africa; this is reported to be the largest company-operated livestock farming enterprise in southern Africa. The company is active principally in the fishing industry, having acquired in 1965 a large group of fishing companies operating in South Africa and South West Africa. A total of 47.3 per cent of its issued share capital is held by Mid-Western Fishing Industries Ltd., a South African holding company incorporated in 1949, whose income consists of dividends from Kaap-Kunene, payable at the rate of 37½ per cent a share in 1965.

20. These two companies are among others which have exchanged shares in their companies for an aggregate of 9,970,270 shares in a new South African investment house, incorporated in 1966 with an authorized capital of R7.5 million in 15 million shares of 50¢ each. The new investment house, Suiderland Development Corporation Limited, includes on its board of directors Mr. P. G. S. Neethling (Chairman), Mr. A. P. du Preez (Managing Director), both of whom have substantial interests in the fishing industry in South West Africa and South Africa, as well as in the diamond industry, Mr. P. R. Rörich, Managing Director of BONUSCOR—another South African investment house with interests in South West Africa—and several directors of companies, of whom two are South West Africans, Messrs. Simon Frank and P. J. Malherbe. Other companies involved in the formation of Suiderland Development Corporation are Diamond Royalties and Holdings Ltd., Suid-Kunene Visserye Beperk, Angra Pequena Viskorporasie Beperk and a number of South African companies which do not operate in South West Africa.

21. According to a company prospectus issued in June 1966, Suiderland Development Corporation was also considering the acquisition of 45 per cent of the issued share capital of Trans-Kunene Beleggings (Eiendoms) Beperk, which was investigating the acquisition of a large coffee plantation in Angola, and which also intended promoting a new company in Angola jointly with a consortium of Portuguese industrialists to operate in the fishing industry and carry on cattle ranching in Angola, where costs of land and labour were said to be extremely low.

A. Karakul farming

22. The main features of the karakul farming industry were fully described in the basic study prepared by the Secretariat in 1964. Over the past few years, there has been a steady increase in the number and value of pelts exported, as is shown in the following table:

Year	Number of pelts	Average price per pelt	Total value
		Rands	
1962	2,345,563	5.39	12,642,585
1963	2,273,845	7.08	16,098,823
1964	2,864,006	5.16	14,778,271
1965	2,240,801	6.26	14,027,414
1966	2,977,093	6.37	18,964,082

23. Farming interests are represented in the Territory by the Karakul Breeders' Association of South West Africa. Sales promotion overseas is conducted by an official Karakul Advisory Board with the resources of the Karakul Industry Development Fund, into which is paid 25 per cent of the export levy on karakul pelts, to which have been added monetary grants made by the Legislative Assembly and the Farming Interests Fund.

B. Meat industry

24. Cattle ranching is carried on for the most part in the less arid country in the northern parts of the Territory, predominantly on White-owned farms. The northern Native reserves, especially Ovamboland, are considered suitable for cattle ranching but, although cattle raising is an important activity in the reserves, the animals are, for the most part, of poor quality owing to lack of selective breeding and parasite infestation, and to the prevalence of stock diseases (foot and mouth disease and lung disease); livestock sales from these

areas to the Police Zone, the centre of internal and foreign marketing, have been prohibited. Some R5 million was spent to combat an outbreak of foot and mouth disease in the Police Zone in recent years; expenditure in the northern Native reserves has been negligible by comparison.

25. The one major change in the organization of the meat industry over the past few years has been an increasing development of the local canning of beef, which has been supported financially by the Administration. Thus 103,000 head of cattle were taken by canning factories in 1965, compared with only 35,000 in 1961 and 65,000 in 1962. There are three meat factories, at Windhoek, Okahandja and Otavi, operated by companies registered in the Territory and believed to be primarily financed by South African capital.

26. Local consumption of beef amounted to only 7.4 per cent of the total meat production in 1965. Apart from local supplies of canned meat and small amounts of chilled or frozen meat sent overseas on an experimental basis in recent years, the main market for meat production for South West Africa is in South Africa itself; usually the cattle are railed to South African markets and slaughtered there. In 1965, some 247,000 cattle and 180,000 head of small stock were exported to South Africa, compared to 170,000 and 68,000 in 1962. These exports took place under the direction of the South West African Meat Trade Control Board.

27. The largest of the meat packing factories is owned by Damara Meat Packers Ltd., with a capital of R2.6 million, a subsidiary of the Cyril Hurwitz organization, a South African firm described as the biggest exporter of canned beef in southern Africa, with other factories in the Republic of South Africa and Botswana. Damara Meat Packers Ltd. pioneered exports of frozen meat overseas. A second canning factory at Otavi, which began production in February 1963, is controlled by the Farmers Co-operative Union. The third factory at Okahandja is owned by African Meat Cannery.

C. Dairy industry

28. Dairy products constitute the third most important sub-sector of agricultural production. According to the Odendaal Commission, the first creameries, at Kalkfeld, Dordabis, Windhoek, Omaruru, Okahandja and Rehoboth, were established mainly with capital from South Africa and surplus dairy products are exported to South Africa. The value of dairy products exported during 1962 was estimated at R751,000.

29. The industry is controlled by a statutory board consisting of representatives of the Territorial Administration, the producers and manufacturers and butter makers, which has among its functions to co-ordinate the production and marketing of dairy products, to register all producers and to stabilize prices. Since 1939, South West Africa has been a partner in the South African dairy industry control.

30. The value of the Territory's dairy products in 1962 amounted to R1,958,000, of which R751,000 represented exports to South Africa, the only external market. The corresponding figures for 1966 were R2,729,000 and R735,000. It may be mentioned that dairy production is very susceptible to drought conditions, from which the Territory suffers periodically.

IV. FISHING

31. Fisheries are one of South West Africa's main economic assets. The Territory possesses an extensive coastline and the offshore waters of the Atlantic in this region of southern Africa are counted among the richest fishing areas of the world. A great variety of marine life is to be found and a number of species are fished commercially. By far the most important, however, together contributing more than 90 per cent of the fishing industry's revenue, are pilchards (or sardines) which breed prolifically and are found in large schools, especially along the shores near Walvis Bay and northwards, and rock lobsters, which cling to the rocky beds of the sea-floor near Luderitz.

32. There are eight large pilchard processing factories owned by large companies, seven at Walvis Bay and one, established in 1965, at Luderitz. Each of the pilchard factories has an

equal share in an annual production quota which is determined by the Administration to prevent depletion of the fishery resources. However, the aggregate quota has been rapidly increased in recent years from 275,000 tons in 1961 to 540,000 tons in 1963 and 720,000 tons in 1965 and 1966. The current quota of 90,000 tons per factory restricts factories to about 60 per cent of production capacity. The pilchard catches are

processed into fishmeal (used mainly for fertilizer), fish-oil and canned fish.

33. In the basic study, a full account was given of the remarkable development in the industry since the first fishmeal factory was established at Walvis Bay in 1948. The past few years have been marked by a remarkable steady expansion in the industry, as is shown by the following table:

FISHING INDUSTRY: 1962-1966

Values	Unit	1962	1963	1964	1965	1966
<i>Pilchard industry</i>						
Canned fish	million Rands	12.1	5.8	10.0	13.6	14.0
Fishmeal	million Rands	6.9	11.4	13.9	19.7	22.4
Fish-oil	million Rands	1.8	1.5	5.6	4.7	4.9
TOTAL (million Rands)		20.8	18.7	29.5	38.0	41.3
<i>Rock lobster industry</i>						
	thousand Rands	3,200	2,800	3,750	5,640	6,660
<i>White fish, snock, etc.</i>						
	thousand Rands	41	380	472	640	954
<i>Seal industry</i>						
	thousand Rands	600	650	500	670	400
GRAND TOTAL (million Rands)		24.6	22.5	34.2	44.95	49.3

34. This increase is particularly marked in the case of fishmeal and fish-oil, for which there is almost insatiable international demand. It is also believed that white fish could form the basis of a most profitable industry and in 1966 South West Africa Fishing Industries Ltd. (SWAFILS) established a new company, Nautilus-Viskorporasie, which has been licensed to establish a white fish factory in Luderitz.

35. Other countries have moved in recent years to take advantage of the richness of the marine life off the coast of South West Africa and it is reported that factory ships from about fifteen countries have been fishing outside territorial waters. In addition, in 1966, a South African factory ship began operating off the coast and a second is to be brought into operation in 1967, under licences granted to the Kaap-Kunene and Overstone groups of companies, which jointly formed a new operating company for the purpose, known as Buitesse Viskorporasie. The production of South West African factories is limited by quotas imposed by the Administrator with a view to protecting the fish resources of the Territory, and there have been frequent expressions of concern in the Territory at the operations of foreign fishing boats, including in particular the South African factory ships.

36. In 1965, New Western Fishing Industries Ltd., which had a fish canning and fishmeal and oil factory at Walvis Bay and a 50 per cent interest in an investment house which held indirect control of the Oceana Group of fishing companies, the latter including Sea Products (SWA) Ltd., was among other fishing companies acquired by Kaap-Kunene Beleggings Bepers, a South African company incorporated in 1963. Other fishing companies in the Territory are also mainly owned by South African interests, with some local capital.

37. Profits of the main fishing companies operating in the Territory, after taxes at the rate of 30 per cent, were as follows:

	1964 (million Rand)	1965 (million Rand)
Marine Products Ltd.	2.6	3.3
Kaap-Kunene Beleggings Bepers	—	3.5

	1964 (million Rand)	1965 (million Rand)
Sea Products (SWA) Ltd.	2.2	2.1
SWAFILS	1.7	2.1
Overstone South West Investments, Ltd.	1.1	1.5
Angra Pequena Fishing Company .....	.5	.8

Marine Products Ltd., it may be noted, has a one-third interest in a new copper mining company at Klein Aub in the Rehoboth Baster Community.

V. MINING

38. As at the time when the basic study was completed, mining remained by far the largest industry in terms of value and production. Indeed, its share of the gross domestic product increased from 32 per cent in 1962 to nearly 40 per cent in 1965, or, in terms of value, from R47.2 million to R99.7 million. Despite this large increase and the great variety of minerals known to exist in the Territory, only diamonds and base minerals in the Tsumeb area are of importance at present. The two large companies involved in these operations have greatly expanded their activities, which contribute over 90 per cent of mining production. Outside these operations, there are a number of smaller mining companies and a considerable increase in prospecting activities. However, there are only a few new mining operations of importance to be noted.

39. It is estimated that in all R58.3 million are invested in mining, about half of which was derived from overseas and half from South African sources. Almost the whole output is sold abroad, although diamonds are marketed through South African channels.

40. The following table gives the sales of principal minerals by value over the past few years:

Minerals	Unit	1962	1963	1964	1965
Diamonds	thousand Rands	34,221	43,907	60,256	70,311
Refined lead	thousand Rands	—	48	7,109	14,812
<i>Lead/copper/zinc concentrates</i>					
	thousand Rands	14,057	10,422	7,857	10,198
Blister copper	thousand Rands	302	8,092	13,953	15,034
All others	thousand Rands	4,553	2,612	4,171	4,781
TOTAL value of all minerals (thousand Rands)		53,133	65,081	93,346	115,136

A. Diamond mining

41. As noted in the basic study, by far the greatest part (93 per cent in 1965) of the production of diamonds in South West Africa is accounted for by the Consolidated Diamond Mines of South West Africa Ltd., a subsidiary of De Beers Consolidated Mines of South Africa Ltd., which is itself in effect a subsidiary of the Anglo-American Corporation of South Africa. De Beers has its headquarters in South Africa, but a large proportion of its shares are owned in the United Kingdom and continental Europe.

42. Consolidated Diamond Mines of South West Africa Ltd. holds a concession, due to expire in the year 2010, over an area some 60 miles wide and stretching 220 miles along the coast north of the Orange River. Its main base of operation is the company town of Oranjemund at the mouth of the Orange River, whose surface communications are linked with Port Nolloth in South Africa.

42a. In 1962, the ore reserve was estimated at 74,735,035 cubic metres of gravel containing an estimated 23,282,943 carats. At the rate of mining in 1965 the ore reserve would be exhausted in approximately fifteen years. However, a regular programme of additional test drilling is being carried out.

43. In recent years, the production and sales of diamonds by Consolidated Diamond Mines have increased rapidly, as is shown by the following table:

Year	Total revenue	Mining expenses	Profit before taxes	Taxation	Net profits
(million Rands)					
1962	39.0	7.6	32.2	10.9	21.3
1963	48.9	7.9	40.4	15.2	25.2
1964	64.0	8.2	52.4	18.7	33.7
1965 ^a	—	—	64.5	24.8	39.7

^a Preliminary estimates.

44. The remainder of the mining production comes mainly from Marine Diamond Corporation Ltd., which holds exclusive prospecting and mining rights for all minerals on the continental shelf bordering the coast for a distance of 176 miles north of the mouth of the Orange River. The leading figure in the new company was Mr. S. V. Collins, a United States national, who pioneered the recovery of diamonds by dredging the sea-bed with specially equipped barges. As noted in the basic study, De Beers had acquired options, in return for advancing funds, to acquire part of the interests of Mr. Collins in the Marine Diamond Corporation. In 1965, De Beers acquired a controlling interest in the company, which has been transformed into a subsidiary of Consolidated Diamond Mines. However, the operations have so far encountered technical difficulties and have not been profitable. In November 1966, the company increased its capitalization by R12,726,000 to pay off its loan indebtedness. A large modern dredging barge is being constructed for the company.

45. At the 1966 meeting of De Beers, Mr. H. F. Oppenheimer, Chairman of that company and of Anglo-American, stated that it had been judged right to make large investments in the Marine Diamond project, because its diamond reserves were probably large.

46. A further company, Eiland Diamante Beperk, a subsidiary of the South African-owned Terra Marina Group, has started similar operations with a new dredge in an area to the north of that in which Marine Diamonds has its concession.

B. Base metals

46a. As noted in the basic study, the most important company in the base metal field is the Tsumeb Corporation, a company in which two large United States mining companies, American Metal Climax and the Newmont Mining Corporation, are the principal shareholders. As a result of heavy capital expenditure of R20 million described in the previous study, mainly for the construction of a new copper smelter and a lead smelter and refinery, mineral production by the Tsumeb

Corporation has increased substantially, as shown in the following table:

Year	Copper (Tons)	Lead (Tons)	Zinc (Tons)
1962	28,095	64,693	14,703
1963	21,632	90,887	10,675
1964	33,719	84,907	9,844
1965	38,281	105,604	8,513

Tsumeb also produced over 300,000 pounds of cadmium and over 1 million ounces of silver annually.

47. The following table shows the financial results of the Corporation's operations for each of the years 1962 to 1965:

Year	Metal sales	Net operating income	Depreciation	Taxation	Net profit after taxation
(million Rands)					
1962	24.6	10.6	1.6	0.5	8.5
1963	22.9	7.8	2.4	0.01	5.2
1964	32.0	13.8			7.6
1965	51.5	30.2			18.9

The low taxation in 1962 and 1963 is due to the fact that under South West Africa tax law capital expenditure may be charged against taxable income in the year in which it is incurred. The Corporation reportedly paid less than R3.5 million in taxes in 1964, but R7 million in 1965, and its 1966 tax was expected to be R9.4 million.

48. Among smaller mining operations one may note the South West Africa Company, which has its headquarters in England, and which in 1965 produced minerals valued at R4.3 million, including 10,960 tons of lead vanadium concentrates at its mine at Berg Aukas.

49. Two important new mining operations have recently been undertaken in South West Africa. One, a new copper mine at Klein Aub, in the Rehoboth Gebiet, was established by Marine Products, General Mining and Federale Mynbou, which have been granted a concession covering over 120 square miles. Between March 1965, when extensive prospecting was commenced, and the end of July 1966, the three companies have invested some R3 million on plant and equipment and housing for twenty-three white officials and thirty-four Coloureds and a compound for 262 Ovambos. Production was expected to start in September 1966, with a daily extract of 500 tons yielding an estimated thirty-five tons in copper concentrates per day. Another and smaller copper mine at Onganya, with an expected output of 100 to 150 tons of ore a day, was purchased in January 1965 by the Navarro Exploration Company, said to be a United States concern.

50. A still larger mining venture is being established by the Iron and Steel Industrial Corporation (ISCOR), a South African government corporation, which holds a concession to mine zinc ore and other metals. The concession area, which covers over 1,200 square miles in the southern part of South West Africa bounded by the Orange, Fish and Konkiep Rivers, has an ore reserve estimated at about 5 million tons with an average grade of 6 per cent zinc as well as minor lead and silver values. Exploratory work on the mine was almost complete by early August 1966 and ISCOR had called for tenders for the erection of large reduction works, capable of handling an estimated daily ore recovery of 2,000 tons. Planned expenditure for the mine, including a 5,600-yard tarred runway, was estimated at R6 million. Industrial Minerals Exploration (IMEX), a wholly owned subsidiary of ISCOR, will own 51 per cent of the shares in an operating company to be formed with a nominal capital of R1,000, and the balance will be owned by Moly Copper, a company in which Diamond Mining and Utility has an indirect 26.9 per cent interest and Industrial Diamonds of South Africa (1945) an indirect 25.2 per cent interest.

51. ISCOR also owns the small but expanding Uis tin mine in the Okambabe Native reserve, due to form part of the proposed Damaraland "homeland". The entire production of the mine is exported to South Africa for tin-plating.

52. Reference was made in the basic study to prospecting concessions for oil and coal. There have been no reports of discoveries, although the Etosha Petroleum Co. (Pty.) Ltd., a subsidiary of the Texas Eastern Transmission Co., and the newly formed Mankor Beleggings Beperk were said to be carrying out surface exploration for oil in 1965.

53. In 1966, only one African in the Territory was engaged in a mining enterprise of his own, for soda ash in the Kaokoveld.

VI. INDUSTRIES AND COMMERCE

54. The Territory has a variety of small industrial activities, including a can-producing factory at Walvis Bay, breweries, bakeries, a grain mill, various workshops for the repair of motor vehicles and a recently established R500,000 factory in Windhoek which will manufacture concrete pipes, culverts and other precast products. There were in 1963-1964 a total of 212 manufacturing establishments employing 8,386 persons and yielding a net value of output of R18.1 million. As far as can be ascertained, all were White-owned enterprises.

55. There is also a substantial building industry, which had been kept particularly active in recent years on both government and private construction. In 1965-1966, government expenditure on construction amounted to R26.4 million compared with R11.8 million in 1962-1963. The increased activity is being handled by South African contractors.

56. Commercial life is organized on the same general pattern as in South Africa. Trading activities were estimated as having contributed R9.7 million to the gross national product in 1962. Altogether, 5,257 trading licences were issued in 1964. Those issued to Africans fell from 521 in 1962 to 506 in 1966, due to a decline in licences issued to Africans in Native locations in urban areas. The number of licences issued to Africans in Native reserves rose from 290 to 393 during that period, while those issued to Africans in urban areas gradually fell from 231 to 113. It is the Government's policy, if Natives in locations can be served by "white" enterprises in the "white" sector of the urban area, not to permit the establishment of such enterprises in the Native locations.

Appendix III

Territories under Portuguese administration: economic activities in selected sectors, with special reference to foreign interests

Working paper prepared by the Secretariat

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I. INTRODUCTION

1. In 1965 and 1966, the Secretariat prepared a series of seven working papers containing background information for the study undertaken by Sub-Committee I on the activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in the Territories under Portuguese administration. These working papers were annexed to the reports of Sub-Committee I on this subject and are reproduced in the reports of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples to the General Assembly in 1965 and 1966.¹

2. Subsequently, the Secretariat has included information on significant economic developments in the Territories under Portuguese administration, as well as relevant legislation, in the working papers prepared each year for the Special Committee.

3. Since 1965 and 1966, there have been few changes in the basic situation described in the original working papers, although there have been new foreign investments in certain sectors. The present working paper supplements the original studies by presenting such information as is available concerning recent developments. The following section deals with recent changes in legislation which, among other things, ease conditions for foreign investment in the Territories under Portuguese administration. The later sections describe new investments and other related changes which have occurred in Angola and Mozambique.

II. LEGISLATION

A. Legislation affecting capital investment in the Overseas Territories

Foreign capital

4. As reported previously, in 1965 new regulations (Decree 46,312, 28 April) were introduced easing the conditions for foreign investment in the Overseas Territories.² Whereas previously the Government had generally required a measure of Portuguese participation in the capital and in the administration of enterprises established with foreign capital, the new regulations make it possible for "enterprises the whole or the majority of whose capital is owned by individuals or bodies corporate resident or domiciled abroad" to undertake in Portugal and the Overseas Territories various economic activities as specified by the Council of Ministers. Exceptions, however, may be authorized by the Council.

5. Foreign enterprises, as a general rule, continue to be excluded from activities relating to public services or the public domain, and activities of special importance to the defence of the State. Activities in these areas are permitted only to Por-

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

² *Ibid.*, chapter V, part I, paras. 58-61.

tuguese "national" enterprises, which for the purpose of these regulations are defined as follows:

"(a) Individual enterprises owned by persons who are Portuguese citizens by birth or who have been naturalized for more than ten years;³

"(b) Companies established under Portuguese law, having their head offices in national Territory, which are owned by persons who are Portuguese citizens as defined in the preceding sub-paragraph or by Portuguese bodies which have collective personality in public law or which are of public utility;

"(c) Enterprises owned by bodies which have collective personality in public law."

In addition, Portuguese citizens must constitute the majority in the administration, direction or management and hold a majority of the capital.

6. Although all mineral deposits in Portugal and the Overseas Territories are the domain of the State (public domain), mining in the Territories is specifically excluded from the restricted category and is open to foreign investment. Foreign interests, however, may not acquire real rights in land in the Territories except with the authorization of the Overseas Minister.⁴

7. Under the new regulations, foreign interests may export abroad stocks, bonds, and other transferable securities, provided such securities have been legally acquired; they may transfer abroad profits, dividends and proceeds of the liquidation of investments made with imported capital or earnings of foreign capital invested in Portuguese Territory.

8. Under the Overseas Organic Law, 1963, the Overseas Territories are not allowed to obtain loans in foreign countries. Whenever recourse to foreign capital is necessary, the financial operation is undertaken by the Portuguese Government, to which the Territory then is responsible. The new legislation on foreign investment authorizes national credit institutions, with the approval of the Minister of Finance jointly with the Overseas Minister, to give their guarantee in respect of external loans to "national" enterprises in the Territories, provided the loans do not exceed 2,500 million escudos and do not exceed one third of the capital or the reserve funds of the institution concerned.

9. Foreign investments in the Territories are also affected by the legislation enacted in November 1965 (Decree 46,666) regulating the establishment of industries, which are now classified into two categories: those which are of "national" interest and affect the economy of the entire "Portuguese realm", and those which may be regulated by the Territorial Governments. Industries subject to "national" regulation include the following: foods (including sugar factories, but not including drinks and beverages); chemicals, metals, light engineering and metal parts, armaments, machinery construction and various transforming industries. The Governments of the Territories are free to authorize the establishment of industries not included in the "national" list, but competition is to be avoided.

10. The following activities are listed as those in which free participation of foreign capital (either through direct investment, loans or through the purchase of shares) will always be authorized: (a) agricultural improvements, land preparation, including irrigation projects, livestock and cattle raising and the processing of agricultural products; (b) improvement and extension of industrial installations and reorganization of industries; (c) development of extractive industries, including petroleum and other energy sources; (d) fishing; (e) improvement of transport and communications, and (f) development of the tourist trade.

³ This definition appears to exclude all Africans who had previously been governed by the Native Statute and who only became Portuguese citizens after 1961.

⁴ For details on the land concession legislation, see *Official Records of the General Assembly, Twentieth Session, Annexes*, addendum to agenda item 23 (A/6000/Rev.1), chapter V, annex II.

11. As the sections which follow show, in Angola and Mozambique the largest foreign economic interests have been and remain concentrated in the mining sector and in land ownership and the processing of agricultural products. In recent years the fishing industry has also become an area for foreign investment.

Portuguese capital

12. The principles of economic organization in the Portuguese State and the economic relationship of the Territories to Portugal have been described in a previous study.⁵ Since 1962, as described elsewhere,⁶ measures have been taken to bring about the full economic integration of the Overseas Territories with Portugal as a single Portuguese realm (*espaço português*). The basic legislation (Decree 40,116, 8 November 1961) envisages the removal by 1972 of all barriers to free circulation of goods, capital and persons between the component units forming the Portuguese realm. However, in spite of measures taken to "free" capital movement between the separate units, the currencies of the Territories, though nominally the same as that in Portugal, are not freely convertible into metropolitan escudos, which under the present system are treated as foreign currency in the Territories.

13. The exchange system imposed by Portugal is justified as a means of helping to prevent the exodus of capital needed for investments in the Territories. In practice, however, the system serves, on the one hand, to provide Portugal with the foreign exchange earned by the Territories,⁷ and on the other, it discourages domestic capital by placing it at a disadvantage compared with foreign capital, which has priority in the transfer of credits. Towards the end of 1966, for instance, it was reported that moneys remitted from Angola to Portugal for family support were often delayed three or four months, creating in some cases embarrassing hardships.

14. Since the constitutional relationship of the Overseas Territories with Portugal is such that their "economic organization" forms part of the "general economic organization of the Portuguese nation", and their economic systems "shall be established in harmony with the needs of their development and the well-being of their population, with fair reciprocity between them and the neighbouring countries, and with rights and legitimate advantages of the Portuguese nation", Portugal has the right to authorize foreign investments in the Territories and to alienate land and grant concessions of mineral rights and it assumes responsibility for the co-ordination of economic development and welfare of the Territories. Yet, in some instances at least, it seems that the combined effect of the easing of foreign investments and the continued currency exchange controls in the Territories has in fact resulted in the type of investment the Government intended to avoid, namely, investment which has "a greater tendency to serve the interests of the economy in which it originates than to provide effective help in solving the particular difficulties of the economies in which it is invested" (preamble to Decree 461,312). The Cassinga mine project in Angola, for instance, in which combined Portuguese and foreign investments already exceed 3,000 million escudos, is so far purely a scheme for extraction and export of ore to earn foreign exchange for Portugal. It will not even create many new employment opportunities, as much of the operation is being mechanized. Similarly, in Mozambique, as described below, investments are heavily concentrated in capital intensive agricultural and processing industries for export.

⁵ *Official Records of the General Assembly, Twenty-first Session, Annexes*, addendum to agenda item 23 (A/6300/Rev.1), chapter V, part II, annex, appendix I, paras. 6-19.

⁶ *Ibid.*, chapter V.

⁷ In 1965, for instance, Portugal's own balance of payments had a net deficit of 131 million escudos, but the Overseas Territories had a surplus of 2,454 million escudos, so that the escudo zone had a net surplus balance of 2,323 million escudos. See *Official Records of the General Assembly, Twenty-second Session, Annexes*, addendum to agenda item 23 (A/6700/Rev.1), chapter V, para. 48.

B. Mining legislation

15. There has been no change in the mining legislation (which has been described in the previous study,⁸ under which ownership of all mineral deposits belongs to the State. As noted above, although under the new regulations foreign investments continue to be excluded from activities relating to the public domain, mining in the Overseas Territories (though not in Portugal) is open to foreign investments, either through contracts concluded with Portugal for exclusive prospecting and exploitation rights or through participation in share capital in mining companies.

16. It has been reported that the mining legislation is being revised. So far, however, no details are available, except that it is intended to set up a Mining Development Fund. Several of the recent mining contracts concluded, for instance in respect of petroleum, provide that annual contributions will be paid to this Fund when it is established. The situation as regards African mining rights remains unchanged.

C. Land concession, occupation and settlement

17. The basic legislation governing the occupation, concession and settlement of land in Angola and Mozambique remains as described in 1965.⁹ Briefly, the declared objectives of Portuguese land policy in Africa are to settle Europeans from Portugal, to promote the economic utilization of the land resources and, at the same time, to ensure to the African population sufficient land for their use. To attain the first objectives, legislation enacted in 1961 sets out conditions for the granting of land concessions which, in most cases, are at first granted provisionally and are only made permanent after specified conditions have been fulfilled. Concessions may be granted by the Territorial authorities to persons governed by Portuguese civil law up to a maximum of 5,000 hectares in the case of agricultural land, or 25,000 hectares in the case of land for ranching or forestry; larger concessions may be awarded by the Portuguese Government, usually under special contract. Where foreign companies are involved, at least half of the capital must be owned by Portuguese nationals. For Africans living in traditional communities (*regedorias*) and not coming under Portuguese civil law, the main safeguard is their communal right to five times the area which they occupy. Outside the *regedorias*, an African may occupy land on an individual basis but, unless he chooses to be governed by Portuguese civil law, he may be removed from the land if he does not cultivate it during two years.

18. The 1961 legislation resulted in a marked increase in land concessions, especially in Angola. There remained, however, a continuing problem of the illegal occupation of land. For various reasons, apparently including a lack of sufficient staff to enforce the regulations, there are still many Europeans in both Angola and Mozambique who hold land or occupy new areas without legal title and there are Africans who are entitled to official recognition of their land rights but do not have it. There have also been litigation over land rights in both Territories.

19. Although the problem principally concerns Angola, as reported elsewhere (A/AC.109/L.388, paras. 72-73), new legislation applicable to all the Overseas Territories was introduced in January 1967 (Decree 47,486, 6 January) to enable individuals or local government bodies who occupy land illegally to obtain legal title to it. First, persons or local government bodies who have occupied land for fifteen years and who can prove that they have developed it, will, on application to the authority concerned, be granted full title to the land free of charge. Second, persons who occupy land illegally but who have not improved it, may obtain an *aforamento* (leasehold) title to it.

⁸ Official Records of the General Assembly, Twentieth Session, Annexes, addendum to agenda item 23 (A/6000/Rev.1), chapter V, annex I, paras. 6-53.

⁹ Ibid., chapter V, annex II, paras. 1-57.

III. ANGOLA: ECONOMIC ACTIVITIES IN SELECTED SECTORS, WITH SPECIAL REFERENCE TO FOREIGN INTERESTS

A. Main economic sectors

20. Agriculture remains the most important sector of the Angolan economy, accounting on an average for more than 60 per cent of the total value of visible exports. Next in importance is mining, which in the last decade has grown in terms of export value (over 20 per cent), and has replaced fisheries, which used to rank second. Industrial activity has increased since the early 1950s, but it is still mainly limited to processing of local primary products and light manufacturing. The major areas of commercial investment in Angola are mining and agriculture, but there have been no large concentrated investments in the agricultural sector in the last few years. By comparison with these two sectors, total investment in industry is small, though it is expected to increase more rapidly since the regulations on foreign investments have been eased. Apart from these sectors, large government investments have been made in transport and communications and the development of hydroelectric power. However, investment in new undertakings in these areas is now limited to "national" capital.

21. Basic information on the general economic conditions in Angola are contained in previous reports, including the reports of the Special Committee to the General Assembly and the background paper on Angola for the Special Committee at its current session.¹⁰ Detailed information on mining activities, land concession, occupation and settlement, agriculture and processing industries, and on the Benguela railway were submitted to the Sub-Committee in 1965 and 1966. The following paragraphs set out the recent information available on economic activities in the relevant sectors and supplements the information previously submitted.

B. Mining

General

22. As reported previously, the most significant mineral deposits discovered so far in the Territories under Portuguese administration are in Angola. These include substantial deposits of diamonds, petroleum, iron ore, copper, manganese and some coal, mica and gold, which are already being exploited, as well as deposits of phosphates, asphalt and chrome which have not yet been mined. At the end of 1964, four companies had exclusive concessions under contract with the Portuguese Government. These were the Angola Diamond Company (with mainly South African and Belgian interests), PETRANGOL (petroleum), Companhia Mineira do Lobito (iron), and the Sociedade Mineira do Lombigo (iron). Basic information on these companies is contained in the previous study on mining. The present information relates mainly to developments subsequent to that report.

23. In 1965, the last year for which statistical data are available, minerals made up 20.4 per cent of the Territory's exports by value. This was lower than in 1963, when the proportion of mineral exports was 23.4 per cent, due partly to the continued increase in coffee exports on the one hand, and on the other to a temporary decrease in petroleum and iron ore output for technical reasons. In 1966, new deposits of petroleum were discovered in Cabinda and the programme to develop the major iron field at Cassinga was speeded up, so that mining is expected to play a growing role in the economy of the Territory.

24. The most important mineral exports in 1965 continued to be diamonds, petroleum and iron ore, as shown in the following table. For comparison, the corresponding figures for 1963 are given in parentheses.

¹⁰ Ibid., Twenty-second Session, Annexes, addendum to agenda item 23 (A/6700/Rev.1), chapter V.

ANGOLA: MINERAL EXPORTS

Product	Countries of destination	Value in million escudos		Per cent of total exports by value	
Diamonds	United Kingdom and Portugal ^a	904	(768)	15.7	(16.2)
Iron ore	Federal Republic of Germany	147	(137)	2.5	(2.9)
Crude petroleum	Portugal	39	(126)	0.7	(2.7)
Manganese	—	0.84 ^b	(1.8)	—	—
Copper	—	—	—	—	—

^a Prior to 1964, all diamonds were exported to the United Kingdom. Following the establishment of a diamond cutting concern in Portugal in 1964, about 20 per cent of the diamonds leaving Angola now go to Portugal (the value was 183 million escudos in 1965).

^b The value was, however, 5.9 million escudos in 1964.

Diamonds

25. The Angola Diamond Company holds exclusive prospecting and exploitation rights until 1971 over an area of 1,025,700 square kilometres. Although in 1964 the Government opened up a previously reserved area of more than 221,000 square kilometres to diamond prospecting and several concessions have since been granted, only a few claims have been manifested. At present the Angola Diamond Company remains the sole diamond producer in the Territory and the largest non-Portuguese enterprise.

26. The output and export of diamonds for the period 1961-1965 are shown in table 2 below. There is no recent information on the Angola Diamond Company's financial operations. Angola's budget for 1966 showed an estimated income from the Angola Diamond Company of 195 million escudos (175 million from participation in profits and 20 million escudos from dividends), which represented approximately 5 per cent of the Territory's total estimated ordinary revenue (see also table 3 below).

27. It is not possible to identify with certainty all the diamond concessions currently held in the area (221,000 square kilometres) opened up since 1964, because some concessions granted have been annulled as a result of the failure of the concessionnaires to meet financial or other requirements. It may be recalled that under the 1964 diamond prospecting regulations, new concessionnaires are required to deposit 250,000 escudos for each block of 750 square kilometres granted and, within sixty days of the granting of the concession, to submit a plan of prospecting involving an expenditure of at least 700 escudos per square kilometre per year. Thus, for instance in the case of the South African company Angola Exploration Company (Pty.) Ltd., whose concessions of 180 blocks was annulled because it failed to meet the financial requirements, the initial deposit required was 30 million escudos (about 1 million US dollars) and the minimum annual expenditure was about 50 million escudos.

28. New requests for diamond prospecting concessions include the following: Israel Finn, for prospecting on the territorial continental shelf; David De Villiers Graaf, for 54 blocks of 750 square kilometres each, totalling 40,500 square kilometres; Wynand Johannes du Toit, for 35 blocks of 750 square kilometres each, totalling 26,350 square kilometres; and Maria de Conceição Sequeira Cameões Godinha Cayate, 10 blocks, totalling 7,500 square kilometres. In 1966, there was a request by George Philippe Brognon for prospecting on the continental shelf between Moçâmedes and the mouth of the Cunene River. There is no information on the outcome of these concessions.

Petroleum

29. During 1965 and 1966 there were a number of changes affecting petroleum mining in the Territory. Petrangol, which up to the end of 1965 was the only company producing petroleum, has since agreed to share the development of its concession (excepting the deposit already under exploitation) with another concern, and Cabinda Gulf Oil Company is reported to have found oil in Cabinda. As a result of these new

developments, Portugal has signed new contracts with each of the companies concerned, in general raising the share of mining income to be paid to the Territory in different forms, and specifying more active prospecting and exploitation by the companies with a view to increasing Angola's crude petroleum output in the near future.

(a) Companhia de Petróleos de Angola, S.A.R.L. (Petrangol)

30. Up to the end of 1965 Petrangol had a concession of over 6,000 square kilometres. Petrangol's principal petroleum deposits are at Luanda, Benfica, Cacuaco, Galinda, Puaça and Tobias, all of which, except the first, lie within a distance of 42 to 120 kilometres from Luanda. Although it has been reported that these deposits could easily yield over 1.2 million metric tons of crude petroleum annually, production, which has been limited mainly to the Tobias field, has not reached this figure and in 1965 was only 655,000 tons, as compared with 905,000 tons in 1964.

31. Petrangol's report for the year ending 31 December 1965 shows its assets and liabilities balanced at 1,828.4 million escudos, which was 625 million escudos higher than at the end of 1963. Its new assets included 150 million escudos, representing the value of mineral deposits, 202 million escudos for the refinery and 241 million escudos as the fixed assets of production (*imobilizações de produção*). Long-term liabilities totalled 579 million escudos, of which share capital accounted for 150 million escudos. Current liabilities were 757 million escudos, which was 522 million escudos more than in 1963, including debts to Petrofina totalling 699.4 million escudos (176 million escudos in 1963); debts to others were 578 million escudos, and dividends payable to shareholders were at sixty escudos each share. The credit account on behalf of Petrofina was 461 million escudos, compared to 615 million escudos in 1963.

32. For 1965, Petrangol's income from mining and refining activities was 172.7 million escudos, showing an increase of 56 million escudos over 1963, and net profits for the year were reported as 19.4 million escudos, which, together with 890,000 escudos from the previous year, brought the total distributed profits to 20.3 million escudos. Compared with 1963, there was no change in any of the following: total dividends paid to shareholders (9 million escudos); the share of profits paid to the Government of Angola (4.5 million escudos); the share of profits to Petrofina (3.96 million escudos); and the share distributed to the general assembly (540,000 escudos). The statutory allocation of 5 per cent to the legal reserve amounted to 1,011,917 escudos, compared with 989,188 in 1963, and undistributed profits increased from 794,568 escudos in 1963 to 1,246,415.

33. No information is available on the amount of foreign exchange paid to the Government of Angola by the company.

34. Although production of crude petroleum has not increased as rapidly as expected, the quota which the Petrangol refinery may process was raised in mid-1965 from 450,000 tons to 600,000 tons to meet the Territory's own needs. Output from the refinery for the years 1963, 1964 and 1965 is shown below.

OUTPUT FROM THE REFINERY IN TONS

	1963 ^a	1964	1965
Butane gas	4,428	6,118	7,460
Gasoline	558,053	53,337	55,744
"Jet fuel"	8,380	29,819	37,004
Lighting petroleum	3,641	5,916	6,953
Gas oil	113,857	115,269	117,891
Asphalt	6,258	7,389	10,477

^a In 1963 the Territory imported 11,467 tons of gas oil and 2,903 tons of lighting petroleum.

35. In 1963, the Territory had to import 11,467 tons of gas oil and 2,903 tons of lighting petroleum, but by 1964 the output of the refinery was sufficient to meet the Territory's needs. It will be noted that the most significant change in the output of the refinery is the concentration on production of "jet fuel" which rose by more than 200 per cent from 1963 to 1964 and in 1965 was more than four times the output in 1963. Petrangol's report for 1965 notes that jet fuel output had been increased to meet the Territory's military needs and the fuelling requirements of planes using the Luanda airport.

36. According to the company's reports, exports of petroleum products for 1964 and 1965 were as follows:

PETROLEUM EXPORTS
(tons)

	Direct exports		Furnished to ships		Total	
	1964	1965	1964	1965	1964	1965
Butane gas	215	32	—	—	215	32
Gasoline	8,422	455	1	—	8,423	455
Jet fuel	—	—	8,017	12,838	8,017	12,838
Gas oil	—	—	4,706	4,894	4,706	4,894
Fuel oil	64,648	67,251	127,139	128,577	191,784	195,828
TOTALS	73,285	67,738	139,863	146,309	213,148	214,047

(b) *Sociedade de Lubrificação e Combustíveis, S.A.R.L.*
(ANGOL)

37. Under the contract signed in December 1965 with the Portuguese Government, Petrangol agreed to share on a joint venture basis all prospecting and exploitation rights of its concession (with the exception of the production from the deposits it had already claimed and any that were being actively exploited at the time of the signing of the contract) with another company to be selected by the Government. The actual area of Petrangol's concession is limited to areas already demarcated. Although it was reported at the time that this new contract replaced all previous ones, and as a result the company's contract with Petrofina in Belgium had also lapsed, information is not available to show what the present relationship of Petrangol is to Petrofina.¹¹

38. The 1965 contract envisaged that the Portuguese Government would select the company to be associated with Petrangol, and a list of companies was included. The non-Portuguese companies named were the Ashland Oil Company, Bataafse Petroleum Maatschappij N. V. (belonging to the Royal Dutch Shell group), Federal Mynbou Beperk, General Mining, Société National des Pétroles d'Aquitaine, and Tesh Beleggings (EDMS) DPE. The three Portuguese companies were Sociedade Anónima Concessionária de Refinação de Petróleos em Portugal (SACOR) S.A.R.L., Sociedade Nacional de Petróleos (SONAP) S.A.R.L. and Companhia de Petróleos de Portugal, S.A.R.L.

39. In July 1966 the Government announced the selection of the Portuguese company Sociedade de Lubrificação e Combustíveis (ANGOL). The Government statement said that this selection was in keeping with the policy of encouraging activities by "national" companies and "national" capital in the development of the Overseas Territories.

40. Angol is reported to be closely associated with the two principal oil companies in Portugal, Sacor and Sonap (see para. 38 above). Sacor, which is reported to be controlled by Portuguese Government and French and Portuguese private

interests,¹² owns a refinery and has distributing rights in Portugal; it also hold rights to process the surplus crude oil from Angola¹³ and is currently building a new refinery which is expected to cost over 2,231 million escudos, part of which is being financed by an issue of bonds guaranteed by the Portuguese Government.¹⁴ Since Sacor holds a major share of Angol's capital (78.4 per cent of the 700 million escudos capital in 1964), through its one-third interest in Sacor the Portuguese Government now has a greater share in the petroleum interests in Angola.

41. Since their association in the development of petroleum in Angola, Petrangol and Angol have both adopted new statutes. Petrangol's new statute, published in October 1966, requires it to raise its present registered capital of 150 million escudos to 900 million escudos within ninety days upon notice from the Government after consultation with the company. This is to be done by the issue of new shares, one third of which are to be given free of charge to the Government. Under its new statute approved in September 1966, Angol becomes Sociedade Portuguesa de Exploração de Petróleos and its capital, which was raised in April 1966 from 70 million to 120 million escudos, is to be further increased to 220 million escudos by an issue of new shares, 100 million escudos of which will be for public subscription in Angola. The company has been authorized to increase its capital further to 320 million escudos when

¹² According to one report, in 1965 the Chairman of Sacor was Professor Costa Leite and one of the Directors of the company was Total Trading International Ltd. The company was reported to have strong links with Royal Dutch Petroleum, with the famous Companhia União Fabril, which has an industrial empire, and with the Espírito Santo Bank in Portugal.

¹³ As noted in paragraph 13 above, the Government determines the amount of crude petroleum the Petrangol refinery may process. When the capacity was originally fixed at 450,000 tons per annum, production was expected to be around 850,000 tons per annum and it was specified that Sacor would be entitled to receive 350,000 tons of crude oil for refining and Sonarep in Mozambique (a subsidiary of Sonap) would be entitled to receive 50,000 tons.

¹⁴ In November 1966, Sacor issued a \$US6 million bond series at 6¾ per cent interest which was reported to have been underwritten by a Luxembourg bank. Previously, in 1961 and 1962, Sacor issued two other bond series in European units of account. The Portuguese Government has undertaken to guarantee a total of 580 million escudos of Sacor's loans.

¹¹ Recent news reports would seem to indicate that Petrofina remains closely linked with Petrangol's refinery. A report of 31 March said that Petrofina denied rumours that the sharp rise of the value of its shares was due to the discovery of new oil deposits in Angola.

necessary. The Government is to receive free of charge 10 per cent of the new shares issued. Foreign capital may participate in Angol through the purchase of shares, but, in accordance with the 1965 regulations governing foreign investments (Decree Law 46,312, 28 April), there is to be a Portuguese majority in the administration, direction and management.

42. Both contracts are for five years, expiring on 31 December 1970, and may be renewed for another five years if the conditions of the contract are fulfilled satisfactorily. The renewed contracts, however, would apply only to 50 per cent of the land area of the present concession and 75 per cent of the maritime area. In both cases mining rights are granted for fifty years from the date of demarcation of the deposit and are extendable for another twenty years. Any deposit will revert to the Government if it is not in production during 180 days in a year, if the approved plan of exploitation is not followed, or if the companies fail to submit the reports required by the Government.

43. Although Angol is associated with Petrangol on a joint venture basis, the terms of their respective concession contracts are not the same. Angol not only has a 50 per cent share in Petrangol's concession, which appears now to be limited to areas for which that company has requested demarcation, but it has also received other areas, over which it has exclusive prospecting and exploitation rights. Each of the two companies undertakes to spend a total of 750 million escudos in the joint concession area over the five-year period. In the Cuanza area, Petrangol is to invest 60 million escudos annually in new works and 40 million escudos in improving works in progress, and in the Congo area, it is to invest 44 million escudos on new works and 6 million escudos on existing work. Angol undertakes to spend an additional 300 million escudos in prospecting in the areas over which it has exclusive right. Angol is specially authorized to co-operate with other "national" or foreign enterprises, and if foreign capital is associated with the project, the amounts required to be spent in prospecting will be raised. In addition, both companies will also contribute annually to the Mining Development Fund when it is established: Petrangol at the rate of 1 million escudos and Angol at the rate of 1.5 million escudos.

44. Petrangol continues to be exempt from surface rent in respect of the areas already demarcated, but it will pay surface rent on any other areas granted to it. Angol is to pay surface rent in respect of the areas over which it has exclusive rights. The rates during the first five years are 100 escudos per square kilometre of land area and 50 escudos per square kilometre of maritime area. On first renewal of contract, these rates will rise to 150 and 100 escudos respectively, and on second renewal to 250 and 200 escudos respectively.

45. The Government will receive a 12.5 per cent royalty on the surface value of the oil extracted. This, however, will be deducted from the 50 per cent tax on liquid profits, in accordance with Decree 41,357 of 11 November 1957. The Government also has the right to purchase 50 per cent of the crude or processed petroleum products. In case of war involving the Portuguese State, all the production shall be placed at the disposal of the Government.

46. Petrangol retains exclusive rights over the deposits already discovered and over the refinery. On signing the new contract, Petrangol paid the Government a "bonus" of 30 million escudos and agreed to provide two loans to the Government, one of 250 million escudos at 4 per cent interest for three years and the other of 40 million escudos at no interest for ten years.

(c) Cabinda Gulf Oil Company

47. At the end of 1966, Cabinda Gulf Oil Company found oil in Cabinda, where it has had an exclusive concession since 1957.¹⁵ The original contract having expired in November 1966, a new contract has since been signed, under which the company is granted until the end of 1968 an exclusive concession for the prospecting and exploitation of hydrocarbons, especially petro-

leum, in a large part of the Cabinda district and off-shore. The contract may be extended for a further two years. Reports indicate that the company has already spent 360 million escudos on prospecting in the area. Under the new contract, instead of paying the surface rent of 630 escudos per square kilometre during the period of prospecting only, the company will pay during the whole period of the concession a rent of 600 escudos a square kilometre during the first two years, 750 escudos in 1969 and 900 escudos in 1970. The company undertakes to invest a minimum of 150 million escudos before the end of December 1968 and to pay 1 million escudos a year to the Mining Development Fund. The Government of Angola will receive 50 per cent of the company's profits.

48. From the foregoing, it will be seen that in return for their respective petroleum mining concessions Petrangol, Angol and Cabinda Gulf Oil Company will spend in the Territory in prospecting a yearly average of 375 million escudos (approximately \$US13 million). In addition, they will contribute a total of 3.5 million escudos annually to the Mining Development Fund when it is established.

(d) Other concessions

49. Requests for petroleum prospecting concessions in 1965 included: a request from the Dutch company, Bataafse Petroleum Maatschappij N.V., S.A.R.L., which is associated with the Royal Dutch group (see para. 38 above) for a concession in northern Angola, requests for two concessions lodged by Reinaldo Marques Pedrosa, one between the 10° and 12° parallels and the 15° meridian and the Atlantic Ocean, and another between the 12° and 13° parallels and the 14°30 meridian and the Atlantic Ocean; a request by Companhia Mineira do Lobito, S.A.R.L. for three areas: one in Cabinda and two areas including the continental shelf of Angola from the Zaire River (Congo) to the Cunene River; and a request by Tesh Belaggins (EDMS) B.P.K. of Johannesburg for two years, also including the coastal areas of Angola.

Iron and manganese

50. Iron and manganese mining operations in Angola are described in the Special Committee's 1965 report.¹⁶

51. The report of the Angola Department of Geological Surveys and Mines for the year ending 1964 shows that, in addition to Lombige and Lobito companies which own the Cuíma and Cassinga mines, other companies with iron mines were the Companhia Mineira de Mombaça with deposits at M'Bassa; the Companhia do Manganés de Angola, which owns the Saia mine; Sociedade Mineira de Angola, Limitada, with mines at Tongo, Chileva, Chabicua, Mavilahito and Mutiaulua; and the Companhia Mineira de Africa, Limitada. The two latter companies have acquired mining rights only since 1962. The mining rights of the Sociedade Mineira de Angola cover a total area of some 2,500 hectares and those of the Companhia Mineira de Africa cover 7,000 hectares. There are no recent data on the production of the individual mines.

52. Iron ore exports reached an all-time high of over 1 million tons in 1964 but this includes reserve stocks, since production was just under 900,000 tons. In 1965, production dropped to 815,000 tons and exports to just below 700,000 tons. According to reports, production of exports, especially from the Cassinga mine, have been held back pending completion of rail and port facilities for handling the ore. Although, according to previous estimates, ore reserves at Cuíma exceed 10 million metric tons and a special rail link has been built to the mine,¹⁷ it is now reported that this mine will be closed when Cassinga comes into full production in 1968.

53. The Cassinga mine is being financed partly by foreign capital, which is being used for the purchase of rolling stock, mineral handling facilities and equipment. Up to the end of 1966, financial assistance in connexion with the project included 1,300 million escudos provided by a consortium comprising Fried. Krupp (Essen), Jojgaard and Schulz A/S (Copenhagen) and the Sociedade de Empreitadas e Trabalhos

¹⁵ *Ibid.*, paras. 200-220.

¹⁶ See *Official Records of the General Assembly, Twentieth Session, Annexes*, addendum to agenda item 23 (A/6000/Rev.1), chapter V, annex I, paras. 188-194.

¹⁷ *Ibid.*, *Twenty-first Session, Annexes*, addendum to agenda item 23 (A/6300/Rev.1), chapter V, annex, appendix IV, para. 46.

Hidráulicos, Lda. (of Lisbon and Luanda); a loan of 300 million escudos from the Bank of Angola to the Territorial Government for the development of Moçamedes port facilities; 1,500 million escudos furnished by Krupp in 1965 for locomotives and wagons; and a loan of 32 million escudos in 1966 by the above-mentioned Copenhagen firm. In December 1966 (Decree 47,380, 16 December), the Portuguese Government, on behalf of the Companhia Mineira do Lobito and the Sociedade Mineira do Lombige, guaranteed foreign loans totalling 2,700 million escudos (approximately \$US97 million).¹⁸ Total investments in connexion with the project already exceed 3,000 million escudos, making it the most expensive current project in the Territory.

54. The guarantee by the Government has been made to enable the preparatory work to be accelerated so that the mine will start producing in 1967 and output will increase to 5 or 5.5 million tons annually in 1968, instead of remaining at an annual rate of 1.5 million tons as previously planned. It is reported that contracts have already been signed for deliveries of ore to the Federal Republic of Germany and to Japan. In January 1967 it was reported that 75,000 tons were ready for shipment to Japan and a further 10,000 tons of scrap was awaiting transportation. Total value of exports of ore are expected to reach 1,300 million escudos annually (about half the value of coffee exports in 1965) and during the period of amortization (about ten years) foreign exchange earnings are expected to amount to about 500,000 escudos annually, and after amortization to about a million escudos annually.

55. The work of the mine is currently being carried out under some sixty contracts, most of which are expected to be completed by the end of this year. The mining operations will be highly mechanized so that very little manual labour will be involved. Transport facilities include 60 locomotives, 20 vans and 800 freight wagons. The Moçamedes port is being equipped with a mineral quay capable of handling 3,000 tons per hour and a storage area for at least 1 million tons of ore.

56. Early in 1967, the registered share capital of the Lobito-Lombige companies was increased and Portuguese holdings will be increased by 500 million escudos through the subscription of shares by the Portuguese and Angolan Governments and other governmental bodies. The Government of Angola is already a shareholder in both companies.

57. In 1965 the Companhia do Lobito was reported to be in touch with several foreign companies to establish a factory for the pre-industrialization of iron concentrates and to furnish the necessary technicians. Among the contacts reported was Allis Chalmers Manufacturing Corporation of the United States. The estimated capital needed is 330 million escudos. The project, if completed, would reduce Portugal's expenditure of foreign exchange by 400 million escudos annually. The necessary power for production could be furnished from the Cambambe, Biópio, Lomaum or Matala dams. Further information on this project is not available.

58. There is no information available on the mining activities of the other companies. In 1965 the Companhia do Manganés de Angola acquired numerous iron ore claims which had lapsed. In 1966 new manganese deposits were reported and the Government of Angola has been authorized to subscribe 10 million escudos to shares in that company.

Other minerals

59. New deposits of copper have been reported at Tetelo in the Mavio region. There are reports that the Nippon Mining Company plans to invest \$US25 million in the development of these deposits. A new company, Empresa Mineira de Angola, is reported to be actively prospecting for copper in the Alto-Zambézia region.

60. In 1965 both the Cabinda Gulf Oil Company and Companhia Mineira do Lobito requested exclusive rights for prospecting and mining phosphates in several areas. In January 1966, the Companhia Mineira do Lobito is reported to have filed a claim to exploit natural phosphate deposits in northern

Angola. The International Mineral and Chemical Corporation (reported to be a United States company) is said to be interested in developing the phosphate deposits.

C. Land concession, occupation and settlement

61. The situation as regards the concession, occupation and settlement of land in Angola up to the end of 1962 was described in the previous study.¹⁹ Although statistics are available only for 1963,²⁰ there are indications that more land has been conceded, especially in the areas most suitable for agriculture and livestock raising.

62. In 1963, the total area of concessions was 175,643 hectares, as compared with 333,752 hectares in 1962 and 106,423 in 1961. Of the total area conceded in 1963, almost 25 per cent was in the main coffee-producing Uíge district, almost 30 per cent in the Benguela district, and about 10 per cent each in Cuanza South, Cuanza North and the Luanda district (see table 4 below).

63. A study of the statistics shows that many of the concessions were of 500 hectares or over. In Uíge district, for instance, where the average African coffee farm is of between one and two hectares, in 1963 the 75 concessions granted totalled more than 38,000 hectares, or an average of about 500 hectares each. The concessions in Luanda (22 concessions totalling 11,176 hectares), Cuanza North (27 concessions totalling 13,176 hectares) and in Cuanza South (21 concessions totalling 13,482 hectares) also averaged around 500 hectares each. In Benguela, the concessions averaged 900 hectares each (14 concessions totalling 12,452 hectares).

64. In 1963, more than half of the concessions were granted on a "definitive basis" (freehold) with full title. In Uíge district, only about 10 per cent of the concessions were for *aforamento* (leasehold), the other 90 per cent being freehold.

65. As noted above (para.18), one of the main problems in Angola has been the illegal occupation of land, mainly by small European settlers. Repeated efforts have been made by the Angolan Government to encourage settlers to obtain legal title for the land they occupy illegally. In 1956, the Government offered those illegally occupying land a two-year period of grace in which to register their holdings and obtain title thereto (Legislative Instrument 2,733). A second offer was made in 1958 (Legislative Instrument 2,942), this time only for holdings under 50 hectares.²¹ Although both measures were intended to be of limited duration, they apparently were still in force through 1965, during which year the Government advertised through the Government Gazette a special pamphlet on procedures for legalizing illegally held land.²²

66. There appeared in the 1965 Angola Government Gazette numerous notices of requests for concessions of land already occupied, citing either the 1956 or the 1958 legislation. Though many of these were small areas of about one or two hectares, many were for fifty hectares and some even for over 200 hectares.

67. Many of the notices of first requests for new land concessions on an *aforamento* basis published in 1965 were for areas over 100 hectares, and although no figures are available for the total area granted during the year, more than 3,000 hectares were requested in a sample week chosen at random (week of 23 January 1965). This would indicate a rate of over 150,000 hectares a year, which is comparable to the rate of concessions granted in 1963.

68. In 1966, there were reports of a sudden increase of requests for concessions of vacant land for raising livestock

¹⁹ *Official Records of the General Assembly, Twentieth Session, Annexes*, addendum to agenda item 23 (A/6000/Rev.1), chapter V, annex II, paras. 58-198.

²⁰ The latest available yearbook of statistics for Angola is for 1963, published at Luanda in 1964.

²¹ See *Official Records of the General Assembly, Twentieth Session, Annexes*, addendum to agenda item 23 (A/6000/Rev.1), chapter V, annex II, paras. 73-80.

²² *Ocupação ilegal de terrenos: normas para a legalização da posse ilegítima de terrenos aprovadas pela diploma legislativo de 26 de Novembro de 1958.* (This pamphlet was advertised in the *Angola Boletim Oficial*, Series III, 5 November 1965.)

¹⁸ This guarantee is reported to cover both the initial 1,300 million escudo loan and additional loans made since then or to be made.

in Uíge and Cuanza North districts (see below). As these districts are fairly densely occupied and much land has already been concessioned,²³ this new influx has created difficulties, sometimes involving African land rights. The Government has therefore issued an order that all concession boundaries in these districts are to be marked only by the official teams (*brigadas de demarcação e vistorias*). These teams will also be responsible for boundary marking of land in cases where a demarcation licence has already been obtained but the land has not been used for the purposes intended or the concession has not yet been duly registered.

69. In February 1967, boundary-marking difficulties were also reported in connexion with livestock concessions under the pastoral zoning plan in Huíla and Moçâmedes districts. In this area also, boundaries of concessions for livestock raising may henceforth be marked only by the official teams.

70. No new information on settlement schemes in Angola is available. Although it remains Portugal's policy to increase settlement in both Angola and Mozambique, the emphasis in the Territory is now more on the need for a sound economy and for the development of its human and natural resources—especially in the rural areas—in order to attract and retain new settlers.

71. Under the rural regrouping plan which has been described in the previous study,²⁴ the rural African population is being regrouped as part of the Government's general plan for social promotion, settlement and improving the level of living in rural communities. The regrouping is to be based on areas "with geographical, economic and social unity". These are also to be the criteria in establishing new *regedorias* or in the delimitation of existing ones. Regrouping is intended to make it easier to provide health, education and agricultural services, to improve housing and production, and to develop the private ownership of land.

72. In the first instance, the Territory is to be divided into basic regrouping regions subdivided into zones, each under a zone regrouping committee comprising members appointed by the district governor and presided over by the local administrative authority. In drawing up plans for regrouping, the Government departments are to seek the co-operation of the local population, which is also to be consulted in the establishment of priorities. The main considerations are the need to introduce changes in farming and stock-rearing methods and the inclusion or assimilation (*enquadramento*) of "the traditional infrastructure in the national structure".

73. So far, complete plans for the whole Territory have not been published but there appear to be some pilot projects under way. No details are available on the progress made under the rural regrouping plan, nor is there any information on whether or not there has been any increase in the number of African farmers who own land on the same basis as Europeans.

D. Agriculture, livestock and fisheries

74. As noted above, over the past decade the agricultural sector has accounted for an annual average of more than 60 per cent of the Territory's visible exports. The most important export crops are coffee (which in 1965 accounted for 47 per cent of the exports) followed by sisal (4.8 per cent), maize (4.9 per cent), cotton (1.5 per cent) and sugar (2 per cent). All, except for maize, are controlled by European capital. Individual settlers and private companies, varying in size, predominate in coffee and sisal, and large shareholder companies in cotton and sugar. Although some mechanization has been introduced over the past few years, nearly all the production on European estates is by African labour. Commercial activities in fisheries are also controlled by European capital, as are the trading and meat packing activities, although most of the livestock population is African owned.

75. Africans grow most of the traditional food crops, including maize, manioc, sweet potatoes, oil palm, beans and

peanuts, the surpluses of which are sold for export. There is no recent information, however, on the total output of the traditional sector. In addition, in 1965 an estimated 36,000 Africans grew almost all of the cotton and 60,000 Africans grew coffee for their own account.²⁵

76. According to a recent study,²⁶ in 1964, out of 367,815 wage earners in Angola, 45.3 per cent were engaged in the primary sector: 144,667 in agriculture, 16,225 in fisheries and 5,721 in livestock activities. Portuguese statistics no longer distinguish between African and non-African workers, but of those enumerated almost 95 per cent were classified as "rural workers", i.e., unskilled and not working in urban areas.

77. In the past two years, there have been no major changes in the structure of these sectors nor in the pattern of agricultural production described in the previous study on agriculture and processing industries in Angola. However, some changes are being made to diversify away from coffee, to introduce mechanized cotton cultivation on a co-operative basis, to expand the livestock industry and to reorganize and refinance the fishing industry.

Agriculture

78. Available information shows that as in Mozambique, the output of most of the important crops has remained fairly static since 1962. In fact, with the exception of coffee, the production of which continued to expand, in 1965 most of the other export crops fell below the level reached in 1962. Sisal production dropped to 60,000 tons from 68,000 tons in 1964 and 70,000 tons in 1962; maize production dropped to 131,000 tons from 152,800 in 1964 and 160,000 in 1960; and though cotton production was 19,506 tons, as compared to 13,609 tons in 1964, it was lower than that of 1962, when the output was 22,500 tons. No production figures are available for the traditionally African-grown crops but exports of surpluses, including maize, palm oil, coconut, beans and manioc have also generally declined since 1950. Exports of maize, for instance, reached a peak of 190,000 tons in 1950, which has not been surpassed since.

Coffee

79. As explained previously, under the Portuguese system there are detailed regulations and controls over the production, processing and marketing of all agricultural products needed for Portugal's domestic market or for earning foreign exchange. For coffee, controls were exercised first through the Coffee Export Board and after 1961 through the Coffee Institute, with which all growers and traders have to be registered. With Government encouragement, coffee production increased rapidly in the early 1960's and by 1963-1964 Angola had become the third largest coffee producer after Brazil and Colombia, with about half a million hectares under coffee.

80. In 1965-1966 several new companies with interests in coffee were established and several others increased their capital investments. Additional investments included an increase of 90 million escudos (to 100 million) in the registered capital of the Companhia Angolana de Cafés S.A.R.L. (CAFANGOL), which is owned by Mário Cunha, who also has coffee plantations, and a 10 million escudos increase in the capital (to 20 million escudos) of the Sociedade Cafeicultura Soual S.A.R.L., which also owns coffee plantations.

81. Under the International Coffee Agreement, 1962,²⁷ to which Portugal is a party, Angola has an annual basic export quota of 4.77 per cent, but as a developing country it has had additional amounts assigned to it each year, so that, with other new markets, Angola's coffee exports have risen steadily. In 1966, because of the continued world surplus of coffee, the International Coffee Council urged members to cut back coffee

²⁵ This figure probably represents not only the number of registered African coffee growers but probably includes the family members as well.

²⁶ A. Mendes, *O Trabalho Assalariado em Angola* (Instituto Superior de Ciências Sociais et Política Ultramarina, Lisbon, 1966), p. 53.

²⁷ See *United Nations Coffee Conference, Summary of Proceedings* (United Nations publication, Sales No.: 63.II.D.1), annex III.

²³ See *Official Records of the General Assembly, Twentieth Session, Annexes*, addendum to agenda item 23 (A/6000/Rev.1), chapter V, annex II, tables 3 and 4.

²⁴ *Ibid.*, annex II, paras. 168-176.

production and early in 1966 the Angola Government introduced legislation (Legislative Instrument 3,623, 7 February) prohibiting the planting of new areas with *robusta* coffee. To restrict exports, in July 1966 (Order 14,437, 23 July) the Government raised the annual registration fee for green coffee exporters from the usual 1,000 escudos to 50,000 escudos, thus making it impossible for small traders to participate in foreign trading. Further restrictions were introduced in 1967 limiting the issue of monthly export quotas to those traders who have coffee reserves totalling a minimum of 500 tons.

82. According to a new decision by the International Coffee Council, export "waivers" (the additional export allowances given to members with particular difficult over-production and stock problems) will not be granted for the third and fourth quarters of the coffee year unless one of two conditions are met. Either the countries concerned must set aside 20 per cent of the foreign exchange earnings received from coffee exports and use it for diversification from coffee, or alternatively they must set aside an amount of coffee from their stocks equivalent to the third and fourth quarter "waivers". In March 1967, the Portuguese Government ordered the establishment of a coffee Diversification and Development Fund, which is to be provided for out of taxes levied on coffee leaving the Territory.

83. There is no recent information on the total amount of coffee grown by Africans and their share in the exports, which used to be about one quarter of the total. The only information available is the amount of coffee Africans sold through the official rural markets, where the minimum price is fixed by the Government. According to the statistics of the Uíge district rural market, sales of coffee by Africans in 1964 amounted to 12 million kilogrammes for 56.7 million escudos. In 1965, sales of 10 million kg, valued at 51 million escudos were reported and in 1966, sales amounted to 13 million kilogrammes, valued at 65 million escudos. In Cuanza North district, sales in 1965 were valued at 88 million escudos.

Cotton

84. Although cotton has always been one of the Territory's important cash crops, between 1955 and 1960 production fluctuated around 20,000 tons of seed cotton annually. Between 1961 and 1964 it varied between 22,500 and 13,099 tons, returning in 1965 to about the same level as in 1960. However, in 1965 more of the cotton was retained in the Territory, so that cotton exports to Portugal in 1965 represented only about 25 per cent (4,175 tons) of a total production of 19,506 tons. In 1965 cotton ranked tenth in value of exports.

85. There are no recent figures on the number of African cotton growers or on the progress made in the establishment of African cotton growers' co-operatives. In 1967, there were reports that some of the cotton companies were mechanizing cotton growing and that in the Baixa do Cassange area, in reversal of the long-established practice under which Africans received payment only for the cotton they produced,²⁸ some Africans are now being hired as farm workers to grow cotton at fixed wages.

Other export crops

86. Sisal, which is Angola's second most important export crop, accounted in 1965 for only 4.8 per cent of the Territory's exports by value, as compared with 8.2 per cent in 1964 and 12.4 per cent in 1963. This drop was due mainly to smaller demands from overseas markets and lower prices, but also to lower production as well as the retention of about 9,000 tons in the Territory. There is no information on the output of the new rope factory COFIANG established in 1965,²⁹ which was expected to absorb 30 per cent of the sisal produced in the Benguela district.

87. Contrary to the position in Mozambique, sugar is no longer an important export of the Territory. Since 1963-1964

about two thirds of the production has been retained in the Territory for consumption, the balance being exported to Portugal. There have been no large investments in sugar in the last few years, except for a 95 million escudo investment by the Companhia do Açúcar de Angola (reported in 1966) to increase the capacity of its refineries at Donde and Loge.

88. As regard maize, past experience seems to indicate that better official purchase prices do not necessarily increase African production though they may affect exports. In 1965, for instance, the *grémio* for purchasing maize³⁰ acquired 131,000 tons but exports amounted to 168,200 tons, valued at 283 million escudos, which represented 4.9 per cent of the total value of the Territory's exports. In both 1960 and 1964 production was considerably higher (160,000 tons and 152,800 tons respectively), though for those years exports were lower. There are no data available for 1966.

Livestock

89. Increased efforts are also being made to expand livestock resources both for the domestic market and for the export to Portugal of frozen meat. According to the livestock census taken in 1962³¹ there were over 1.5 million head of cattle in the Territory, most of which are owned by the African population. The census showed that since 1935 there has been a significant decline in the cattle population in the Territory, as is evidenced by the drop from over 1 million head to 705,000 head in Huíla district, and from 300,000 head in Moçâmedes to 87,000 in 1962.

90. Since 1961, in addition to the establishment of an Agricultural and Livestock Credit Bank, new regulations have been introduced to facilitate land concessions to stockbreeders and to facilitate imports of breeding cattle. Subsequently, special committees were created to draw up plans for organizing pasture land, in order to ensure its optimum use and to help stabilize the rural population.

91. According to the plans adopted in 1965 (Order 13,906, 4 September) Huíla and Moçâmedes districts have been divided into pasturage zones depending on the size, character and degree of evolution of the population, the actual number of livestock and the type of livestock industry, the area of potential and developed pasturage and the water resources. Where the livestock is being bred for commercial purposes or can be developed for these purposes government services are to assist, particularly in the delimitation of the land and in the provision of water. African livestock farmers are to be given all the assistance needed, especially by the granting of land to them on a communal or individual basis. In November 1966 (Order 14,013, 20 November) guidelines were laid down for the work to be done by the Veterinary Services, which is to be organized by "livestock zones", beginning with Huíla and Moçâmedes districts. Water supplies will be developed under a co-ordinated plan for pastoral regions in southern Angola as a whole.

92. Angola's fresh meat exports, which amounted to 26 million escudos in 1961, dropped to 19 million escudos in 1962 and 1963. In 1964, 67,000 head of cattle were slaughtered, producing 9,689,000 kilogrammes of meat, of which about one fourth was exported. The value of fresh meat exported was 22 million escudos, representing just under 0.4 per cent of the total exports. In 1965, only 60,000 cattle were slaughtered and, while the quantity exported remained about the same, the value rose from 21.6 million to 30.5 million escudos. According to the study published in 1966, Angola's cattle output is estimated at present at 135,000 head per year, of which 75,000 head may be expected to reach the market.

93. There are many meat processing plants but in 1963 there were only two meat freezing plants, SOFRIO, which had a slaughter-house and freezing plant at Moçâmedes with a capacity for handling 15,000 head of cattle a year and storing 100 tons of frozen meat, and Companhia de Carnes (SOCAR) S.A.R.L., which had its plant at Nova Lisboa with a capacity of handling 15,000 head of cattle and 15,000 hogs a year. In

²⁸ See *Official Records of the General Assembly, Twenty-first Session, Annexes*, addendum to agenda item 23 (A/6300/Rev.1), chapter V, part II, annex, appendix I, paras. 38 and 70-122.

²⁹ *Ibid.*, annex, appendix II, para. 90.

³⁰ *Ibid.*, paras. 164 et seq.

³¹ In Vasco Sousa Dias "*Notas sobre a Produção de Carne*", *Planoamento e integração económica*, July 1966.

1966, a new company was established at Luanda with a capital of 10 million escudos. Known as Mataduro Industrial de Angola (MIDAL) S.A.R.L., it will engage in ranching, meat processing and trading. The nationality of the capital of these companies is not known.

Fisheries

94. In the 1950s, the fishing industry was one of the Territory's most important economic activities and was also a source of foreign exchange. Since the drop in world fish-meal prices in 1959, the industry has been seriously depressed and in spite of various government measures to help reorganize and finance it, production of fish derivatives (conserves, fish-meal, fish oil and dried fish) dropped from an average of about 80,000 tons a year in 1961-1962 to under 60,000 tons in the two following years; thereafter production rose to 93,000 tons in 1964 but in 1965 it was again only 81,000 tons. Exports of fish derivatives have fluctuated around an average of 70,000 tons annually, but as a result of improved prices their value rose from an average of 250 million escudos a year in the period 1960-1961 to over 300 million escudos a year in 1964-1965 and in the last year fish-meal alone ranked fifth in value among the Territory's exports.

95. As in the case of several of the important export crops, government measures have aimed at the structural reorganization of the industry and the provision of technical assistance and credit facilities. Among other measures, the Government has set up a Fisheries Industries Institute and a Fishing Industry Assistance Fund, which acts both as a marketing fund producing subsidies in times of low prices, and as a credit institution. Since its establishment, the Fund has helped to modernize and re-equip the fishing fleet and has added a floating factory to help process the catch at sea. In 1962, the fisheries industry was reorganized along corporative lines with fishermen and other producers engaged in this sector organized into *grêmios*, through which the industry can co-ordinate and regulate its own activities and provide insurance and welfare assistance to its members.

96. It is reported that the Anglo-American Corporation, through its subsidiary South Africa Angola Investments, holds the principal capital of the União Angolana de Pesca e Indústria. South African Angola Investments Ltd., has its headquarters at Cape Town and in 1963 its Board of Managers, under the chairmanship of Mr. A. Webster, was composed of the following members: Messrs. J. S. Labuschagne, L. W. Berman, J. B. Steenamp, B. Ralinowitz, M. S. de la Rey Venter, A. J. Heyns and E. L. Schlebush.

97. In March 1966, another South African company, Marine Products, which had intended to set up a R1.5 million fish processing plant in Angola, decided to withdraw. The company is reported to have made this move because "Portuguese legislation promulgated in November (1965) had the effect that foreigners are not permitted to control fishing vessels". During 1966, new Portuguese companies established included Sociedade Industrial Alexandrense Limitada (S.I.A.C.) for the processing of fish oil and fish-meal and a company known as Sociedade dos Armadores das Pescas em Angola, S.A.R.L. (ARAN), which was established with an initial capital of 7.5 million escudos, and which has a counterpart in Mozambique. ARAN plans to supply fish to Portugal and the local market. A third Portuguese-owned fisheries company, Sociedade de Pesca, has begun operations with the first of five vessels equipped to freeze the catch at sea.

E. Industry

98. The industrial sector in Angola is still limited and plays a relatively small role in the economy of the Territory. Most of the industries are concerned with the production of consumption goods for local use or the processing of primary products for export. Except for a few larger units producing sugar, beer, cement, petroleum and textiles, most of the industries are small in size. Figures for 1962 showed, for instance, that with some 2,800 million escudos invested in 3,050 establishments, eleven units alone accounted for about one third of the total capital and another 320 units (processing vegetable oil, fish and sisal) accounted for a further 20 per cent of the

total, so that the average capital per unit in the remaining 88 per cent of the industries was about 5 million escudos (less than \$US200,000).

99. Between 1958 and 1961, the rate of capital investment rose to almost a quarter of a million escudos annually. New industries established in this period included a second cement factory in Luanda, owned by the Companhia de Cimento SECIL do Ultramar, with a capital of 150 million escudos; two beer factories, the Companhia União de Cervejas Angola (CUCA) in 1959, and the Novas Empresa de Cervejas de Angola (NOCAL) in 1960, with a total capital of 70 million escudos; a vegetable oil plant, Indústrias Angolanas de Oleos Vegetais (INDUVE) with a capital of 70 million escudos, and a petroleum refinery established by Petrangol with a capital of 150 million escudos.

100. Between 1962 and 1964, an average of some 1,300 new transforming industries were registered each year and the new capital invested annually averaged about 150 million escudos, providing employment for some 3,500 more persons. By the end of 1964 there was a total of 17,316 establishments with a combined investment of 2,560 million escudos (approximately \$US100 million). The total number of wage earners (unskilled) employed in manufacturing industries was only 13,788 at the end of 1964.³²

101. In 1965, new capital investment in industry dropped to a low of 103 million escudos. Details are not yet available for 1966, but preliminary figures for the first five months suggest an upward trend, as the total investments had already exceeded 230 million escudos.

102. New investments in 1965 included: 100 million escudos in the expansion of the existing metal works to be known as Siderurgia Angolana, S.A.R.L.; an increase in capital from 10 million to 66.3 million escudos for Alumínio Português (Angola) Limitada, which is closely associated with Pechiney Compagnie de Chimie et Électrometallurgie de Paris; a 30 million escudos investment in a rope factory, Companhia de Fiação e Cordoaria de Angola (COFIANG), by a group of sisal interests in the Benguela district; a new tyre factory, MABOR, with a registered capital of 60 million escudos which may be increased to 150 million escudos; a bicycle and motorcycle factory, Indústrias Reunidas Ulisses S.A.R.L., with a capital of 5 million escudos; a plant to build tractors and farm machinery, a new match factory, Indústria Fosfereira Angolana (IFA) with an initial capital of 15 million escudos, owned by the Borges e Irmão group (owners of the Banco de Crédito Comercial e Industrial and the MABOR tyre factory); a yeast factory owned by a Dutch group which already has interests in Portugal; a Swedish car assembly plant; and a joint French-Angolan wine bottling and manufacturing plant, Sociedades Angolana Vinícola de Exploração (SAVINEX) S.A.R.L., with a capital of 5 million escudos.

103. Other new factories include a cardboard packing material factory with a capital of 8 million escudos, financed by the Companhia União de Cervejas de Angola (CUCA) in association with the South African company, Amalgamated Packing Industries Ltd. (API); a flour factory, a subsidiary of CUCA in association with Sungold of South Africa; a new textile factory known as Sociedades Angolana de Tecidos Estampados S.A.R.L. (SATEC), which has contracted a 70 million escudos loan from the Interamerican Capital Corporation of New York (the International Capital Corporation has already financed various projects in Angola, including a hydro-electric installation, roads, airports and factories, as reported in 1966;³³ a 40 million escudos tobacco factory in Benguela owned by the Fábrica de Tabacos Ultramarina; two electrical appliance factories, one in Nova Lisboa with a capital of 18 million escudos and the other in Luanda (Indústrias Electrónicas de Angola S.A.R.L.) with a capital of 2 million escudos; a battery factory Empresa de Acumuladores Eléctricos (EMACEL) S.A.R.L. with a registered capital of 6 million escudos; an electric cable factory Fábrica de Condutores

³² Some reports give the number of persons employed in industry as 58,000, which seems to include some 30,000 employed in the mining industry.

³³ Official Records of the General Assembly, Twenty-first Session, Annexes, addendum to agenda item 23 (A/6300/Rev.1), chapter V (part I), para. 122.

Eléctricos do Ultramar (CONDEL) S.A.R.L. with a registered capital of 6 million escudos; a new fish oil and fish-meal factory in Porto Alexandre established by the Sociedade Industrial Alexandrense, Limitada (SIAC) with a 12 million escudos loan from the Fisheries Assistance Fund (Fundo do Apoio às Indústrias de Pesca); a 26 million escudos tile factory known as Fábrica de Cerâmicas de Angola; a 30 million escudos pineapple juice factory in Lobito; a plant for industrial chemicals, including sulphuric acid, with an investment of 500 million escudos owned by the Sociedade de Estudos e Investimentos; and a 25 million escudos glass factory, Vidreira Ultramarina Limitada (VIDRUL).

104. In spite of the number and variety of industries, local production meets only a small part of the Territory's consumption needs, as is evidenced by the still growing value of such imports as the following: tobacco, which increased 46 per cent between 1964 and 1965; textiles, 10 per cent; wheat flour, 35 per cent; paper, 12.4 per cent; conserved milk product, 17 per cent.

105. As noted in a Portuguese study published in 1961,³⁴ the industrial structure of the Territory is almost entirely directed from Portugal. According to that study, of the forty more important industrial and mining establishments in Angola, ten had their headquarters in Lisbon (including the Angola Diamond Company and COTONANG), sixteen had at least their main offices there (including CADA, CASSEQUEL, the Cuanza Sugar Company, PURFINA and INDUVE) and fourteen were represented there (including Companhia do Açúcar de Angola, CUCA and Companhia dos Cimentos de Angola). Moreover, a large share of the profits and earnings from industrial and other enterprises are transferred out of the Territory. In the period 1960-1962, for instance, transfers out of the Territory exceeded 2,000 million escudos, of which profits and earnings (including earnings on property) amounted to more than 600 million escudos and the remainder consisted of private transfers.³⁵ The transfers of profits and earnings alone exceeded the new capital invested in industries in Angola in that period.

106. Another characteristic feature of the industrial sector in Angola is its high concentration in three main regions: Luanda-Dondo-Malanje, which is supplied with electric power by the Cambambe station on the Cuanza river; Lobito-Benguela-Nova Lisboa, supplied by power from the Catumbela river; and Moçâmedes-Sá da Bandeira, with power supplied from the Matala station on the Cunene.³⁶ However, a greater proportion of the capitalized industries and a majority of the transforming industries are located in the Luanda region. Although the areas of concentrated industries act as "poles of development", the concentration has tended to aggravate development problems in the rural areas, from which there has been a considerable exodus of manpower. Recent information from Angola indicates that there is growing support in both government and business circles for a more balanced distribution in the location of industries throughout the Territory.

107. In January 1967, the Governor-General was authorized to introduce any changes he thought necessary in the collection of the industrial and other taxes and he has since offered industries establishing themselves in the border districts a 50 per cent reduction in their tax rates.

IV. MOZAMBIQUE: ECONOMIC ACTIVITIES IN SELECTED SECTORS, WITH SPECIAL REFERENCE TO FOREIGN INTERESTS

A. Main economic sectors

108. The structure of Mozambique's economy has been described in previous reports of the Special Committee. Briefly, the dominant sectors are agriculture and transportation services. In agriculture, the emphasis is upon about six prin-

³⁴ L. M. Teixeira Pinto and Rui Martins dos Santos, *Angola: Polos E Perspectivas de Desenvolvimento*, Instituto Superior de Ciências Económicas e Financeiras (Lisbon, 1961).

³⁵ Portugal, *Presidência do Concelho, Projecto de Plano Intercalar de Fomento para 1965-1967* (Lisbon, 1964), vol. II, p. 153.

³⁶ L. M. Teixeira Pinto and R. M. dos Santos, *op. cit.*, pp. 35 *et seq.*

cipal export crops, which together account for more than 64 per cent of the total value of visible exports. Of these six crops, cotton, cashew, sugar, copra, sisal and tea, all except cotton and about half of the cashew are mainly or exclusively produced on plantations or farms owned by non-Africans, including among them several very large agricultural companies. Apart from agriculture, other productive sectors are small. Industrial fishing is still only beginning and mining, in contrast to that in Angola, is, with few exceptions, on a very small scale, minerals accounting for only 1.6 per cent of the Territory's exports. Industrial activity is expanding fairly rapidly but is still mainly limited to industries concerned with the processing of agricultural products, which account for about 60 per cent of all private investment in the sector. In recent years, there has been an increase in the number of light manufacturing industries but the output is still principally for the rather small domestic market and is mainly concerned with the production of consumer goods.³⁷

109. After agriculture, Mozambique's second most important economic sector is transportation, consisting of the highly developed railway and port facilities, which serve the lucrative transit trade of Mozambique's landlocked neighbours, including Southern Rhodesia, the Transvaal, Zambia, Malawi and Swaziland. Normally, about one fifth of the Territory's foreign exchange earnings are derived from this transit traffic and serve largely to offset a chronically adverse balance of trade. The investments in this sector, except for the Trans-Zambezia Railway and the Beira-Umtali oil pipeline, which have been previously described,³⁸ are government-owned.

110. Basic information on the general economic conditions in Mozambique are contained in previous reports, including the reports of the Special Committee to the General Assembly and the working paper on Mozambique prepared for the Special Committee at its current session.³⁹ Detailed information on mining activities, land concession, occupation and settlement, agriculture and processing industries, the Trans-Zambezia Railway and the transit trade were submitted to the Sub-Committee in 1965 and 1966. The following paragraphs contain recent information which supplements the information previously submitted.

B. Mining

General

111. Detailed information concerning the mineral resources and mining activities in Mozambique is contained in the 1965 report of the Special Committee.⁴⁰ Briefly, although the Territory produces a diversity of minerals, the output in most cases is very small and mining therefore plays only a minor role in the economy. The only large-scale mining is carried out by the Companhia Carbonífera de Moçambique, S.A.R.L. which operates a coal mine at Moatize, near Tete, and produces an average of about 260,000 tons yearly. Apart from this, there are a number of small, mostly privately owned mines which produce, among other things, beryl, columbium and tantalite and related minerals from pegmatite deposits scattered throughout the Zambézia district. In 1964, a South African company, Edmundian Investments Ltd., obtained a concession to reopen an abandoned copper mine in the Tete district, expecting to produce about 300 tons of copper per month, but statistics for 1964 do not show any significant copper production. Finally, a limited amount of comparatively low-grade bauxite (about 6,000 tons yearly) is extracted from two small mines in the vicinity of Manica, near the border of Southern Rhodesia. These mines are owned and operated by the Wankie Colliery Co. Ltd. of Southern Rhodesia, which uses the material for lining its smelting furnaces in Southern Rhodesia.

³⁷ There are, unfortunately, no published national accounts which would permit a more detailed analysis of the contribution of each sector to the territorial economy.

³⁸ See *Official Records of the General Assembly, Twenty-first Session, Annexes*, addendum to agenda item 23 (A/6300/Rev.1), chapter V, annex, appendices IV and V.

³⁹ *Ibid.*, *Twenty-second Session, Annexes*, addendum to agenda item 23 (A/6700/Rev.1), chapter V.

⁴⁰ *Ibid.*, *Twentieth Session, Annexes*, addendum to agenda item 23 (A/6000/Rev.1), chapter V, annex I, paras. 234-290.

112. Apart from coal, the mining output of Mozambique is so small that details are not shown in most published statistical summaries. Hence the only sources of such information are the reports of the Mozambique Government department of mines (Servicos de Geologia e Minas), of which the latest

available is for 1965. In that year, mineral exports were valued at 47 million escudos, or approximately 1.6 per cent of the total exports by value. Production and exports in 1965 of the most important minerals are shown in the following table:

Mineral	Production (tons)	Exports (tons)	Principal countries of destination	Value of exports (million escudos)
Colombo-tantalite ...	51.7	79.0	United States of America and United Kingdom	10.7
Beryl	219.2	221.0	United States of America and Japan	1.4
Microilite	85.0	90.3	United States of America, Netherlands and United Kingdom	16.1
Montmorillonite	2,722.9	2,587.6	Netherlands, Belgium and Australia	1.8
Coal	237,499.0	98,665.2	Kenya, Angola, Portugal and Malawi	27.1
Calcopirite	339.9	323.2	Belgium, Japan	0.9
Bismutite	5.6	5.2	United Kingdom, Netherlands	0.4
Bauxite	5,683.0	5,661.0	Southern Rhodesia	0.4

113. The comparative insignificance of mineral production at the present time does not preclude the possibility that mining might become a major sector of the economy in the future. As stated in the previous study, large deposits of titaniferous iron (totalling over 3 million tons) are known to exist at Muende, near Tete, in conjunction with coal, but they have not yet been developed, partly because of technical difficulties (e.g., the difficulty of separating the iron from the titanium oxide with which it is combined) and partly because of transportation difficulties. Plans for the industrial development of the Zambezi valley, including the hydroelectric scheme at Cahora Bassa,⁴¹ envisage the exploitation of these resources, and the Companhia de Urânio de Moçambique, a Portuguese company which holds the prospecting concession, has already applied for a licence to establish an iron ore smelting plant. Furthermore, the Territory's mineral resources have not yet been fully explored and prospecting is continuing, notably for petroleum and diamonds. A large deposit of natural butane gas was discovered in October 1965 at Pande by the American-owned Mozambique Gulf Oil Company, which is prospecting for petroleum. The gas became ignited, however, and the fire was not successfully extinguished until January 1967. According to a press report in February 1967, the South African Government has agreed in principle to the construction of a pipeline to transport the natural gas from Mozambique to the industrial region of Witwatersrand.

114. One of the reasons for the relative lack of development of mining in Mozambique has been, according to Portuguese sources, an insufficiency of funds available for geological surveys and for compiling the basic information necessary to attract mining interests. In a speech before the Lourenço Marques Chamber of Commerce in October 1966, the Overseas Minister said that this situation would be remedied by the new Mining Law, the reorganization of the Geological and Mining Service and the creation for all Overseas Territories of a mining development fund (see para. 16 above).

Mining and prospecting activities

115. The following information is supplementary to that contained in the Special Committee's 1965 report.⁴²

(a) Coal mining

116. There is very little new information concerning the activities of the Companhia Carbonífera de Moçambique, which

⁴¹ *Ibid.*, Twenty-second Session, Annexes, addendum to agenda item 23 (A/6700/Rev.1), chapter V.

⁴² *Ibid.*, Twentieth Session, Annexes, addendum to agenda item 23 (A/6000/Rev.1), chapter V, annex I, paras. 259-290.

have been previously described. The company, 60 per cent of whose capital is held by Belgian interests, controls a mining concession of 3,076 hectares at Moatize, near Tete. As at 31 December 1964, it reported a share capital of 40 million escudos and total assets of 106.6 million escudos. Its production of coal, which is limited by the market and by transportation costs, has rarely exceeded 300,000 tons yearly. From a peak of 320,859 tons in 1961, it declined steadily to only 244,869 tons in 1964 and 237,499 tons in 1965. This decline is probably due in part to the progressive introduction of diesel power on the railways, which are its main customers.

117. The company's financial results in recent years were as follows (in thousand escudos):

	1961	1962	1963	1964
Receipts from operations	6,040	6,193	4,453	4,669
Net profit	1,650	1,722	(-198)	156
Dividend	1,600	1,600	—	1,600
— rate (per cent)	4	4	—	4

(b) Petroleum prospecting

118. As stated previously, petroleum prospecting is at present carried out by the Mozambique Gulf Oil Company, a subsidiary of the Gulf Oil Corporation of the United States, under the terms of a contract signed in 1958⁴³ with the Gulf Oil Corporation and the Pan American International Oil Company, also of the United States. The two companies have an exclusive concession to prospect for petroleum and related substances in an area of 94,000 square kilometres south of the Zambezi River and including the coastal shelf. The contract, which terminated on 5 August 1967, required the concessionary companies to spend on prospecting a minimum of 57.2 million escudos during the two-year period 1965-1967. The actual prospecting operations were carried on by the Mozambique Gulf Oil Company. The concessionaires, who have been prospecting since 1948, have already spent approximately 700 million escudos.

119. To date, the only reported results have been the discovery of two deposits of butane gas, at Pande, near Beira, and at Buzi on the Púnguê River. The former deposit was discovered in October 1965 and the first borehole accidentally became ignited, resulting in a conflagration which, despite all efforts to bring it under control, continued until January 1967. The company reports that it spent approximately 100 million escudos in extinguishing the fire. It is believed that the deposits

⁴³ See *Boletim Oficial*, Series III, No. 299, 24 December 1958.

of natural gas are very extensive and, as noted above, it has recently been reported in the Press that negotiations are taking place for the construction of a pipeline, 220 miles in length, to supply the butane gas to the Transvaal. The press report indicated that the South African Government had agreed in principle to the scheme.

120. The two companies are at present reported to be negotiating for either an extension of their existing contract beyond August 1967 or the negotiation of a new contract. In the meantime, however, other companies have expressed interest, particularly in off-shore prospecting. Among these were the Portuguese-owned Companhia de Petróleos de Portugal and the Société de Participations Pétrolières, which is presumably either French or Belgian. These two companies requested concessions in 1964 before the current contract extension was granted to Gulf and Pan American. More recently, in July 1966, a French company, Société de Pétroles Française, was reported to have made a similar request, which is being contested by Gulf Oil and Pan American on the grounds of the large sums already expended by them.

(c) Diamond prospecting

121. As reported previously, in May 1964 an exclusive concession to prospect for and exploit diamonds was granted to two Portuguese citizens, Srs. A. P. Gouveia and J. de Veiga Lima. The concession, which was for three years, renewable for two periods of two years each, covered an area of 32,900 square kilometres around Pafurri, on the border of Southern Rhodesia. Subsequently, the concession was transferred to the Companhia dos Diamantes de Moçambique (DIAMOC), a company which has its headquarters in Mozambique and half of whose directors are Portuguese nationals (details of the contract were reported previously). A newspaper report published in 1965 indicated the probability of financial participation by the Anglo-American Corporation of South Africa. Since then, additional requests for exclusive concessions in neighbouring areas were made in 1964 by two Portuguese nationals, Srs. L. Gomes dos Santos, J. P. Salgueiro and a South African, D. P. Villier Graaf. As at September 1965, none of these requests had been granted.

122. In 1966, it was reported in the Press that one diamond had been found in the DIAMOC concession.

C. Land concession, occupation and settlement

123. The situation as regards the concession, occupation and settlement of land in Mozambique up to the end of 1963 was described in the previous study.⁴⁴ As the statistics show (table 8A below), the rate of land alienation in Mozambique is much slower than in Angola, where there is steady demand, particularly for valuable coffee-growing land. During the period 1960-1964, a total of 239,312 hectares was alienated, of which 77,105 hectares was in the Gaza district, 50,049 hectares in the Lourenço Marques district and 42,362 hectares in Zambézia. In relation to the total land area of the districts, the highest proportion was in Lourenço Marques (nearly 3 per cent) and Gaza (nearly 1 per cent). As may be seen from table 8B below, the average size of the concessions granted, 335 hectares, is smaller than in Angola.

124. Because proportionally less land is alienated, the problems resulting from alienation are less acute in Mozambique than in Angola. Similar problems nevertheless exist, particularly the problem of illegal occupation resulting from delays in survey and registration. It also appears that much of the good land adjacent to rivers has been alienated, since during 1966 the Legislative Council discussed the problem of definitive concessions in these areas which were not being properly utilized.

125. As is explained in the previous study, in Mozambique, as in Angola, great importance is attached to the settlement of Europeans, both as a means of developing the economic wealth of the Territory and of promoting its closer integration with Portugal. Special efforts are being made to encourage

ex-soldiers to settle, especially in the northern districts or in border areas where their presence would contribute to defence. However, presumably because of the high costs involved, there is less emphasis now on government settlement schemes. In 1966, only one such settlement was established, at Mahinga, near Vila Pery in the Manica e Sofala district, where some thirty to fifty settlers are to be placed on 200-hectare estates. More attention is now being given to encouraging commercial companies, such as those engaged in sugar and cashew (see below) to develop "outgrower" schemes whereby settlers may be established at little cost to the Government.

126. In Mozambique, perhaps because of the comparative sparsity of occupation, little has been done to reorganize and regroup the African population as in Angola. Provision for the creation of permanent African settlements (*ruralatos*) was made in the First National Development Plan, but there have been no reports of progress since 1963. At the end of 1966, however, two deputies from Mozambique delivered speeches in the National Assembly calling for a renewed effort in this direction, together with the granting of individual land titles to Africans. Their proposal, which also included the organization of rural markets and the provision of technical and financial assistance, was aimed at the need for the economic advancement of the rural African communities and the transition from subsistence farming based on shifting cultivation to a more modern cash economy.

127. Potentially the most important land utilization scheme, which has been under study since the early 1950s, is a multi-purpose project for the development of the Zambezi river valley, based on the control and utilization of the river flow. The project envisages the construction of a high dam at Cahora Bassa, north of Tete, and a series of smaller dams down river, which would permit the development for settlement and other purposes of an area of 140,000 square kilometres, or one tenth of the whole Territory. At the same time, hydroelectric power produced at Cahora Bassa would be used to develop iron and coal reserves in the Tete district, and the construction of the dams would make possible navigation on the river between Tete and Chinde, at the north of the Zambezi, where it is proposed to construct a new port.

128. The completion of such a vast project, the ultimate cost of which is estimated at 10,000 million escudos, is necessarily dependent on several factors and must, in any case, take a number of years. One of the problems is to find suitable markets for the electricity produced, which is estimated at about 17,000 million kWh per year; according to press reports, the possibility of selling this electricity either to the Transvaal or to Southern Rhodesia has been considered. In August 1966, Portugal took an initial step towards carrying out the project, by appropriating 20 million escudos for expenditure on plans for the Cahora Bassa dam. Negotiations were later reported to be in progress for the creation of an international consortium to finance the dam, which is expected to cost 500 million escudos, plus an additional 250 million escudos for the rechanneling of the river and the relocation of the local population living in the area of the future reservoir.

D. Agriculture and fisheries

General

129. In the few months which have elapsed since the previous report of Sub-Committee I on this subject, there have been no significant changes in the structure and organization of agriculture in Mozambique, which is described in detail in the Special Committee's 1966 report.⁴⁵ As noted therein, most of the major export crops, which account for over 80 per cent of the Territory's exports (see table 9 below), are controlled by non-African capital, since they are either produced on plantations and farms owned by non-Africans or, as in the case of cotton, are grown by Africans for sale to large European processing companies. Certain cash crops, specifically

⁴⁴ *Official Records of the General Assembly, Twentieth Session, Annexes*, addendum to agenda item 23 (A/6000/Rev.1), chapter V, annex II, paras. 199-330.

⁴⁵ *Ibid.*, *Twenty-first Session, Annexes*, addendum to agenda item 23 (A/6300/Rev.1), chapter V, part II, annex, appendix III. A more general review of recent trends in production is contained in *Official Records of the General Assembly, Twenty-second Session, Annexes*, addendum to agenda item 23 (A/6700/Rev.1), chapter V.

sugar, sisal, jute, copra, tea, tobacco and citrus fruit, among others, are solely or mainly produced by non-African enterprises, among which are several large companies with substantial capital. For the most part, Africans engaged in agriculture are either wage earners, subsistence farmers who sell their surplus produce to dealers or government agencies, or small producers who sell their crops through officially organized channels at government-controlled prices. Cash crops grown by Africans include seed cotton (the cotton régime has been described in the previous report), oil seeds, some copra, cashew nuts and rice. It is noticeable, however, that whereas the sector controlled by non-African capital has grown significantly in the past decade and crops such as cashew, rice and cotton, which were formerly regarded as "African crops", are now being grown increasingly on European holdings, African production has, with certain exceptions, remained static or actually decreased. This can be seen from the published data on crops purchased from Africans, which show that purchases of such crops as rice, ground-nuts, copra and manioc were less during the three years 1961-1964 (the last years for which such information is available) than they were a decade earlier. Furthermore, the remarkable increase in cashew production, which more than doubled between 1956 and 1966, was mainly attributable to its cultivation on European holdings, since African sales of cashew increased by only 25 per cent. At the same time, exports of cotton, which is the principal African cash crop, declined from a peak of 44,406 tons in 1960 to 31,339 tons in 1965, and in the first six months of 1966 the quantity exported was only half of that exported in the corresponding period of 1965. While the decline of cotton production is attributable to several factors, chief among them the revision of the cotton régime in 1961 and 1963,⁴⁶ the failure of other African cash crops to increase during a period when non-African production increased significantly, reflects the comparative lack of attention given to the development of African farming.

130. The recent information which has become available since the previous study, confirms the trends which were manifest at that time. Although during 1966 several commentators in the Territory urged renewed efforts to transform the traditional subsistence farming carried on by many Africans and towards the end of the year two deputies from Mozambique called for concerted efforts to hasten the economic advancement of the rural Africans (see A/AC.109/L.388/Add.2, paras. 36-37), the main emphasis is still on the expansion of non-African farming. In general, current policy in regard to agriculture appears to have four main objectives: (a) to increase the value of exports, principally by capital investment in the major export crops and by the establishment of processing industries; (b) to supply the requirements of metropolitan Portugal by fostering certain exports such as tobacco, sugar, fruit and meat; (c) to promote specific crops as a medium for increasing European settlement; and (d) to develop certain food crops in order to reduce or eliminate imports. Since it is the European-controlled agricultural sector which is most readily able to fulfil these objectives without a substantial government outlay on the agricultural service (which at present receives only about 5 per cent of the budget), it may be presumed that future growth will continue to be principally in this sector. This appears to be borne out by the recent developments reported below.

Sugar

131. As previously reported,⁴⁷ Mozambique is Portugal's principal source of sugar, the Territory normally supplying about 70 per cent of Portugal's import requirements under a guaranteed quota system and at prices which are fixed by the Portuguese Government on the advice of the producers' *grémio*; up to one third of the quotas allocated to producers in the Overseas Territories may be supplied in the form of white sugar, the remainder being raw sugar for refining in Portugal. This special régime, which applies also to Angola, although the latter produces much less sugar, has been in force since

1949 and by a decree enacted in 1966 is to be continued, with certain minor changes, until May 1982.

132. In Mozambique, sugar production is at present in the hands of three large and old-established companies, the Companhia do Búzi, established in 1898, the Sociedade Agrícola do Incomati, formed in 1914, and Sena Sugar Estates Ltd. The first two are Portuguese-owned, but Sena Sugar Estates, which is by far the largest, having a nominal of 288 million escudos and accounting in 1965-1966 for 113,868 tons, or about two thirds of the Territory's total output of 163,969 tons, is predominantly (90 per cent) British-owned, having its headquarters in London and a board of directors all of whom are British.⁴⁸

133. As reported previously,⁴⁹ a major expansion is taking place in the sugar industry. In 1965, Sena Sugar Estates Ltd. began a 360 million escudos development programme aimed at increasing its sugar production from the previous level of about 94,000 tons yearly to about 160,000 tons by 1969 and to an ultimate target of over 200,000 tons by 1970. The programme involves the construction of a new irrigation system for one of its two sugar plantations (covering an area of about 11,600 hectares) in order to increase the sucrose yield, and the construction of additional factory capacity. The new investment is entirely British-financed.

134. The previous study also mentioned the formation of two new sugar companies and the possible formation of a third. Recent information reveals that the greatest progress has been made by the Açucareira de Moçambique S.A.R.L., which was formed in 1964 to exploit a provisional land concession of 15,000 hectares on the banks of the Púnguê River near Beira. The company, which has a nominal capital of 65 million escudos (which may be increased to 100 million) is Portuguese-owned,⁵⁰ part of its capital having been raised by local subscription in Mozambique. In 1966, however, (Decree 46,988, 30 April) the Territorial Government was authorized to underwrite guarantees by national banks to enable the company to borrow up to 280 million escudos abroad, the source of financing being apparently in South Africa. The company also has received loans or advances, totalling 55.25 million escudos from the French firms Compagnie pour l'Etude et le Développement des Echanges Commerciaux (COMPADEC), Presente-Roullier and CERIS, which are furnishing equipment and technical assistance. COMPADEC and the firms associated with it have subscribed 32.8 million escudos of the share capital.

135. The company's plans envisage the construction of a factory with an initial capacity to produce 40,000 tons, to be increased eventually to 60,000 tons. Of the initial output, 75 per cent will be derived from sugar cane grown by about 100 settlers, who will receive land, as well as financial and technical assistance from the company. The settlers, who will be chosen preferably from among Mozambique residents and ex-soldiers, will each be given a plantation of 20 hectares and will form a growers' co-operative; once they have repaid the costs of installation, buildings and equipment furnished by the company, they will have freehold ownership of their land.

136. Planting was started in 1966 and it is expected that over 4,000 hectares will be planted by the end of 1968. On the basis of this, the company expects to begin production in May 1969 and to attain its full output of 60,000 tons about one year later.

137. The second new company, the Marracuene Agrícola Açucareira, S.A.R.L. (Maragra), which has a land concession of 6,000 hectares at Manhica in the Incomati Valley, does not appear to be making such rapid progress. Though formed in 1963 with the aid of loans, totalling 220 million escudos, from the Banco de Fomento Nacional and the Industrial Development Corporation of South Africa, it was still in 1966 completing its capital structure and had not announced when it

⁴⁶ *Ibid.*, Twenty-first Session, Annexes, addendum to agenda item 23 (A/6300/Rev.1), chapter V, part II, annex, appendix I, paras. 97-109.

⁴⁷ *Ibid.*, annex, appendix III, paras. 46-91.

⁴⁸ Information on these companies, taken from the latest available reports, is contained in the Special Committee's 1966 report (*Official Records of the General Assembly, Twenty-first Session, Annexes*, addendum to agenda item 23 (A/6300/Rev.1), chapter V, annex, appendix III).

⁴⁹ *Ibid.*, paras. 83-91.

⁵⁰ Since sugar is an industry subject to "national" regulation, the company has to be a "national" enterprise fulfilling the conditions specified in part II, para. 5, above.

would begin production; in April 1966 it increased its nominal capital to 130 million escudos as the result of additional loans subscribed by two Portuguese national banks. As in the case of the previous company, part of its shares (30 million escudos) were reserved for subscription in Mozambique.

138. The company's plans call for the allocation of over half (3,200 hectares) of its concession to about 100 settlers, the remainder being retained as a company-managed plantation. In October 1965, it began construction of a sugar factory and refinery with an initial capacity of 40,000 tons of sugar, to be increased eventually to 60,000 tons. About 60 per cent of its sugar output will be refined (one third of it for export to Portugal, the remainder going to the local market); the remaining 40 per cent of the output will be exported as raw sugar (*ramas amarelas*) for refining in Portugal.

139. There is no further information concerning the previously reported plans of a subsidiary of the Anglo-American Corporation of South Africa to establish a large sugar enterprise in the area of Quelimane, possibly because of the legislation (see part II above) which reserves sugar production to "national" enterprises which must be at least predominantly Portuguese. According to a newspaper of 12 August 1966, a company combining Portuguese and South African financial backing and with a nominal capital of 160 million escudos was reported to be planning to establish a sugar enterprise at Vila Machado, on the Púnguê River. There is likewise no subsequent information on this company.

140. It will be noted that only one of the new companies has specifically stated its intention of producing fully refined white sugar, mainly for the local market. The reason for this is that under the quota system, whereby sugar must be supplied to Portugal, two thirds of the quotas must consist of raw sugar for refining in Portugal. In November 1966, when it extended the system until 1982, the Government of Portugal also approved a reorganization and expansion of the sugar refining industry in Portugal, involving an increase in production capacity from 180,000 tons to 300,000 tons yearly in order to allow for increased sugar consumption over the next ten to twelve years. The effect of this will presumably be to limit the expansion of sugar refining in Mozambique.

Cashew

141. The remarkable growth of cashew production has been described in the previous study on agriculture and processing industries in Mozambique.⁵¹ During the past decade, the quantity of cashew exported more than doubled and its value increased fourfold, in response to the expanding overseas market, mainly in the United States of America. Since 1964 it has been Mozambique's leading export crop, accounting in 1965 for 19.7 per cent (612.4 million escudos) of the total value of exports. Formerly produced mainly by Africans who collected the nuts from uncultivated trees, it has recently become a plantation crop, about half of the output now coming from non-African holdings.

142. As late as 1964, about 97 per cent of all cashew exported from Mozambique consisted of unshelled nuts. The higher prices to be obtained by decorticating the nuts before export and extracting their by-products (notably cashew oil and cashew nut shell liquor) provided a powerful incentive for the discovery of methods of mechanical processing, several of which have been developed during the past few years and are now providing the basis for a significant industrial expansion.

143. The first moves in this direction, occurring mainly in 1965 and early 1966, have been described in the previous study. Since then, four new factories have been opened and several others are planned. The first was the Indústria de Caju Mocita, which was constituted in 1965 to utilize a method of mechanical processing developed in Italy. The company was formed with a nominal capital of 20 million escudos, which may be increased to 85 million. The controlling interest is held by the Anglo-American Corporation of South Africa, which subscribed 11 million escudos of the initial capital, and subsidiary interests by Tiger Oates and National Milling Co.

Ltd. of South Africa (5 million escudos) and Industrial Prodotti Alimentari da Bologna (4 million escudos). The statutes of the company provide for further contributions of 19 million escudos by Anglo-American and 1 million escudos by Tiger Oates and National Milling.

144. The company's factory at João Belo (Gaza district) was opened in August 1966 at a cost of 72 million escudos. When finally completed, the Mocita operation will represent an investment of 170 million escudos and will have a processing capacity of 30,000 tons annually, employing 800 workers. In 1965 the company was reported to be weighing the possibility of a participation by the Agricultural Association of Gaza whereby the latter would develop 30,000 hectares of cashew plantations to supply the factory. Two thirds of the area would be allocated among Europeans and soldier-settlers and the remaining third among Africans.

145. Another company which is expanding its operations is the Sociedade Comercial e Industrial de Caju S.A.R.L. (SOCAJU), which was formed in 1966 with a nominal capital of 10 million escudos, to be increased to 120 million, part of which must be offered for public subscription in Mozambique. The economy is controlled by local and Portuguese interests, including the Companhia Agrícola João Ferreira dos Santos, the Banco Nacional Ultramarino, the Companhia Têxtil do Púnguê and the Companhia de Seguros Império, the two last-named being subsidiaries of the Companhia União Fabril (CUF) of Portugal. The company is authorized to establish three factories, at Nacala, Porto Amélia and Nampula, with a combined capacity of 80,000 tons. The first of these, at Nacala, was to be opened in April 1967. It is estimated that the total investment will eventually be about 250 million escudos.

146. A third large company is the Sociedade Industrial de Caju e Derivados S.A.R.L. (CAJUCA). It was formed in 1962 with Italian participation and according to its new statutes published in 1966 it has a nominal capital of 10 million escudos, which may be increased to 50 million. Starting with three small experimental factories, it began large-scale production in 1965 with the opening of a new factory at Lourenço Marques. This new factory represents an investment of 45 million escudos and has a yearly capacity of 15,000 tons. In April 1966, the Portuguese Government underwrote bank loans to CAJUCA totalling 60 million escudos. This sum will be used for the construction of a larger factory at Nacala.

147. A fourth company, Spence e Pierce Lda. opened a factory near Inhambane in December 1966. The company is controlled jointly by Pierce, Leslie and Co. Ltd., which has cashew factories in India, and by Gill and Dufus; both companies are British. The new factory represents an investment of 48 million escudos and will have an eventual capacity of 25,000 tons. In addition, during 1966 two other smaller companies whose nationality is not known were authorized to establish factories of up to 15,000 tons capacity.

Cotton

148. As reported in the previous study on agriculture in Mozambique,⁵² legislation of 1961 and 1963 introduced fundamental changes in the cotton régime, providing, among other things, that cotton-growing was to be no longer compulsory for Africans in cotton zones and that the exclusive cotton concessions should be progressively abolished by 31 August 1966. Under the new system now in effect, the right to purchase seed cotton in each zone is auctioned annually to the company which contracts to pay the highest prices above the official minima. In practice, it is doubtful whether this has resulted in very significant changes, since the possibilities of competition are limited by government price regulation at all levels and since the former large concessionary companies, possessing the ginneries and storage facilities, are in a better position to compete for purchasing rights than any newcomer. Thus, in fact, what has happened is that the former concessionary companies have become the licenced dealers.

149. On the other hand, the revision of the cotton régime has been followed by a sharp and sustained decrease in the quantity of cotton exported, from a peak of 44,406 tons in 1960 to 31,339 tons in 1965, while the value dropped from 681.5 million escudos to 553.7 million escudos. It is not clear

⁵¹ *Official Records of the General Assembly, Twenty-first Session, Annexes*, addendum to agenda item 23 (A/6300/Rev.1), chapter V, annex, appendix III, paras. 92-132.

⁵² *Ibid.*, paras. 18-45.

whether this sustained decrease is due to the abolition of compulsory growing or whether it is due to a decrease in world cotton prices resulting from the elimination by the United States of export subsidies on lower grades of cotton, which presumably lessened the advantage to Portugal of imports from Mozambique. As was intimated in the previous study, the present trend appears to be towards capital-intensive cotton farming by non-Africans and towards vertical integration of the growing and processing stages.⁵³ During 1966, two of the nine former concessionary companies which are still active as dealers and ginnery operators adopted new statutes enabling them to operate as growers and industrialists. These were the Sociedade Algodoeira do Niassa S.A.R.L. and the Sociedade Algodoeira do Zambeze S.A.R.L., with nominal capital respectively of 10 million and 4 million escudos.

150. Following the relaxation in 1965 of central government controls which formerly restricted the expansion of cotton textile industries in the overseas Territories,⁵⁴ licences were issued in 1966 to Portuguese firms for the establishment of three cotton spinning mills in Mozambique with a combined capacity of 12,000 tons. One of the recipients was the Companhia Nacional Algodoeira, a former concessionary company. The names of the others are not known, though they may be the two companies cited above. The principal cotton textile producer remains, however, the Sociedade Algodoeira de Fomento Colonial (SAFC), a Portuguese company owned jointly by the State and by metropolitan textile interests, which has subsidiaries in both Mozambique and Angola and assets of over 500 million escudos. Its factory in Mozambique (TEXTAFRICA) produces between 40 and 50 per cent of the cotton textiles consumed in Mozambique and reported profits in 1964 of 12.2 million escudos. Dividends paid to shareholders in respect of its activities in both Territories amounted to 10 million escudos.

Other crops

151. Of the other principal export crops, copra, sisal and tea, all are capital-intensive and are produced on company-owned plantations. A considerable amount of copra is grown by Africans (in 1964 the quantity was 6,913 tons, compared with 30,991 tons produced on company estates) but it is mostly smoke-cured and is sold to local oil mills. About half the total area of European copra plantations belongs to three very large and old-established companies, the ownership of which is believed to include French, German and Norwegian interests, as well as Portuguese. Details of these companies, the Companhia do Boror, Sociedade Agrícola do Madal and the Companhia da Zambézia are set out in the previous study.⁵⁵ Because of the declining world market, copra exports have decreased progressively, from 60,070 tons in 1961 to only 28,574 tons in 1965, and its share in total export value from 12.7 per cent to 9.4 per cent. To bolster the declining industry, attention has turned towards an expansion of processing facilities and there has been a corresponding increase in vegetable oil production. In 1966, the existing oil mills combined to establish a large soap factory, Saboeiras Reunidas Lda., costing 80 million escudos and South African interests are reported to have participated in the establishment of the first of three coir fibre factories.

152. Sisal is also an old-established plantation crop, produced by eighteen companies, of which the largest are the Companhia do Boror, the Companhia de Culturas de Angoche and the Companhia Agrícola João Ferreira dos Santos. The second is believed to be partly Swiss-owned, while the last-named company is entirely Portuguese, still controlled by the dos Santos family which founded it in 1897. Other smaller companies include Portuguese, Swiss, British and German interests. In December 1965, the Companhia de Culturas de Angoche reported total assets of 266.5 million escudos and its net revenue for the year was 3.1 million escudos, of which 2.8 million was distributed as dividends. The reports of other companies have not been located.

153. Sisal production has remained fairly static over the past nine years, the output in 1965, at 31,381 tons, being only

slightly below the peak of 32,450 tons attained in 1958. On the other hand, due to declining prices, its export earnings represented only 5.4 per cent of the total value of exports in 1965, compared with 8.5 per cent in 1960. As reported below, a factory to produce sisal rope and other products for export, mainly to the United States and Canada, was established in 1965. The company, which exported 7,000 tons of sisal products during its first year of operations, is owned mainly by the Portuguese financial group C.U.F. and associated companies, a share being held by the Companhia Agrícola João Ferreira dos Santos.

154. In the general field of vegetable fibres, the Companhia Têxtil do Púnguê S.A.R.L., near Vila Pery in the Manica e Sofala district, is engaged in the manufacture of gunny bags and other textile products made of kenaf (allied to jute), for use in agriculture. The company, which is owned mainly by the Portuguese financial group C.U.F., although a minority block of shares is held by the Empresa Fabril do Norte, also Portuguese, was established in 1961 and has a nominal capital of 200 million escudos. The company controls a land concession of 38,000 hectares, in which kenaf is grown by European settlers and local African farmers for sale to the factory. At the end of 1965, there were 485 European settlers and 312 African farmers producing this crop. In 1963 the company, which employs over 1,000 factory workers, reported net earnings of 7.4 million escudos and total assets of 132.5 million escudos. Due to two exceedingly bad years, it suffered a loss in 1964 and in 1965 earned only 111,548 escudos. The report attributes this partly to bad climatic conditions but also to government-fixed prices, which did not allow for rising costs.

155. The tea industry also appears to be suffering from diminished world prices. Although the quantity of tea exported increased from 9,905 tons in 1961 to 10,091 tons in 1965, the export value dropped from 235.7 million escudos to 205.5 million escudos. There has been little change in the structure of the industry, which is controlled by seventeen companies, apart from the authorization of a new factory to be built by a local firm, Monteiro e Giro. Presumably because it is grown in the highlands, tea has been regarded by the Portuguese authorities as a good basis for European settlement on a co-operative basis, and this is still the case, although the number of settlers, 28 in 1965, is not large.

Fisheries

156. Although the offshore waters of Mozambique are known to be rich in fish, especially rock lobster and shrimp, these resources are not yet fully exploited. Most of the fishing so far is carried on by small private companies or individually owned boats, the value of the total catch landed averaging only 60 million escudos yearly over the period 1963-1965.

157. In the past three years, there has been increasing awareness of the extent of this unexploited wealth. This was largely due to research undertaken by a South African financed company, INOS, a subsidiary of the Anglo-American Corporation of South Africa, which in 1963 obtained extensive fishing rights, as well as licences to establish a shrimp and lobster cannery and a refrigeration plant. Between 1963 and 1965 the company invested approximately 180 million escudos, mainly in studies, but for technical reasons it was not able to begin large-scale industrial activities, which it now plans to commence in 1968. In the meantime, revelation of the fisheries potential has increasingly attracted ships of foreign nationality, leading to incidents which were reported in the Press during 1966.

158. During the past year, the Government took several measures to stimulate Portuguese investments to expand this sector. Besides extending the limit of territorial waters to twelve miles, it established an official fisheries research body in Mozambique and enacted legislation providing for the corporative organization of fishing (*casas de pescadores*) and for the establishment of trade schools. In June 1966, a new company, ARPEN, was constituted in Lisbon by important Portuguese fishing interests to develop commercial fishing in the Overseas Minister, speaking in Lourenço Marques, announced to be under consideration in Portugal. Later in the year, the Overseas Minister, speaking in Lorenzo Marques, announced that ARPEN had formed a Mozambique Fisheries Development Company. The project involves the establishment of a

⁵³ *Ibid.*, para. 30.

⁵⁴ *Ibid.*, paras. 32-36.

⁵⁵ *Ibid.*, paras. 138-151.

commercial fishing fleet, based on a new fishing harbour, with refrigeration, storage and ship repair facilities, to be established at Lourenço Marques. At the same time, a decree was enacted in Portugal to control the transfer of fishing boats from Portugal to the Overseas Territories. It was later reported in the Press that ARPEN had placed orders for the construction of two deep sea trawlers for Mozambique. It was also reported that several foreign companies, notably South African and Japanese, were interested in obtaining licences to operate in the Territory, and that the Mitsui financial group of Japan, in collaboration with South African interests, planned to establish a fish processing factory at Lourenço Marques, involving an investment of about 80 million escudos.

E. Industry

159. Manufacturing and transforming industries constitute hitherto a relatively small sector of Mozambique's economy, when compared with agriculture. Although there were over 1,000 industrial enterprises, the majority are small and are concerned with the processing of agricultural products or the production of food-stuffs and consumer goods. Most manufacturing industries are light, involving only limited capital, the principal exceptions being a petroleum refinery at Lourenço Marques, cement factories, a cotton textile factory and spinning mills, a jute factory and a metal work which serves the railways, ports and construction industry. In 1961, there were only 82 enterprises with capital in excess of 5 million escudos, their combined capital amounting to 1,874 million escudos; these included two sugar refineries, oil and grain mills, breweries and cotton ginneries.

160. Commentators in the Territory have on a number of occasions urged an expansion of secondary industry as a remedy for Mozambique's chronic trade deficit, citing, among other things, the substantial imports of consumer goods, particularly cotton textiles, which the Territory itself could produce. In the past, various factors inhibited industrial development, among them the policies pursued by Portugal in regard to the licensing of new industries in the Overseas Territories and the conditions governing foreign investment. In recent years, however, the development of this sector has received closer attention, as may be seen from the fact that under the Transitional Development Plan, 1965-1967, it was allocated the second largest investment target (1,350 million escudos) after transport and communications. The development of industries has also received stimulus from a recent extension of banking and credit facilities in Mozambique and from legislation enacted in 1965⁵⁶ providing for a greater decentralization of controls over the establishment of new industries and the relaxation of restrictions on foreign investment.

161. As a result of these measures, industrial production is now expanding more rapidly than other sectors of productive activity. According to published statistics, the value of the output of transforming industry (excluding construction and electricity and most processing of agricultural products, except sugar, tea and tobacco) increased by approximately 30 per cent between 1963 and 1965, most of the increase taking place in the latter year. The principal increases between 1964 and 1965 were, by sub-sectors: food-stuffs, which increased from 908 million escudos to 1,024 million escudos; chemical products (including soap and vegetable oil), from 406 million to 542 million; cashew kernels, from 92 million to 129 million; construction materials, from 177 million to 216 million; and petroleum derivatives, from 326 million to 337 million. Preliminary data for the first five months of 1966 suggests further over-all increases in the region of 11 per cent.

162. Apart from some of the sugar and cashew processing companies, which are described separately above, the largest manufacturing enterprises are all Portuguese. They include: the Companhia de Cimentos de Moçambique S.A.R.L., which owns three cement factories and a factory for the manufacture of paper bags used as containers for cement and has assets of 754 million escudos; the Sociedade Algodoeira de Fomento Colonial, S.A.R.L. (TEXTAFRICA) which operates the only large cotton textile factory;⁵⁷ the Companhia Têxtil do Púnguê, S.A.R.L., a subsidiary of the C.U.F. group in

Portugal, which is engaged in the manufacture of jute (kenaf) products and has assets of 184 million escudos; three breweries, two of which are subsidiaries of Portuguese companies, the third being the Companhia do Cervejas e Refrigerantes McMahon, S.A.R.L., which has a nominal capital of 100 million escudos and is locally owned; and the Sociedade Nacional de Refinação de Petróleos (SONAREP), which owns the petroleum refinery near Lourenço Marques and is a subsidiary of the Sociedade Nacional de Petróleos (SONAP) of Portugal. The petroleum refinery produced in 1965 about 500,000 tons of refined petroleum, approximately half of which was exported to South Africa or supplied to shipping at Mozambique ports. In 1965, the refinery's capacity was expanded to include the production of asphalt and liquid gas for domestic and commercial use. The additional investment required to finance this expansion was 130 million escudos, as a result of which the company's nominal capital was increased in 1966 from 100 million escudos to 200 million.

163. Apart from the sugar and cashew companies referred to above, new agricultural processing industries established in 1965-1966 included a sisal products factory, a soap factory costing 80 million escudos, a rice decorticating factory, grain mills, and factories for the processing of tea, fruit, milk and meat products. Among these, the factory producing rope and other sisal products, Companhia Industrial de Cordoaria de Moçambique (CICOMO), was formed in May 1965 and represents an investment of 50 million escudos. 45 per cent of the capital is held by subsidiary companies of the Portuguese C.U.F. group, the remainder being held by 5 agricultural companies in Mozambique. The factory is located at Nacala and employs 200 workers. During 1966, the first year of operation, it exported 7,000 tons of sisal products, mainly to the United States and Canada. Of the two grain mills, the largest is at Machava and is owned by the Sociedade Comercial e Industrial de Moagem (SOCIMIL). The mill, which is still under construction and will be completed in 1967, will process wheat and will have a yearly capacity of 30,000 tons. Costing 50 million escudos, it is entirely Portuguese-owned. The second grain mill, which is being built at Beira, will process maize. It is owned by the Moagem de Beira, S.A.R.L. (MOBEIRA) and is Portuguese-financed, the total investment of 11.84 million escudos being furnished by the Banco Nacional de Fomento. The milk and meat products factories, located near Lourenço Marques, are both owned by a local producers' co-operative, the Cooperativa de Criadores de Gado, the combined investment being 27 million escudos. The rice processing factory, which is located at Manhica (Lourenço Marques district) is owned by a private entrepreneur, Sr. Inácio de Sousa Mostra. Representing an investment of several million escudos, it is financed by loans from banks, including the Banco Nacional Ultramarino; the factory has a production capacity of 1,000 tons yearly and uses machinery purchased from the Federal Republic of Germany. Among new processing industries authorized in 1966 are a tea factory to be built by Monteiro e Giro, a Portuguese company which owns tea plantations at Sacone, a fruit preserves factory to be built at Nampula at a cost of 10 million escudos, a mechanized bakery to be built by a Portuguese concern, Saipal, at a cost of 4 million escudos, and a large abattoir, to be built near Lourenço Marques, which will serve the livestock industries of southern Mozambique and Swaziland. Also announced were two condensed-milk factories, one of which will be built by Nestlé South Africa (Pty.) Ltd. at a cost of 40 million escudos. The factory will be located at Lourenço Marques and will have a capacity of 7,500 tons. It will employ 120 workers and will begin production in 1968. The second, which will cost 30 million escudos and will produce 1,000 cans per day, will be owned jointly by a local company, Protal, and by the Cooperative Condens Fabrick Friesland of the Netherlands.

164. New manufacturing industries established in 1966 include a bicycle factory near Lourenço Marques, the Fábrica de Bicicletas de Moçambique, built at a cost of 30 million escudos. The factory is Portuguese-owned and produces about 36,000 bicycles and 3,000 motor-bicycles yearly. An automobile assembly plant, the Fábrica de Automóveis de Moçambique, Lda. (FAMOL), which began production in 1966, is also

⁵⁶ *Ibid.*, chapter V, part I, paras. 62-68.

⁵⁷ *Ibid.*, paras. 34-36.

Portuguese-owned, assembling trucks and other heavy vehicles on behalf of a Japanese manufacturer, Isuzu. The company has a nominal capital of 15 million escudos. Its programme aims at the production of 2,000 automobiles yearly. Both companies plan to export their products to the neighbouring territories of Malawi, Southern Rhodesia and Zambia, after supplying local demand. In addition, a salt factory costing 10 million escudos was opened in 1966 by Portuguese interests and plans were completed for the construction of an ammonia and fertilizer factory to be built at Beira. The factory, which will be completed by the end of 1967, will cost about 200 million escudos and will, according to its directors, produce sufficient fertilizer to satisfy most of the demand in the Territory. The factory is being built by a French firm, Gexa, on behalf of the Sociedade de Estudos e Investimentos de Moçambique, and will use patents developed by the Société Belge de l'Azote. Licences were granted during 1966 to Portuguese firms, one of them the Companhia Nacional Algodoeira, for the construction of three cotton-spinning mills with a combined capacity of 12,000 tons, two of which will be established in the south (at Lourenço Marques and Chibuto, in the Gaza district) and the other either at Beira or at Monapo (district of Manica e Sofala). Other new industries under construction or authorized in 1966 include a match factory, a cellulose fibre factory and factories for the manufacture of paper bags, electrical batteries, automobile tires, pharmaceuticals, furniture and parquetry, glass bottles and light metal products. The automobile tires will be produced at two factories, one of them to be built at Beira by the Companhia de Refrigerantes Mac-

Mahon, S.A.R.L., a Portuguese company now producing beer and soft drinks in the Territory, and the other by Firestone Portuguesa; the latter plans to invest 150 million escudos in a factory which will have a productive capacity of 60,000 to 100,000 tyres yearly. The factory to produce electrical batteries is owned by Sociedade Moçambicana do Acumulador Tudor, S.A.R.L., which has asked for a licence to produce telecommunication Portuguese-owned. Other companies which, according to press reports, have requested authorization to build factories in Mozambique include the Sociedade Standard Eléctrica, S.A.R.L., which has asked for a licence to produce telecommunication and electrical equipment, the Companhia de Urânio de Moçambique, which has asked authorization to establish an iron and steel foundry with a yearly capacity of 250,000 tons (see para. 113 above), and the Fábrica Colonial de Barracha, Lda. which has requested authorization to establish a shoe factory at Beira. According to the local Press, a private entrepreneur in the United States also made application to establish petro-chemical factories at Lourenço Marques and Beira and a foreign financial group, Rhomoc, was reported to have proposed several industrial projects, including a rope factory at Nova Sofala and a chemical industry at Dondo. Other light industries established during 1965-1966 included plants producing electrodes and electronic cables, clothing, bedding, paints and varnish. Finally, towards the end of 1965, a request was made for authorization to build a dockyard at Lourenço Marques which would include two floating docks and other installations for ship repairs, the whole representing an investment of 600 million escudos.

TABLE 1. MINES AND MINING CONCESSIONS IN ANGOLA

A. Exclusive mining concessions			
	1961	1964	
I. Exclusive concessions for prospecting and exploitation			
A. Diamonds			
Angola Diamond Company	1,025,700 km ²	1,025,700 km ²	
B. All minerals, with some exceptions ^a			
Companhia Mineira do Lobito	49,000 km ²	49,000 km ²	
Sociedade Mineira do Lombige	55,000 km ²	55,000 km ²	
C. Hydrocarbons			
Companhia de Petróleos de Angola	26,280 km ²	26,280 km ²	
Cabinda Gulf Oil Company	6,166 km ²	6,616 km ²	
II. Exclusive concessions for prospecting			
A. All minerals with some exceptions ^a			
Companhia do Manganés de Angola (area of Malanje e Cuanza-Norte)	32,200 km ²	—	
Companhia Mineira do Lobito (area of Moçamedes)	21,800 km ²	—	
Companhia Mineira do Lobito (area of Andulo)	18,400 km ²	—	
Armando Manuel Ferreira Patrício (area of Alto Zambeze)	8,100 km ²	—	
B. Coal			
Companhia Mineira do Lobito (area of Moxico)	—	173,500 km ² b	
B. Mining concessions for exploitation			
	1961	1964	
		Hectares	
Alluvial gold			
Carlos Marques dos Santos	1,784	1,784	
João Augusto de Carvalho	252	252	
Sociedade Mineira da Huíla, Lda.	12,267 ^c	12,267	
Companhia Mineira do Lobito	2,500 ^c	2,500	
Sociedade Mineira do Lombige	13,335 ^d	13,370	
Copper			
João de Sousa Machado	500 ^e	500	
Iron			
Companhia Mineira de Mombassa	304	304	
Sociedade Mineira de Angola, Lda.	—	2,493 ^e	
Companhia Mineira de Africa, Lda.	—	7,157 ^f	
Companhia Mineira do Lobito	—	—	
Sociedade Mineira do Malange	—	—	

TABLE 1. (continued)

B. Mining concessions for exploitation (continued)		
	1961	1964
<i>Hectares</i>		
<i>Manganese</i>		
Companhia do Manganés de Angola	1,000	1,000
Sociedade Mineira de Malange, Lda.	100	100
<i>Mica</i>		
União de Micas, Lda.	200	200
Companhia Mineira do Lobito	100	200 ^g
Companhia do Manganés de Angola	100 ^h	100
Mota e Irmão	300 ^h	300
Maria Gabriela Fernandes	100 ^h	100
<i>Bituminous substances</i>		
Companhia dos Asfaltos de Angola	3,352	4,262 ⁱ
C. Active mines (1964)		
<i>Mineral</i>	<i>Name of company</i>	<i>Location</i>
Diamonds	Angola Diamond Company	Lunda district
Gold	Carlos Marques dos Santos	Gunda*
	João Augusto de Carvalho	Macende
	Sociedade Mineira do Lombige, S.A.R.L.	Lombige,* Chiriva,* Chombo*
Copper	Sociedade Mineira da Huila, Lda.	Canjania,* Cuengué*
	Companhia Mineira do Lobito	Samboto*
	João de Sousa Machado	Brutué*
Iron	Companhia Mineira de Mombaça	M'Bassa
	Sociedade Mineira de Angola, Lda.	Tongo,* Chileva,* Chabicua,* Mavilahito,* Mutiaulua*
	Companhia Mineira de Africa, Lda.	Chiange*
Manganese	Companhia do Manganés de Angola	Saia
	Companhia Mineira do Lobito	Cuima, Bailundo, Andulo
	Sociedade Mineira do Lombige	Cassinga
Mica	Companhia do Manganés de Angola	Quicuinhe, Quitota, Serra Bé, Serra Bé II,* Quiculo I, Gungungo, Quaponte
	A. Bermanit-Quissama Lda.	Quissama I*
	Sociedade Mineira de Malange, Lda.	Quiluco II
Mica and vermiculite ..	União de Micas, Lda.	Quizambilo,* Quizambilo II
	Companhia do Manganés de Angola	Ambriz I*
	Mota and Irmão	Dui*
Petroleum	Maria Gabriela Fernandes	Chesce*
	Companhia Mineira do Lobito	Cassalengues
	Companhia Mineira do Lobito	Fandongo II*
Bituminous substances ..	Companhia de Petróleos de Angola	Luanda, Cacuaco, Benfica, Galinda, Tobia, Puaça
	Companhia dos Asfaltos de Angola	Terra Nova,* Iembe,* Undui,* Libongos, Mussera,* Mussera Norte
	Companhia dos Betuminosos de Angola	Husso*

Sources: *Servicos de Geologia e Minas: Boletim*, No. 4, July-December 1961, pp. 70-71 and *Boletim Oficial de Angola*, Series III, No. 32, 7 August 1965, No. 33, 14 August 1965.

* Mines active since 31 December 1961.

^a Excepting diamonds and hydrocarbons on which exclusive rights were already granted.

^b Concession granted during 1962.

^c Concession granted during 1961.

^d Of which 2,198 ha. were granted in 1961.

^e Concessions granted in 1962.

^f Concession granted in 1964.

^g Includes 100 ha. granted in 1962 for the exploitation of mica and vermiculite.

^h Concession granted in 1960.

ⁱ Of which 909 ha. were granted in 1964.

TABLE 2. ANGOLA: MINERAL PRODUCTION AND EXPORTS (1961-1965)

(value in thousand escudos)

Mineral	1961		1962		1963		1964		1965	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Diamonds (carats)										
Production	1,147,531	666,055	1,081,104	627,600	1,083,571	648,565	1,149,068	820,928	1,155,726	927,984
Exports	1,276,573	662,133	985,776	555,962	1,215,836	721,390	1,094,541	747,611	1,157,411	904,332
Iron ore (tons)										
Production	812,138	264,503	751,871	197,459	637,598	157,016	899,389	206,860	815,196	184,485
Exports	495,987	143,301	445,987	131,327	655,536	136,655	1,127,548	234,216	693,401	146,935
Petroleum (crude) (tons)										
Production	104,429	51,483	471,236	253,850	799,657	317,611	904,757	308,848	655,365	328,076
Exports	—	—	114,951	56,901	317,715	126,244	361,050	122,352	114,182	39,050
Manganese (tons)										
Production .....	...	...	...	...	...	...	...	...	...	...
Exports	22,178	13,674	9,526	5,455	2,915	1,918	9,636	5,879	862	837
Salt (and sodium chloride) (tons)										
Production .....	...	...	...	...	...	...	...	...	...	...
Exports	25,059	10,261	22,867	9,589	24,341	70,402	33,936	15,149	24,711	10,822
Copper (no information)										

Source: Bank of Angola report for 1965.

TABLE 3. ANGOLA: ESTIMATED REVENUE FROM MINING FOR 1966

		Escudos
I. Receipts from industries under special tax régime		
Mining tax		200,000
Receipts from special petroleum tax (Decree 41,257)		4,162,787
	Sub-total	4,362,787
II. Participation in profits		
Angola Diamond Company		175,000,000
Companhia dos Betuminosos de Angola		50,000
Empresa do Cobre		—
Companhia Mineira do Lobito		—
Sociedade Mineira do Lombige		—
Petrangol		4,500,000
Explorações Mineiras Africanas (EMA)		—
	Sub-total	179,550,000
III. Dividends		
Angola Diamond Company (200,000 shares, 170 escudos each) ..		20,000,000
Companhia dos Combustíveis do Lobito (Purfina) (25,000 shares, 100 escudos each) ..		1,000,000
Companhia dos Betuminosos (1,000 shares, 1,000 escudos each) ..		—
Empresa do Cobre (1,000 shares, 1,000 escudos each) ..		—
Companhia Mineira do Lobito (500,000 shares, 100 escudos each) ..		—
Sociedade Mineira do Lombige (1,900 shares, 1,000 escudos each) ..		—
Petrangol (50,000 shares, 1,000 escudos each) ..		3,000,000
Explorações Mineiras Africanas (300 shares)		—
Companhia de Alumínio de Angola (250 shares, 1,000 escudos each) ..		—
Companhia do Manganés de Angola (10,000 shares, 1,000 escudos each) ..		—
Cabinda Gulf Oil Company (12,000 shares, 25 escudos each) ..		—
	Sub-total	24,000,000
	Mining revenue, grand total	207,912,787
	Total estimated revenue	3,829,900,000
	Mining revenue as percentage of total	5.45

TABLE 4. ANGOLA: CONCESSION OF RURAL LAND BY DISTRICT, 1961-1963
(in hectares)

District	Annual area conceded ^a			Aforamento concessions			Definitive concessions			Total area conceded (to end of 1963)
	1961	1962	1963	1961	1962	1963	1961	1962	1963	
Benguela	17,134	51,430	51,166	12,926	23,422	16,116	4,208	24,507	12,452	366,976
Bié	2,642	3,725	1,178	766	2,112	1,679	1,876	1,613	100	307,664 ^b
Cabinda	4	512	—	—	—	—	—	—	—	669,955
Cuanza North	21,171	77,720	17,215	9,003	17,783	4,040	12,082	59,937	13,176	613,873
Cuanza South	18,479	53,181	18,950	10,621	44,907	5,469	3,903	7,774	13,482	403,072
Quando Cubango ..	—	—	—	—	—	—	—	—	—	307,664 ^b
Huambo	10,742	10,863	19,653	4,337	5,421	3,089	—	4,142	1,699	238,374
Huíla	7,139	8,616	4,122	6,037	2,931	3,169	1,101	5,685	11,530	109,112
Luanda	5,452	38,883	14,430	4,450	8,286	2,167	1,001	29,097	—	473,764
Lunda	—	400	100	—	—	—	—	—	—	72,091
Malanje	1,684	19,905	2,584	1,664	6,094	202	38	6,575	2,217	173,979
Moçamedes	110	—	101	100	—	101	—	—	—	79,066
Moxico	—	—	9	—	—	9	—	—	—	13,361
Uíge	21,861	67,712	42,332	18,527	28,378	4,439	3,333	39,341	37,893	483,769 ^c
Zaire	—	793	3,200	—	293	—	—	500	3,200	483,769 ^c
TOTAL	106,423	333,752	175,643	68,422	140,031	40,582	27,545	179,185	96,698	4,005,849

Source: Angola, *Anuário Estatístico*, 1961, 1962, 1963.^a The total area conceded includes also leasehold and free concessions, which are not shown separately.^b Up to 1961, Bié and Cuando-Cubango formed one district.^c Up to 1961, Uíge and Zaire formed the district of Congo.TABLE 5. ANGOLA: AGRICULTURAL EXPORTS, 1961-1965
(in metric tons)

	1961	1962	1963	1964	1965
Coffee	118,122	156,887	136,437	138,700	159,168
Sisal	58,900	68,856	61,947	57,228	50,345
Sugar	36,615	36,491	23,849	24,609	33,545
Cotton-lint	4,120	5,712	4,286	3,194	4,751
Maize	161,585	116,681	86,189	104,475	168,199
Manioc (<i>crueira</i>)	57,365	58,041	24,378	47,435	37,454
Beans	9,492	10,162	11,009	4,026	15,998
Coconut	10,214	11,610	18,001	16,693	14,371
Palm oil	12,582	12,595	14,877	17,809 ^a	14,612 ^a
Tobacco ^b	1,065	947	1,468	1,850	2,488

Source: 1961-1963: Angola, *Comércio Externo*;1964: Angola, *Boletim Mensal*, December 1964;1965: Bank of Angola, *Economic and financial survey of Angola, 1960-1965*, Lisbon. n.d.^a Includes refined palm oil.^b Includes manufactured and unmanufactured tobacco.

TABLE 6. MINES AND MINING CONCESSIONS IN MOZAMBIQUE

A. <i>Exclusive concessions (at 31 December 1965)</i>		Area (square kilometres)
<hr/>		
I. <i>Exclusive concessions for prospecting and exploitation</i>		
<i>Coal</i>		
Companhia Carbonífera de Moçambique		420
<i>Hydrocarbons</i>		
Mozambique Gulf Oil and Mozambique Pan American Oil		116,750
<i>Diamonds</i>		
DIAMOC—Companhia dos Diamantes de Moçambique		32,900
II. <i>Exclusive concessions for prospecting</i>		
<i>All minerals with certain exceptions^a</i>		
James Kapnek		3,300
<i>Perlite and allied substances</i>		
Bedaux, Limitada (Africa Portuguesa)		2,596
<i>Ferrous metals</i>		
Companhia do Urânio de Moçambique		55
<i>Radio-active minerals</i>		
Companhia do Urânio de Moçambique		2,260

TABLE 6. (continued)

B. Mining concessions for exploitation (at 31 December 1965)	
	Area (hectares)
<i>Beryl, columbo-tantalite, bismutite, columbite and mica</i>	
Empresa Mineira do Alto Ligonha	2,471
Sociedade Mineira de Mucubela, Lda.	796
Sociedade Mineira de Mutala, Lda.	672
Sociedade Mineira do Marropino, Ida.	490
João da Costa Pinheiro	200
Bruno Cristino Leuschener Fernandes	199
Maria Alzina Simão	198
Sociedade Mineira de Mocuba, Lda.	179
Evian Campbell Meikle	149
Calisto Freiria	104
Adão de Faria Gonçalves	94
<i>Coal</i>	
Companhia Carbonífera de Moçambique	3,076

TABLE 6. (continued)

B. Mining concessions for exploitation (continued)	
	Area (hectares)
<i>Gold</i>	
Empresa Mineira do Alto Ligonha	201
Jeannie R. Morgan	30
Companhia Mineira Aurífera Monarch, Lda.	16
Mário Paskievich Chikara	10
Bernardino Lourenço Casal	10
Irene Augusta dos Santos Lopes	10
<i>Radio-active minerals</i>	
Vicente Ribeiro e Castro	1,120
Minas do Catipo, Lda.	707
Entrepoto Comercial de Moçambique	200
Virgílio Hipólito	100
<i>Perlite</i>	
Joaquim Jaime Moinhos	282
<i>Montmorilonite, cristobalite and perlite</i>	
Luzinada Umbeluzi Mina, Lda.	732
<i>Graphite</i>	
Sociedade Mineira do Itotone, Lda.	200
Grafites de Moçambique, Lda.	196
<i>Copper</i>	
Francesco Gibelino (heirs)	300
<i>Kaolin</i>	
Estêvão Guerreiro de Almeida Lima	195
<i>Salt</i>	
André de Vasconcelos Durão	219
<i>Limestone</i>	
Berta Ferrão de Melo Caiado	170
Berta Ferrão de Melo Caiado and António Gomes de Melo Caiado	186
<i>Diatomite</i>	
Kieselghur, Limitada	86

C. Active mines (1965)

Mineral	Name of company	Location
Limestone	Berta Ferrão de Melo Caiado and António Gomes de Melo Caiado	Maputo (4 mines)
Diatomite	Kieselghur, Lda.	Manhica
Montmorilonite..	Luzinada Umbeluzi Mina, Lda.	Namaacha (2 mines)
Perlite	Joaquim Jaime Moinhos	Matola (2 mines)
Salt	André de Vasconcelos Durão	Chibuto

TABLE 6. (continued)

Mineral	Name of company	Location
Tin	Sociedade Mineira do Inchope, Lda.	Chimoio (7 mines)
Gold	Mário Paskievich Chikara Paul Muller Two Tools Mine Syndicate, Ltd. Companhia Aurífera Mineira Monarch, Lda. Jeannie R. Morgan Bernardino Lourenço Casal Irene Augusta dos Santos Lopes	Manica Manica Manica Manica Vila Gamito Macanga
Asbestos	Sociedade Mineira de Matola	Manica (6 mines)
Ilmenite and wolfram	Mário Paskievich Chikara Sociedade Mineira do Inchope, Lda. Minerais Básicos de Moçambique, Limitada	Chimoio Chimoio (15 mines) Pebane
Copper	Edmundian Investments (Pty.), Limited Francesco Gibelino (heirs)	Manica Macanga
Bauxite	Evian Campbell Meikle	Manica
Radio-active minerals	Vicente Ribeiro e Castro Virgílio Hipólito Entrepoto Comercial de Moçambique Minas do Catipo, Limitada	Moatize Moatize Moatize Moatize
Mica, beryl and columbite	Sociedade Mineira de Mutala, Limitada	Alto Molocué (6 mines)
Beryl, columbite and lepidolite ..	Sociedade Mineira do Marropino, Limitada Sociedade Mineira de Mocubela, Lda. Calisto Freiria Sociedade Mineira de Mocubela, Lda. António Marques	Ile and Pebane (2 mines) Maganja da Costa (4 mines) Lugela Mocuba Mocuba
Graphite	Sociedade Mineira do Itotone, Limitada Grafites de Moçambique, Limitada Estêvão Guerreiro de Lima	Monapo Monapo Ribauê

Source: *Boletim Oficial de Moçambique*, Series III, No. 24, 11 June 1966, No. 45, Supplement, 5 November 1966.

^a Excluding hydrocarbons, diamonds, radio-active minerals and allied substances.

TABLE 7. MOZAMBIQUE: MINERAL PRODUCTION AND VALUE OF EXPORTS, 1961-1965

(values of exports in thousand escudos)

Mineral	1961		1962		1963		1964		1965	
	Production	Value	Production	Value	Production	Value	Production	Value	Production	Value
Columbo-tantalite (tons)	137.6	28,761	103.1	3,450	80.7	12,127	46.9	9,143	51.7	9,096
Beryl (tons)	978	9,991	573.5	6,749	556.4	5,088	409.8	3,193	219.2	1,416
Coal (tons)	320,859	36,980 ^a	297,603	8,406	282,807	13,330	244,869	14,386	237,499	27,083
Microilite (tons)	3	7,563	52.2	10,032	72.6	10,783	142	20,031	85	15,110
Montmorillonite (tons)	^b	^b	37	14	800	260	959	588	2,723	2,588
Bismutite (tons)	22.1	1,344	7.9	485	13.8	683	8.2	646	5.6	428
Bauxite (tons)	4,671	276	6,216	374	6,597	311	6,278	442	5,683	400
Asbestos (tons)	147	236	336	56	—	—	—	—	80	328
Tourmalines (kilogrammes)	289	266	522	149	316	97	2,455	8	316	78
Gold (grammes)	3,261	—	2,814	—	907	—	1,246	—	1	—
Ilmenite (tons)	495 ^c	93	—	—	—	—	—	—	—	—
Lepidolite (tons)	153	150	274	201	104	97	—	—	75	43
Mica (tons)	1.5	28	0.6	—	—	—	—	—	10	20

Sources: Mozambique, *Direcção dos Serviços de Geologia e Minas* "Actividade nas minas e pedreiras", 1961-1965; *Serviços de Estatística Geral*: "Boletim Mensal", March 1966.

Note: The value of exports does not correspond with the value of production, except in the case of bauxite, all of which is exported.

^a Value of production.

^b Included with columbo-tantalite.

^c Exports only.

TABLE 8. MOZAMBIQUE: CONCESSION OF RURAL LAND, 1960-1964

A. Annual concessions of rural land by district

(hectares)

District	Area of district	1960	1961	1962	1963	1964	Total 1960-1964 ^a
Lourenço Marques ...	1,618,400	14,819	7,358	8,012	6,930	12,930	50,049
Gaza	8,313,300	14,317	2,938	5,976	19,984	33,890	77,105
Moçambique	7,826,500	7,071	2,419	6,442	12,593	5,300	33,825
Zambézia	10,288,000	6,711	1,917	4,978	16,494	12,262	42,362
Manica e safala	12,985,400	2,883	1,067	3,550	1,778	2,358	11,636
Cabo Delgado	7,837,400	1,991	3,053	3,499	844	3,300	12,687
Tetê	10,071,400	1,715	108	802	4,089	515	7,229
Niassa	12,013,500	299	355	660	2,746	274	4,334
Inhambane	6,847,000	10	3	—	39	33	85
Official total ^b	77,800,900 ^c	49,855	19,221	33,902	65,500	70,862	239,312

B. Concessions of rural land by aforamento and arrendamento

(areas in hectares)

	1960	1961	1962	1963	1964
Total number of requests	310	288	677	784	831
Total number granted	137	63	159	240	252
Total area requested	363,407	203,428	324,305	258,551	278,161
Total area granted	49,855	19,222	33,902	65,500	70,862
of which: Aforamento	18,211	13,196	16,939	10,904	8,434
Provisional	9,018	5,201	16,971	22,852	19,156
Arrendamento	22,624	824	—	31,744	43,272
Average area requested	1,200	706	480	330	335 ^a
Average area granted	360	305	210	270	281 ^a

Source: Mozambique, *Anuário Estatístico*.

^a Calculated.

^b There are slight discrepancies in the officially published totals and the added totals.

^c Excludes the area of Lake Nyasa.

TABLE 9. MOZAMBIQUE: AGRICULTURAL EXPORTS, 1961-1965

(in metric tons)

	1961	1962	1963	1964	1965
Cotton-lint	42,631	36,301	31,564	32,445	31,339
Cashew ^a	85,641	82,378	121,895	127,796	102,673
Sugar	113,843	129,931	124,896	83,347	94,936
Copra	60,070	52,794	46,433	43,812	28,574
Sisal	28,427	29,643	29,680	31,581	31,381
Tea	9,905	8,989	8,438	9,017	10,091
Vegetable oils	9,588	7,919	14,963	17,893	20,189
Fruits ^b	17,170	23,215	25,550	27,217	24,596
Tobacco ^c	1,147	1,210	1,017	696	939

Sources: 1961-1962: Mozambique, *Comércio Externo*;
 1963: Mozambique, *Anuário Estatístico*;
 1964-1965: Mozambique, *Boletim Mensal*, December 1964.

^a Includes husked and unhusked nuts.

^b Includes bananas and citrus.

^c Includes manufactured and unmanufactured tobacco.

Appendix IV

Economic conditions in Fiji, with particular reference to foreign economic interests

Working paper prepared by the Secretariat

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I. LAND AND PEOPLE

1. The Crown Colony of Fiji is situated in the southern Pacific Ocean between latitude 15° 42' and 20° 02' south and between longitude 178° 12' west and 176° 53' east, the 180th meridian passing through the group.

2. The Territory comprises some 844 islands and islets, including numerous atolls, scattered over some 90,000 square miles of ocean. Almost 90 per cent of the total land mass of 7,055 square miles is contained in the islands of Viti Levu (4,010 square miles) and Vanua Levu (2,137 square miles). About a hundred other islands are permanently inhabited. The centres of the two main islands are mountainous and broken and cultivation is generally restricted to the coastal fringes. The great part of the major islands is high, steep, broken country, deeply dissected by water courses.

3. The Territory has all the advantages of a tropical climate without undue extremes of heat. The larger islands have clearly defined wet and dry climatic zones. Annual rainfall totals vary between 70 and 220 inches, and the greater proportion of the rain falls between the months of September and March, during which period hurricanes are likely to pass through the group.

4. Fiji is centrally placed amongst the other island territories and acts as a gateway to them. It also lies on the main route between Australia, New Zealand, the United States of America and Canada. Suva, the capital and chief port, is 1,317 statute miles by air from Auckland, New Zealand, 1,960 from Sydney, Australia, and 3,183 from Honolulu, Hawaii.

5. The Fiji Islands were sighted in 1643 by Abel Tasman. European settlement, however, dates only from the nineteenth century. The Islands were offered to Great Britain by the native inhabitants in 1858, and again in 1859. After protracted

negotiation, Fiji was ceded to the British Crown on 10 October 1874. The Island of Rotuma (18 square miles), added to the Colony in 1881, lies several hundred miles north-west of Fiji.

6. Since the census in September 1956, the population has increased by 110,653 and over the last ten years has maintained an average rate of natural increase of about 35.6 per thousand.

7. At the end of 1965, the total population was estimated to be 469,934, made up as follows:

Race	Number	Percentage of total
Fijian	194,998	41.49
Indian	235,338	50.08
European	10,755	2.29
Part-European	9,972	2.12
Chinese	5,531	1.18
Other Pacific races	13,340	2.84
	<u>469,934</u>	

8. The population is expected to increase to about 1.2 million by the year 2000 A.D. This projection is based on an assumed annual growth rate of 3 per cent for the total population.

II. GENERAL ECONOMIC SITUATION

9. The economy of Fiji is predominantly agricultural and is heavily dependent on foreign trade. About one half of the domestic product is exported and exchanged for imported materials, consumer and investment goods. Agriculture is the outstanding productive activity, while about nine tenths of the manufacturing output is geared to the processing of sugar cane and copra.

10. The total gross domestic production of the Territory for 1965 was £46.9 million.^a Since the population was about 450,000, this meant an average annual income of about £100 per head.

11. As an agricultural country depending on international market conditions, Fiji's economic destiny is governed by important forces beyond its control—the weather and the international price level, not to speak of the world-wide quota system, which restricts the output of the main export crop, sugar.

12. The trade and commerce of the Territory depend mainly on four staple industries: (a) the cultivation, manufacture and export of sugar; (b) the production of copra and coconut oil; (c) the growth and export of fruit, principally bananas; and (d) gold mining.

13. The principal exports at the date of the cession of the colony to the British Crown in 1874 were copra, cotton (Sea Island) and maize, but the export of maize was soon displaced by that of sugar. Cotton continued to be the third export in point of value until 1882, after which it gradually subsided until 1888, when only three and one half tons were exported. Owing to the Australian markets being unfavourable to banana

^a All monetary figures in this paper are in Fijian pounds. £111 Fijian equals £100 sterling.

imports, the entire fruit trade of Fiji was directed to the New Zealand market, though in 1962 export to Japan became a possibility. Trial shipments of bananas were sent to Canada in 1934-1935, but the market did not materialize. Further small shipments were sent in 1948-1949.

14. Gold became an important export in the late 1930's. Manganese became an export after the Second World War. Coconut meal, molasses and biscuits are minor exports, and timber is considered as a growing industry.

15. Considerable quantities of rice are grown for home consumption. Dairying is now regarded as an established industry. Many parts of the Territory are adapted for cattle and goat raising.

16. Tourism is expected to become a major industry and source of income in Fiji, which, in 1965, attracted about 40,000 tourists. Income from tourism increased to at least £4,350,000, making it second only to sugar as a foreign exchange earner. According to projections made by tourist consultants, the number of tourists will rise to around 160,000 by 1975.

17. While domestic exports fell from an all-time high in 1964 of £23,120,846 to £17,575,078 in 1965, re-exports at £3,441,783 were higher than the 1964 figure of £2,993,927. The economy of the Territory was further supported by tourist expenditure which, as mentioned above, in 1965 was estimated to be at least £4,350,000.

18. Australia is the major supplier of Fiji's import needs. In 1965, the Territory's imports from Australia were valued at over £8.3 million—over £1.8 million more than from the United Kingdom, the second principal supplier of Fiji's import needs. During the same period, Australia bought goods valued at over £2.07 million from Fiji, largely in the form of gold, while the United Kingdom imports totalled over £8.6 million. Among the non-Commonwealth countries, the United States was Fiji's best customer in 1965, importing goods to the value of over £2.5 million; in the same year, Fiji's imports from the United States totalled over £1.1 million.

19. Australians make up most of the estimated 20,727 "European" and "Part-European" inhabitants of Fiji, and,

long the chief outside investors in the Territory, they control almost all the Territory's major enterprises, such as the sugar and gold mining industries. Most of the shipping, banking, insurance, trading, big retailing, tourist hotels and manufacturing are also in the hands of Australians. According to *The New York Times* of 29 May 1966, Australia's economic stake in Fiji is valued in the neighbourhood of \$100 million.

20. *The Fiji Development Plan, 1966-1970*, was published on 2 July 1966. The plan proposed capital expenditure of £20 million in the five years, with a further £1.8 million if that was financially and physically possible.

21. In addition to detailed proposals for government expenditure on agriculture (£580,000) and agricultural subsidies (£1,343,000), land development (£690,000), education (£2,068,000), medical services (£2,523,000), roads (£3,396,000), postal and telegraph services (£2,395,000), water supplies (£1,259,000) and government buildings (£1,567,000), the plan sets out a programme of surveys to give basic information on which future development can be based.

22. To meet the cost of the plan, it is hoped to draw £2,800,000 from general revenue, to obtain £7,700,000 from United Kingdom Colonial Development and Welfare Funds and to raise £5,550,000 in local loans and £3,650,000 in overseas loans. It is expected that other sources of revenue will yield £800,000.

23. In a review of the plan issued by the Central Planning Office, it is stated that the traditional sugar and copra exports will not be able to support the long-term development of Fiji.

24. The plan looks forward especially to the development of tourism and forestry, and predicts that by the year 2000 Fiji's principal income earners will be wood products (£100 million), tourism (£35 million) and sugar (£20 million).

25. The new plan has been based on the general assumption that Fiji's population will increase from 450,000 to 1,200,000 between now and 2000 A.D., and that national production will rise from about £50 million to about £350 million. This implies an annual growth rate of 6 per cent in national income.

III. PUBLIC FINANCE AND TAXATION

General

26. The main heads of revenue and expenditure over the past three years are as follows:

REVENUE			
	1963	1964	Revised estimates 1965
	£	£	£
Customs, including port, warfage and light-house dues	4,652,934	5,923,026	6,028,438
Licences, taxes and internal revenue not otherwise classified	2,448,207	3,404,115	3,681,030
Fees of Court or Office, royalties, payments for specific services and reimbursements in aid	1,185,970	1,442,222	1,154,122
Post Office	506,980	612,660	720,350
Rent of government property	137,470	150,556	152,000
Interest	79,283	140,420	182,500
Miscellaneous, including non-recurrent revenue	279,034	323,264	283,110
	9,291,805	12,001,386	12,134,112
EXPENDITURE			
	1963	1964	Revised estimates 1965
	£	£	£
Charges on account of public debt	688,886	933,846	948,240
Pensions, gratuities and compassionate allowances	322,557	498,659	498,155
Departmental personal emoluments and annual expenditure	6,070,178	6,944,889	7,903,009
Works annually recurrent	1,279,992	1,349,102	1,515,775
Contribution to capital budget revenue	250,000	300,000	950,000
	8,611,613	10,026,496	11,815,179

27. The main heads of taxation and the yield from each during the last three years have been as follows:

	1963 £	1964 £	Revised estimates 1965 £
Customs duties, including import duties, port and customs service tax, wharfage, light and tonnage dues	4,652,934	5,923,026	6,028,438
Income tax	2,011,841	2,834,646	3,100,000
Licences, etc.	226,460	260,520	350,030
Stamp duties	57,354	81,848	70,000
Death and gift duties	93,957	166,994	100,000

Income tax

28. Both individuals and companies are liable for the payment of income tax under the provisions of the Income Tax Ordinance, 1964. The revenue derived from income tax during 1963-1965 has been as follows:

1963	1964	1965
£2,011,841	£2,834,646	£3,258,000

29. The breakdown for 1965 is not available, but the amount paid in 1964 by companies was £1,907,245, an increase of no less than £700,465 over 1963, while individual taxpayers paid £923,019 in 1964, as compared with £797,621 in 1963. Mining royalties in 1964 and 1965 were £3,879 and £8,974 respectively.

30. *Basic Tax.* This is a tax of sixpence in the pound on all income, both individual and company, before any deduction for personal allowances. Wherever practicable, basic tax is collected in the manner most convenient to the source of income by deduction at source by the person making the payment.

31. *Individuals.* Where the chargeable income does not exceed £4,750, the rate of normal tax on every pound of such income is 1s.3d., increased by 12/1,000 of 1d. for every pound of such income, the maximum rate being 6s. on incomes in excess of £4,750. Provision is made for the deduction of certain personal allowances in calculating chargeable income. The principal allowances are in respect of the taxpayer (£320), his wife (£320) and up to five dependent children (£65 each); insurance premiums and superannuation payments; cost of tuition and board of each child attending school full-time away from home; and for widows and widowers with dependent children.

32. Surtax is charged on the chargeable incomes of individuals in excess of £2,000, commencing at the rate of 1s. in the pound on incomes between £2,000 and £4,000, the rate increasing by 1s. in stages until the maximum surtax payable is 6s. in the pound on incomes in excess of £20,000.

33. *Companies.* Non-Fiji shipping companies pay 4 ½d. in the pound on total outward freight and passages earned. Non-Fiji mutual insurance companies pay 4s. 6d. on each pound of chargeable income in respect of mutual life insurance business. Other companies pay 5s. 9d. in the pound on all income, whether distributed or not.

34. A dividend tax at the rate of 5 per cent of the gross amount of the dividend is deducted by a company incorporated in Fiji upon payment of the dividend to its shareholders. This is the final charge to Fiji income tax upon such dividend.

35. *Double taxation relief.* Any income taxed outside Fiji is not again subject to tax in Fiji. There are provisions in the taxation laws of Australia and New Zealand,^b which provide

exemption on profits already taxed in the Territory and similar provisions apply in the Fiji laws. Double taxation relief arrangements are in force between Fiji and the United Kingdom, Canada, Denmark, Norway and Sweden.

Incentives for new industries

36. The Governor may approve tax exemptions for industries which are considered to be of value to the economic development of the Territory. When the capital expenditure of an approved company does not exceed £50,000, the company is exempt from tax on the first £5,000 of net profits. If the capital expenditure exceeds £50,000, the exemption applies to an amount equal to 10 per cent of the capital expenditure.

37. The concession is available for either the first five or the last five out of the first six years after incorporation, at the option of the company. Such companies may also claim accelerated depreciation deductions.

38. Under the Hotels Aid Ordinance (1964), very liberal depreciation deductions, or a form of investment allowance, may be claimed in respect of projects approved by the Financial Secretary.

IV. CURRENCY AND BANKING

39. Fiji has had its own currency notes since 1914 and its own coins since 1935. Fiji issues its own currency, which is linked with sterling at the rate of £111 Fijian to £100 sterling. Currency to the value of £4,859,580.5s.10d. was in circulation in the Territory in 1965.

40. In 1965, there were four branches and seven agencies of the Bank of New South Wales, four branches, one sub-branch and three agencies of the Bank of New Zealand, two branches and one agency of the Australia and New Zealand Bank Ltd., and two branches of the Bank of Baroda Ltd., a banking institution from India. Savings Bank facilities are available at each of the branches and in addition there are branches of the Post Office Savings Bank throughout the Territory. The Fiji Post Office Savings Bank had its beginning in 1908 and in 1962 had over forty branches. In that year it had over 70,000 depositors with £1,555,000 to their credit.

41. Credit unions were introduced to Fiji in 1954 and have since then grown steadily in number and influence. In 1962 they numbered 260 with an approximate membership of 26,000, with total savings of approximately £206,000, and with approximately £200,000 out on loan.

V. COMMERCE

42. The value of trade of the Colony for the past three years has been:

^b Recent legislation now provides for a credit to be given against income tax payable in New Zealand for the income tax paid in Fiji in respect of Fiji income.

	1963 £	1964 £	1965 ^a £	Previous highest £	Year
Domestic exports	19,391,972	23,120,846	17,575,078	23,120,846	1964
Re-exports	2,775,148	2,993,927	3,441,783	3,252,886	1962
Total exports	22,167,120	26,114,773	21,016,861	26,114,773	1964
Total imports	20,207,101	27,625,649	29,074,677	27,625,649	1964
Total trade	42,374,221	53,740,422	50,091,538	53,740,422	1964
Balance of visible trade:					
Deficit	—	1,510,876	8,057,816	4,886,287	1956
Surplus	1,960,019	—	—	2,632,097	1953

^a Provisional figures.

43. The principal countries of origin of imports during the years 1963-1965 were:

Country	1963		1964		1965 ^a	
	Value £	Per cent	Value £	Per cent	Value £	Per cent
Australia	5,775,287	28.58	7,987,632	28.91	8,303,702	28.56
United Kingdom	4,733,344	23.42	5,943,786	21.52	6,589,375	22.66
Japan	2,041,966	10.10	3,747,400	13.56	3,593,598	12.36
New Zealand	1,424,581	7.05	1,915,107	6.93	2,269,204	7.80
Iran	167,999	0.83	480,002	1.74	1,440,720	4.96
United States of America	666,341	3.30	989,508	3.58	1,113,516	3.83
India	1,125,506	5.57	1,049,515	3.80	878,377	3.02
Hong Kong	753,321	3.73	913,016	3.30	779,255	2.68
Canada	261,750	1.30	612,526	2.22	671,048	2.31
Malaysia	575,866	2.85	682,839	2.47	547,430	1.88
Ceylon	235,791	1.17	233,800	0.85	260,757	0.90

^a Provisional figures.

44. The quantity and f.o.b. value of the principal domestic exports during the years 1963-1965 were:

Commodity	Unit	Quantity			F.O.B. value		
		1963	1964	1965 ^a	1963	1964	1965 ^a
Sugar	ton	271,462	311,175	305,166	14,374,876	17,830,717	12,287,986
Coconut products:							
Coconut oil	ton	19,968	22,819	14,779	1,862,588	2,273,767	1,813,651
Copra	ton	5,961	6,934	6,370	373,909	465,574	495,434
Coconut meal	ton	7,849	9,520	5,350	195,044	198,726	129,832
Unrefined gold	fine oz.	111,260	100,193	112,432	1,557,633	1,385,745	1,531,559
Molasses	ton	59,856	72,633	64,985	244,916	181,586	162,494
Bakery products	lb.	1,336,450	1,810,561	1,590,359	79,143	98,474	86,702
Bananas	72 lb. case	210,226	122,709	50,527	246,900	149,757	67,741
Hides	unit	11,224	11,175	6,214	15,812	12,918	10,942
Manganese ore and concentrates	ton	10,182	761	4,809	119,560	9,437	92,487
Trocas shell	ton	166	193	107	16,422	13,476	7,625
Apparel	—	—	—	—	18,639	23,044	17,224

^a Provisional figures.

45. The principal countries of destination of total exports during the years 1963-1965 were:

Country	1963		1964		1965 ^a	
	Value £	Per cent	Value £	Per cent	Value £	Per cent
United Kingdom	9,298,268	41.95	10,002,801	38.30	8,600,509	40.92
United States of America	2,565,112	11.57	2,272,487	8.70	2,519,192	11.99
Australia	2,033,772	9.17	1,859,017	7.12	2,076,822	9.88
Canada	3,408,277	15.38	2,940,975	11.26	1,831,112	8.71
New Zealand	585,062	2.64	3,408,261	13.05	1,291,801	6.15
Japan	569,080	2.57	419,533	1.61	542,733	2.58
Federal Republic of Germany	634,803	2.86	564,654	2.16	397,281	1.89
Malaysia	20,965	0.09	1,175,939	4.50	331,572	1.58
Tonga	234,288	1.06	301,365	1.15	317,867	1.51
Western Samoa	456,791	2.06	401,749	1.54	295,367	1.41
Ships stores	1,371,591	6.19	1,451,192	5.56	1,749,268	8.32

^a Provisional figures.

46. The principal re-exports during the years 1963-1965 were:

Commodity	F.O.B. value, £		
	1963	1964	1965 ^a
Turbo-jet fuel	960,032	1,110,261	1,441,492
Textiles, yarns, fabrics, made-up articles and related products	314,804	402,457	361,443
Motor vehicles	135,096	130,737	138,778
Apparel	107,469	124,349	121,413
Metal manufactures	88,107	89,814	105,366
Aviation spirit	88,871	75,384	72,572

^a Provisional figures.

VI. DISTRIBUTION OF LAND

General

47. The Deed of Cession of 10 October 1874, by which Fiji became a possession of the British Crown, is regarded by Fijians as a guarantee of their racial identity, and, especially, of the ownership of their lands. Paragraph 4 of the Deed reads as follows:

"That the absolute proprietorship of all lands, not shown to be now alienated, so as to have become *bona fide* the property of Europeans or other foreigners or not now in the actual use or occupation of some chief or tribe, or not actually required for the probable future support and maintenance of some chief or tribe, shall be and is hereby

declared to be vested in Her Majesty, her heirs and successors".

48. Since the cession, repeated assurances have been given by British officials that all the land in Fiji, other than Crown lands and freeholds, is recognized as belonging to the Fijian people.

49. Land in Fiji is owned by the Crown, private freeholders and Fijians. According to the Report of the Commission of Enquiry into the Natural Resources and Population Trends of the Colony of Fiji, 1959,^c land ownership statistics were:

^c *Legislative Council of Fiji, Council Paper No. 1 of 1960, p. 19.*

Form of ownership	Population in 1956	Percentage of total population of Colony	Area of land owned in acres	Percentage of total area of Colony	Remarks
1. Crown land					
Freehold	—	—	85,424	1.9	
Schedule A	—	—	120,000	2.6	
Schedule B	—	—	88,000	1.9	
2. Freehold					
(a) Colonial Sugar Refining Co.	—	—	75,091	1.7	Major portion leased to cane farmers, mostly Indians
(b) Europeans and part Europeans	14,212	4	246,242	5.5	
(c) Indians	169,403	49	75,830	1.7	
(d) Chinese	4,155	1.2	5,081	0.1	
(e) Banabans	5,320	1.5	16,950	0.4	
(f) Ellice Islanders ...			4,600	0.1	
(g) Fijians	—	—	7,532	0.2	Registered titles
(h) Other races	91	0.03	2,688	0.06	
3. Native customary tenure					
(a) Fijians	148,134	43	3,776,000	83.6	
(b) Rotumans	4,422	1.3	11,000	0.24	
TOTAL	345,737	100.0	4,514,438	100.0	

50. Although the Indian section of the population owns a small portion of the land, it occupies and farms a much larger proportion of the total cultivable acreage, and this includes a considerable amount of the best and most fertile land in the Territory where the most remunerative crop, sugar cane, is grown.

51. The following table indicates the approximate acreage leased to Indians:

INDIAN LEASES (IN ACRES)^d

	In the cane belts	Elsewhere	Total leased
By Fijians	150,000	80,000	230,000
By the Crown (freehold)	5,000	15,000	20,000
By the Crown (Schedule A and B land) ..	2,000	18,000	20,000
By the Colonial Sugar Refining Company ..	50,000	—	50,000
By other freeholders ..	15,000	15,000	30,000
	222,000	128,000	350,000

^d *Ibid.*

Crown lands

52. The total area of the Crown lands at the close of 1965 was 339,000 acres made up as follows:

	Acres
Crown Freehold	86,000
Crown Schedule A	167,000
Crown Schedule B	86,000
	339,000

53. Schedule A lands are those which have reverted to the Crown as *ultimus haeres* by virtue of the extinction of the owning units, and rents derived from these lands (approximately £17,000 for 1965) are paid into general revenue. Schedule B lands are those for which no claims were made to the Native Lands Commission set up in 1880, and rents from these lands (approximately £4,300 for 1965) are paid into a special fund controlled by the Fijian Affairs Board. At present, arrangements have been made for funds—equal to the annual rental collected on Schedule A lands for five years—to be made available to Fijians on loan for the development of their smallholdings.

54. Crown freehold land may not be sold except in very special circumstances and only then with the approval of the Secretary of State. Crown land may be obtained by way of lease. Much of the Schedule A land, plus some of the Schedule B, has been recommended for reservation for Fijian units which are short of land.

Freehold land

55. At the close of 1965, there were 451,000 acres of freehold land. The freehold land includes land purchased by settlers from the Fijians in pre-cession days and subsequently recognized by the Government after inquiry by a Land Commission, and sales of Fijian land by way of Native grants during the years 1905-1908. Since 1909 there has been no further alienation of land. Freehold land may be freely purchased, transferred, or leased. However, no new freeholds in land may be created, except as a result of sale or exchange of Crown land with the prior approval of the Secretary of State.

Fijian land

56. The Fijian land held under customary tenure is communally owned, on a family basis. At the close of 1965, the area of Fijians land totalled 3,776,000 acres, owned communally by more than 6,600 recognized land-owning units. Administrative control of it is vested in the Native Land Trust Board by virtue of the Native Land Trust Ordinance.

The Board was set up in 1940 for the protection of the interests of the Fijian owners by the reserving of sufficient land for their use, so as to secure continuity in policy and security of tenure, and to obtain for the Fijian owners adequate rents for such of their land as is leased. The Board is presided over by the Governor and contains a majority of Fijian members.

57. In Fiji, the direct descendants of the legendary founder of a family form a *yavusa*, which includes a number of *mataqali* descended from senior male relatives of the ancestor. The *mataqali* was subdivided on similar principles into *tokatoka*. In 1877, the Council of Chiefs advised that the land-owning unit should be the *mataqali* and that advice was accepted by the Government.

58. Much of the Fijian land has been reserved from leasing under a policy of securing to the owners adequate lands to provide for their land needs in the foreseeable future. This reserved land may be leased only to members of the Fijian race. Fijian-owned land outside the reserves may be leased out by the Native Land Trust Board to anyone.

Rents on Crown and Fijian lands

59. The Lands Department on behalf of the Crown, and the Native Land Trust Board on behalf of the Fijian owners, charge rents based on the unimproved capital value of the lands. The rates per annum vary from 2s. per acre for grazing lands to £11 per acre for first quality land suitable for sugar cane. Rent concessions are made for settlers taking up new land within land development schemes. The rents of urban lands vary from a rate of £40 per acre per annum to £2,000 per acre per annum, according to the site value. In addition the lessees pay local government rates.

60. Total rents collected in 1965 on Crown land were £55,000 and on Fijian-owned land were £200,412. The whole question of the rate of rents on Crown agricultural land is at present under review, the previous review having taken place in 1955.

61. From the amounts of rent received in respect of each *mataqali's* land, the Board is entitled by law to twenty-five per cent. A further five per cent goes to the *Turaga-itaukei* (head of the *vanua*, or confederation of *yavusa*), ten per cent to the *Turaga-ni-Qali*, or head of the *yavusa*, and fifteen per cent to the *Turaga-ni-Mataqali*, or head of the *mataqali*. This leaves only forty-five per cent to be distributed among other members of the *mataqali*.

62. The Department of Lands, Mines and Surveys administers Crown Lands and the leasing thereof. Agricultural leases from Crown lands are for up to 25 years; Land Trust Board leases are for 30 years, with no certainty of renewal. Leases for residential, commercial or industrial purposes are for up to 99 years.

VII. AGRICULTURE

General

63. Prior to the settlement of Europeans in Fiji, agricultural activities were confined to the production of food crops for subsistence only. Towards the end of the 18th century, the search for sandalwood began and the forests were drastically exploited for the extraction of this timber. The trade lasted for about ten years.

64. In 1876, the major agricultural exports are recorded to have been copra, cotton, sugar, maize and tobacco, in that order. In the next few years, there was an extension of coconut cultivation by both the settlers and the Fijians, and cotton gave place to sugar as the second most important agricultural export in 1877. *Arabica* coffee was also tried on a fairly extensive scale in a few localities and gave promise of being successful; indeed, it was developed as the major crop by which the Fijians paid their taxes in kind, until they were required to pay in cash.

65. Early in the twentieth century, apart from the increase in coconut cultivation, the crop which offered the greatest prospect of economic success was sugar; capital was attracted to it and the extension of its cultivation was rapid. For the past few decades, sugar has been the main economic crop of the country followed by the coconut and its products.

66. In 1964, some 80 per cent of the total value of visible exports and re-exports from the Territory came from these two crops, and between them they accounted for 99 per cent of Fiji's agricultural export earnings. The total present value of agricultural production (exclusive of the value added by further processing, for instance in sugar and copra making) is about £20 million. The vulnerable position to which the Territory's finances are thereby exposed is well illustrated by an estimated decline of £6.5 million in receipts from these two crops in 1965 in relation to 1964 figures. Depressed world sugar prices and lowered production of copra following the effects of hurricanes early in 1964 and 1965 were responsible for the decline. Total direct losses have been calculated to amount to just under £900,000, and it is estimated that reduced copra yields from coconut palms which were not destroyed but had the crop blown off them will cost the industry a further £500,000.

67. The Territory has only 550,000 acres of land suitable for agriculture. Virtually all of this class of land is already under cultivation. Sugar occupies at present about 150,000 acres, and coconuts occupy an estimated 100,000 acres. Rice, roots, improved pasture, and fallow and rough grazing land account for the remainder. The annual report for 1965 states that, in spite of the many difficulties, there is a pressing need to diversify and to build up a wider base for the agricultural export sector.

The sugar industry

68. Sugar was grown commercially in Fiji as early as 1870. The industry was on a very tentative basis until the Colonial Sugar Refining Co. Ltd. of Australia (CSR) established a sugar mill in Fiji in 1882. There were also other sugar companies in the Territory until 1926 when the last of them, the Penang Co., sold out to the CSR Co. in 1926. Since then the CSR Co. has had the field to itself.

69. Fiji exported 305,166 tons of sugar during 1965, compared with 311,175 tons in 1964. This included approximately 141,000 tons shipped to the United Kingdom, 73,000 tons to Canada and 34,000 to New Zealand. Exports to the United States of America amounted to about 43,000 tons while 11,000 tons were exported to the new market in Malaysia secured the previous year.

70. The quota provisions of the International Sugar Agreement have remained suspended since the beginning of 1962. Moreover, during 1965 the world free market price for sugar for prompt delivery continued to fall from its level of £stg.25 at the end of 1964 to £stg.17.15s.0d. in August 1965. At the end of that year it was £stg.21.7s.6d. per ton. However, the Commonwealth Sugar Agreement enabled Fiji to dispose of 140,000 tons of sugar manufactured in 1965 at a price of £46.11s.6d. per ton, which was approximately £26 per ton more than the world market price. The total f.o.b. value of sugar exports in 1965 fell to £12,287,986 from £17,830,717 in 1964.

71. Sugar exports during the years 1962-1965 were:

Year	Quantity tons	F.o.b. value £
1962	200,403	8,332,218
1963	271,462	14,374,876
1964	311,175	17,830,717
1965 ^a	305,166	12,287,986

^a Provisional figures.

72. For the 1966 season, the Sugar Board approved a national harvest quota of 2,700,000 tons of cane and 350,000 tons of sugar.

73. The programme, commenced in 1962 to expand the milling capacities of all mills at a cost of over £5,000,000, was continued in 1965. Some items of equipment were installed in time for the 1965 season and the final stages of the large expansion in transport, milling and sugar storage were expected to be completed for the 1966 crushing season.

74. Most of the sugar cane is grown by Indian farmers on freehold land, or on land leased from either the South Pacific Sugar Mills Ltd., a subsidiary of the CSR Co., or from the Fijian owners. The processing of the crop is carried out by South Pacific Sugar Mills Ltd.

75. In 1965 the area of cane land was enlarged to about 151,000 acres. In Fiji, unlike the practice in most sugar-producing countries, sugar cane is grown on small farms and not on large estates. Originally, sugar cane was grown on large estates in Fiji, too. The estates were mostly European-owned and worked by indentured Indian labourers. However, the large sugar estates broke up with the break-up of the indenture system after 1916. In 1963, 98 per cent of cane land was worked on holdings of an average of ten acres held by tenant farmers.

76. During 1965, the four sugar mills operated by South Pacific Sugar Mills Ltd. manufactured approximately 310,000 tons of sugar, about 2,000 tons more than in 1964; this was some 40,000 tons less than the amount forecast. The reason for this shortfall was the hurricane which occurred in February 1965 and the prolonged period of exceptionally dry weather during the latter half of the year.

77. The estimated price to be paid for sugar cane sold to the millers in 1965 was 65s. per ton, which was about 6s.6d. per ton less than the price paid for the 1964 crops and 32s.6d. less than the price paid in 1963. It was reported that these reductions were entirely due to the depressed price of sugar on world markets. Had it not been for the assistance provided through the Commonwealth Sugar Agreement, the return to the farmers would have been marginal.

78. The peak period of employment in the sugar mills extends for approximately nine months during the crushing season from April to December when, in 1965, about 3,500 men were employed in the mills. However, as in 1964, almost four fifths of the labour force were able to continue in employment throughout the year on work connected with the expansion of the milling capacity at all mills. Moreover, in addition to the employment provided in the sugar mills, more than 14,000 farmers are self-employed cane growers. Many of these farmers provide regular work for members of their families and casual work for other persons. Over and above this employment, there are many persons who work as cane cutters on a contract basis. It is estimated that this latter arrangement provided in 1965 more than one-and-a-half million days of employment, for which cane cutters were paid almost £1,000,000.

79. Industrial troubles between sugar growers and workers and the mill owners recurred at intervals in Fiji from about 1942 onward, culminating in the 1960 troubles and a loss of about £2½ million to the industry and the Territory. The trouble arose over the terms of the agreement for purchase of cane after the expiration of the previous agreement in May 1960. The start of the crushing season was delayed for four months and this, in turn, held up planting and work for the coming year.

80. The dispute focused attention on the role of the sugar industry in the Territory's economy. A Commission of Inquiry was set up, with Sir Malcolm Trustram Eve, now Lord Silsoe, of the United Kingdom, as chairman. The Commission's recommendations were adopted by the Government of Fiji. A permanent Sugar Industry Board, with an independent chairman, a vice-chairman, an accountant and a secretary was set up. Moreover, a Sugar Advisory Council of eighteen members representing the Government, millers, growers, mill workers and unions was set up in order to advise the Board. The Board and its chairman were to take command of the Fiji sugar industry and direct it so that there should be no further disruption in the industry.

81. At the beginning of 1962, the members of the Sugar Industry Board were: Sir Arthur Sanders, Air Chief Marshal, R.A.F., Chairman, Ratu Edward Cakobau, Vice-Chairman, and Mr. W. M. Tidex, Accountant. Sir Arthur Sanders brought with him from the United Kingdom Commander James Finlay, R.N., as Secretary of the Board.

82. Another recommendation of the Commission was that the Colonial Sugar Refining Co., should replace its remote "Australian control" with a local subsidiary company for its

Fiji enterprise. The Company agreed and formed the South Pacific Sugar Mills Ltd., with a nominal capital of £15,000,000. The parent company still retains some functions in Fiji, but growers' services, cane transport, sugar milling and storage is now controlled by its subsidiary. The directorate of the South Pacific Sugar Mills Ltd., was, at May 1963, as follows:

H. G. Nichols, Chief Inspector, Fiji Division of CSR Co., Sydney, Chairman.

J. C. Potts, Chief Manager in Fiji of CSR Co., Deputy Chairman and Managing Director.

A. S. Hermes (acting as above during 1963).

J. M. Aitken.

G. F. Adams (E. C. Bloomfield acting during 1963).

R. G. Q. Kermonde.

K. P. Mishra.

Ratu A. W. Vosailagi.

H. M. Scott, Legal Adviser.

C. R. Campbell, Secretary.

83. In September 1964, the South Pacific Sugar Mills Ltd. announced its decision to offer 5,000,000 shares of five shillings each to the public of Fiji. As the basic intention of this sale was to enable the public of Fiji to participate in the ownership of the sugar milling industry, the right to purchase shares was restricted to residents of Fiji. At the end of the year, the offer had not yet closed.

Coconut products

84. The preparation and export of copra is Fiji's second best export income earner and was one of its earliest industries.

85. About 60 per cent of Fiji's copra is produced by Fijians. There are also plantations owned by Europeans, part-Europeans and Indians. In recent years, Fijians have been encouraged to plant new areas for coconuts and to replant old areas.

86. Legislation was enacted in 1951 providing for the deduction of £10 per ton on all Fijian copra. Although this was for improving village life in general, this, and other legislation that prohibits the sale of undried copra to traders, has also stimulated Fijian interest in better plantation techniques.

87. Although many Fijians produce and sell their own copra, about half the Territory's total production is grown on estates employing paid labour, and in 1965 there were approximately 1,400 persons employed on such estates.

88. Copra prices fluctuated considerably between 1930 and 1938. The industry flourished in 1942-1944 and, with the world-wide post-war demand for fats and oils, copra prices and production steadily increased.

89. In Fiji, copra and its products were sold in the open market until January 1949, when a nine-year purchase agreement was concluded with the British Ministry of Food. Under this agreement, the Ministry undertook to purchase all the exportable surplus of copra and copra products of the Territory at a price negotiated annually but not varying more than ten per cent up or down compared with the previous year's price. The agreement lasted until the end of 1957 and brought a measure of stability to the copra industry. Thereafter, Fiji's copra reverted to a free-marketing system. The Copra Board was disbanded and most producers began selling their copra direct to the local crushing mill at a price announced each week.

90. An important development in connexion with the copra industry in Fiji was the growth of the coconut oil export trade through the establishment of a large crushing mill by Island Industries Ltd., a subsidiary of W. R. Carpenter & Co. Ltd. In 1963, Island Industries Ltd. had a nominal capital of £1,000,000 and a subscribed capital of £400,000.

91. The coconut subsidy, which came into effect in 1963, continued in 1965 and by the end of the year, 101,573 acres of existing Fijian groves had been thinned and cleared, 1,800 acres replanted, and 24,292 acres newly planted. Most of the new planting was done by 3,348 Fijians on individual holdings.

92. With the passage of the Coconut Industry Ordinance No. 12 of 1965, the Coconut Board and the Coconut Advisory Council were established in June 1965. The Board controls licensing, grading and price fixing. The Coconut Advisory Committee represents the Government and all sections of the industry, in the same way as the body existing in the sugar industry. The membership of the Board consists of Mr. H. G. Nicholls, Chairman of South Pacific Sugar Mills Ltd., Mr. George Mate, a Fijian, who is Vice-Chairman, and Mr. C. D. Aidney, a Suva businessman.

93. In addition to market instability, which Fiji shares with other copra-producing territories, the Territory is subject to hurricanes. Like sugar, copra production also suffered from the results of the weather and there was a considerable fall in the amount sold both by estates and by individual growers.

94. The bulk of the coconut oil is exported to the United Kingdom, while the copra goes mainly to Japan. Fiji's coconut oil exports for the past five years have been:

Year	Tons	£
1961	23,736	2,039,132
1962	18,188	1,452,918
1963	19,968	1,862,588
1964	22,819	2,273,767
1965 ^a	14,779	1,813,651

^a Provisional figures.

95. Copra exports for the past five years have been:

Year	Tons	£
1961	5,893	377,746
1962	6,852	389,314
1963	5,961	373,909
1964	6,934	465,574
1965 ^a	6,370	495,434

^a Provisional figures.

96. Coconut meal exports for the past four years have been:

Year	Tons	£
1962	7,736	185,781
1963	7,849	195,044
1964	9,520	198,726
1965 ^a	5,350	129,832

^a Provisional figures.

Bananas

97. The commercial cultivation and export of bananas began in Fiji soon after the Cession, and was originally in the hands of the European settlers. Today the industry is entirely in the hands of Fijians, who produce bananas as a village enterprise, mostly still on a "shifting cultivation" system and not in permanent plantations.

98. Since 1921, New Zealand has been the major market for Fiji bananas. However, New Zealand has recently imposed quotas on Fiji production. The quota for 1962-1964 was an annual minimum of 180,000 cases of bananas.

99. A Banana Marketing Board was established in 1960 as the "watchdog" of the industry, especially in relation to maintaining export standards. There are thirty-three licensed buyers of bananas, of which two are European. Most are producer-marketing organizations. Fiji Banana Ventures, which is Fijian run, handles about 20 per cent of the marketing. Another company, called the Pacific Fruit Co. Ltd., with a nominal capital of £300,000, was registered in Fiji in early 1963.

100. Exports of bananas in recent years has been as follows:

Year	Cases (72 lb.)	Value in £s
1962	151,772	175,131
1963	210,226	246,900
1964	122,709	149,757
1965 ^a	50,527	67,741

^a Provisional figures.

Other agricultural products

101. Rice in Fiji is grown mostly by Indian farmers for their own requirements. Although Fiji has a customs protection of £15 per ton on polished rice, the production of rice for cash sale is not remunerative. There is a considerable import deficit.

102. When the Colonial Sugar Refining Co. closed its Nausori Sugar Mill at the end of 1959, farmers who had been growing cane for the Nausori Mill had to change to other crops and, where the land was suitable, they were encouraged to grow rice. To assist the rice project, the CSR Co. built a large rice mill capable of processing 5,000 tons of rice annually, but up to the 1962 season the mill was processing more imported rice than locally grown. This is expected to stop when the Rewa rice lands are fully developed.

103. In addition to the mill of Rewa Rice Ltd. (the subsidiary of the Colonial Sugar Refining Co. Ltd.), there are about a dozen other small mills. Rewa Rice Ltd., incorporated in Fiji, had in February 1962 a nominal capital of £200,000 and a subscribed capital of £2.

104. The following table shows the local production of rice in recent years:

Year	Acres reaped	Yield in tons
1958	31,200	23,400
1959	25,000	15,000 ^a
1960	32,000	24,000
1961	31,500	23,550

^a A very poor year, reduction of yield being due to a disease called "rice yellows".

105. The production of tobacco is under the control and guidance of the Department of Agriculture. Pre-war attempts were made to create a market for Fijian tobacco in other islands, but were not successful.

106. British Tobacco Ltd. established in Suva in 1955 a cigarette factory now operated by a subsidiary company, Fiji Tobacco Co. The subsidiary had in February 1962 a nominal capital of £100,000 and a subscribed capital of £100,000. In May 1956, Carreras Ltd. also opened a cigarette factory in the Territory. Both factories used imported leaf, but both now blend some locally grown tobacco with their product and one of them manufactures one variety of cigarette wholly from local leaf. Both companies are encouraging the production of Fijian tobacco and are spending considerable funds in experimentation.

107. The Territory produces also pineapples and other fruits, cocoa, rubber, peanuts and green ginger on a minor scale.

VIII. MARINE PRODUCTS

108. The markets that are part of the municipal set-up in Suva and other areas sell a great amount of fish, but this is the result of individual enterprise, most of the fishing being carried out in traditional manner inside the reefs. There are no large-scale commercial fisheries or trawlers, though in recent years fish-preserving by smoking has become an established local industry.

109. The Pacific Fishing Company Ltd. deals each month with an average of 400 tons of fish caught by the seventeen ships in the fishing fleet operated by the company. After being processed in the freezing plant at Levuka, most of the catch is exported overseas, principally to the United States of America and Japan. The company had, in February 1962, a nominal capital of £250,000 and a subscribed capital of £7.

IX. FORESTRY

General

110. Fiji is endowed with all the necessary conditions in the way of suitable land, favourable climatic and ecological

conditions and suitable quick-growing species tested under local conditions.

111. In Fiji there is the possibility of putting two million acres under trees. The area at present covered by merchantable type forest is approximately 1,600 square miles. Much of this is located in the rugged interior regions of the main islands, where accessibility is difficult. A considerable portion of the better and more easily accessible areas has already been worked out completely and about only 60 per cent of the existing forest area still contains commercial stands of timber in accessible sites. This reduces the area of unexploited forest awaiting the harvesting and utilization of its produce to 960 square miles.

112. Although there are undoubtedly some very well-stocked areas included in these 960 squares miles, aerial reconnaissance and observation have revealed that some parts of it also consist of a poor type of forest containing a large proportion of unusable forest vegetation such as tree-ferns and palms.

113. *The Fiji Development Plan 1966-1970* predicts that wood products will be Fiji's principal income earner (£100 million) by the year 2000 and states that, in view of Fiji's great potential for forestry development, a thorough survey will be needed of all aspects of the forestry industry. The purpose of the project will be to plan the rapid and rational development of forestry and forestry industries based on multiple land use principles. A request to this effect was made to the United Nations Development Programme in 1965.

114. Following the investigation in 1959 of the timber resources of the Territory, it was estimated that future requirements would need a productive forest estate of 350,000 acres of indigenous forest, or a minimum of 100,000 acres, should the estate consist of artificially established plantations. The plantation system was accepted and from 1960 onwards considerably more attention has been paid to afforestation and reafforestation. The planting programme was increased from the original 500 to 600 acres per annum to a minimum of 2,500 acres per annum, and further expansion is planned over the five-year period 1966-1970.

Timber milling

115. Although Fiji's forests are a valuable asset, large-scale milling was slow to begin and even in the early 1960's considerable amounts of lumber were imported. The value of lumber imports in 1965 was over £550,000. The main hindrance to the development of the timber resources and industry in Fiji was the difficulty of getting long-term leases, timber leases mostly being on only twelve months' tenure. However, since 1960 a move towards long-term timber leases has become possible.

116. Three large timber concessions were in force in 1963, held by the Pacific Lumber Co. (nominal capital, £250,000; subscribed capital £180,000), the Viti Timber Co., and the Karam Singh concession.

117. There were about forty local mills in 1962 cutting about 10 million super feet of timber per annum, mostly for local use. At that time the export of timber commenced to New Zealand.

X. MINING

General

118. The new Mining Ordinance No. 25 of 1965 was enacted at the June session of the Legislative Council, but the new law did not operate until the revised edition of the Mining Regulations were ready for introduction in 1966. This Ordinance replaced the Mining Ordinance enacted in 1937 by a new legislation in substantial conformity with the law in other countries. Part I of the Ordinance contains general provisions including the reservation of "all minerals of every description, including crude oil as defined in the Oil Mines Ordinance", to the Crown, the constitution of the Mining Appeals Board,

and the position of companies, partnerships and absentees holding mining tenements.

119. Part II refers to procedural matters in connexion with the application for and the granting of mining tenements and prescribes the rights and obligations of holders of prospector's rights and mining tenements.

120. Compensation for damage done to the surface of any land subject to a mining tenement is the subject of Part III of the Ordinance. Part IV relates to the registration and approval of documents, the fees to be paid thereon and the transfer and transmission of mining tenements.

121. Part V of the Ordinance refers to various miscellaneous matters relating to administration and royalties, and Part VI provides for offences and penalties. The powers of the Governor in Council to make regulations are contained in Part VII. Under the new Ordinance, control of mining and prospecting is vested in the Director of Mines, instead of in the Mining Board as in the past.

122. In addition to any fees, such as prospector's right fee (£1.0.0), filing application fee for mining tenement (£1.0.0), fee for extension of mining tenement (£1.0.0), etc., the holder of a prospecting licence pays, under the new Mining Regulations (1966), in respect of each such licence held by him, £1 for each 100 acres or part thereof for the first 500 acres; five shillings for each additional 100 acres or part thereof in excess of 500 acres.

123. As for annual rents, the holder of a permit to mine or of a mining lease, in respect of each such permit or lease held by him, pays five shillings per acre or part thereof, provided that the minimum annual rent payable in respect of each such permit or lease shall be £1. Annual rents of £2 are also payable by the holder of a special site right or road access licence in respect of each such right or licence held by him.

124. Royalties are payable in the case of bauxite or iron ore at the rate of 3 per cent of their value, and in the case of any other minerals at the rate of 5 per cent of their value.

125. Notwithstanding these provisions, it is also possible for the Director of Mines, with the approval of the Governor, to permit the payment of royalties on all minerals extracted on a yield basis.

126. Twenty-four prospector's rights were issued during 1965, compared with 32 in 1964 and 32 in 1963. Nine prospecting licences covering an area of 412,010 acres were in force at the close of 1965 compared with licences totalling 50,095 acres effective in 1964.

127. The Vanua bauxite deposits were visited by senior engineers from Aluminium Laboratories Ltd., who investigated the engineering aspects of bauxite mining in order to assess the economics of working the deposits. A decision on the economic viability of the area was expected in early 1966.

128. During 1965, base metal prospecting in the Territory was stimulated by the granting of a prospecting licence covering 360,320 acres in south-west Viti Levu to Explorations (Australia) Pty. Ltd., a subsidiary of Kennecott Ltd., a large American copper producer. A geological and geochemical appraisal of a part of the area was carried out during 1965, and diamond drilling was expected to start early in 1966. According to the *Annual Report of the Department of Lands, Mines and Surveys* for 1965, investigations extending over several years are likely to be necessary before any firm conclusions can be drawn on the economic potential of the area.

129. Further diamond drilling was conducted at the Banno Mining Company's Udu Mine in Vanua Levu, preparatory to drawing up a final plan for the full scale operation of the mine expected in 1966. The same company has also started an investigation of the copper prospect at Wainikoro, Vanua Levu.

130. The following table shows the estimated production and value of mineral resources for 1965 and a comparison with actual values for 1964:

Product	Quantity		Value £	
	1964	1965	1964	1965
Gold	100,493 oz.	181,063 oz.	1,396,765	1,390,864
Silver	60,564 oz.	60,265 oz.	21,196	22,962
Manganese ore	897 tons	8,500 tons	8,521	80,750
Copper ore	50 tons	20 tons	500	200
Limestone (burnt)	3,416 tons	3,000 tons	26,108	24,750
Road metal	239,070 cu. yds.	350,000 cu. yds.	141,343	210,000
Sand and gravel	290,715 cu. yds.	300,000 cu. yds.	62,361	75,000
Coral sand (cement manu- facturing)	36,561 cu. yds.	42,000 cu. yds.	18,562	21,000
River sand (cement manu- facturing)	11,925 cu. yds.	13,700 cu. yds.	5,962	6,850
Coral sand (other purposes)	300 cu. yds.	1,000 cu. yds.	150	500
		TOTALS	£1,681,468	£1,832,876

Gold

131. The most important mining activity in Fiji is gold mining. Gold findings in the Territory were reported as far back as in 1868. However, it was only in 1929 that a remunerative gold deposit was discovered on the Yanawi river. That find proved to be the beginning of the gold mining industry in Fiji.

132. The Mt. Kasi Mines Ltd. was formed in 1932 and began operations on the site of J. L. Stark's discovery in 1929. Prospects were promising at first, and three years later, in 1935, the output was nearly 2,000 ounces. However, faced with the difficulties of the war years that followed, Mt. Kasi closed down in 1943.

133. In 1932 gold was found at Tavua. Australia investors became interested in the field and in 1934 two companies, the Emperor Gold Mining Company Ltd. and the Loloma (Fiji) Gold Mines, N.L., were formed.

134. By 1936, most of the new companies and syndicates which had been formed during the brief boom had withdrawn, leaving the field to three principal companies: Emperor, Loloma and Dolphin—and a few small concerns. The small associated company, Fiji Mines Development Ltd., worked the rich Dolphin property. Mining was by both opencut and underground methods, the ore of the three companies being treated at one huge central plant. The Loloma and Dolphin mines have now ceased production, but they retain an interest in the field in the joint prospecting now being conducted underground from the Emperor mine.

135. Although the intensive prospecting campaign in the Tavua district has been rewarded with indications of the downward extension of the ore bodies, there have been other problems outside their control. The fixed price of gold is one of them. While all other commodities have increased in cost fourfold in the last fifteen years, the price of gold has been pegged at the same rate since 1946-1947. This has made profitable working difficult.

136. During 1959-1961, the Fiji Government assisted the industry in various ways, including payment of a subsidy on gold of £2 per ounce. The estimated subsidy for 1961 amounted to £83,204. There has been no assistance since January 1962. When the subsidy ended, the Government made a remission of port and customs service tax which did not reach the value of the subsidy. Emperor Gold Mining Ltd. has applied to the Government for subsidy, claiming that it is necessary in order to carry out its exploration, development and research programmes. It adds that there has been a recent depletion of its "deferred" ore reserves.

137. The company's gross operating profit for 1965 was £389,024, from which £232,233 was allocated for general development, £54,476 for special development and £52,559 for depreciation. Government revenue benefited directly from a total of £19,714, made up of company tax of £15,296 and royalty of £4,418. In February 1962, the company had a nominal capital of £300,000 and subscribed capital of £250,000.

138. The following figures show the quantity and value of gold exported during a ten-year period:

Year	Ounces	£
1955	73,989	1,027,538
1956	67,130	937,769
1957	76,620	1,074,768
1958	80,139	1,140,614
1959	70,719	990,208
1960	71,677	1,002,655
1961	95,239	1,202,022
1962	84,926	1,189,011
1963	111,260	1,557,633
1964	100,193	1,385,745
1965 ^a	112,432	1,531,559

^a Provisional figures.

Other minerals

139. Minor enterprises in the mining field are concerned with copper and iron ore, some being mined by Japanese and Indian interests. Bauxite and phosphate are known to exist in the Territory, but it has yet to be proved whether they are in commercial quantities.

140. Greater interest has been shown in manganese. There was a boom between 1957 and 1959. However, the easiest deposits have now been worked out and the price, too, has fallen. The estimated production of manganese ore for the year 1965 was 8,500 tons valued at £80,750, compared with 897 tons valued at £8,521 in 1964.

141. Exports of manganese ore and concentrates during 1963-1965 were:

Year	Quantity in tons	F.o.b. value £
1963	10,182	119,560
1964	761	9,437
1965 ^a	4,809	92,487

^a Provisional figures.

142. Royalty revenue on manganese ore during 1963-1965 was as follows:

Year	£
1963	5,502
1964	404
1965	4,720

XI. LABOUR

General

143. In 1965, there were approximately 28,520 persons employed as wage-earners; this figure excludes both domestic

servants employed in private households and casual workers, i.e., dockworkers and cane-cutters. The labour force, which is comprised mainly of Fijians and Indians, showed an increase of 2,715 over 1964. The figures for that year are set out below:

	Number of employees
Agriculture and fishing	2,951
Forestry	942
Mining	1,575
Manufacturing and crafts	3,813
Food industries	481
Drinks and tobacco	330
Clothing industries	516
Building materials	106
Construction and engineering	6,227
Transport	1,831
Communications	387
Distribution	2,733
Banking and insurance	50
Electricity and water	431
Tourism, catering and entertainment	1,250
Other services	624
Administration	712
Health	675
Education	169
Professions	2
TOTAL	25,805

144. More than half the total labor force is covered by some form of collective bargaining machinery and their terms and conditions of employment are set out in agreements arrived at by the normal process of negotiation. The general level of wages paid to an unskilled worker under these agreements is approximately 2s. per hour, while the average working week is forty-four hours. Wage differentials are applied to skilled workers and tradesmen.

145. In those sectors of industry where no negotiating machinery has been established, wages are subject to agreement between the individual employer and the worker. However, the Administration states that this is not entirely satisfactory, since a surfeit of labour has tended not only to depress wage rates, but has penalized a good employer who may have recognized a trade union and who provides reasonable terms and conditions of employment. This position has been remedied in the wholesale and retail trades and the building and civil engineering industries by the establishment of wages councils. Wage Regulation Orders made by these councils provide, *inter alia*, a minimum hourly rate of 1s.11d. per hour for adult workers in the wholesale and retail trades and 1s.10d. per hour for adult workers in the building and civil engineering industry. At the end of 1965, it was announced that further wages councils would be estimated in the road transport industry, and in the hotel and catering trade.

146. Although the Labour Department operates an employment service and provides facilities for persons to register for work, comparatively few persons register themselves as unemployed, principally because of the few vacancies notified to the Department.

Trade unions

147. Prior to the introduction of the Trade Union Ordinance, 1964, all trade unions were required to register themselves under the Industrial Associations Ordinance, which covered not only trade unions, but also bodies formed to promote the sectional interests of cane farmers, independent contractors and traders. Under the Trade Unions Ordinance, which became effective on 1 November 1964, trade unions were no longer registered under the Industrial Associations Ordinance and were given three months to effect their re-registration under the Trade Unions Ordinance. Organizations which were not trade unions were unaffected by this requirement and continued to be registered under the Industrial Associations Ordinance. At the end of 1965, there were a total of nineteen registered trade unions and it is estimated that more than half the persons

in wage-earning employment were members of one or other of them.

148. The list of registered trade unions in 1965 was:

Public Employees' Union;
Fijian Government Workers' Union;
Fiji Public Servants' Association;
National Teachers' Union;
Fijian Teachers' Union;
Fiji Sugar and General Workers' Union;
Fiji Sugar Tradesmen's Union;
Qantas Local Salaried Staff Association;
Fiji Senior Aircraft Engineers' Association;
Airport Workers' Union;
Fiji Mineworkers' Union;
Dockworkers' Union;
Transport Workers' Union;
Fiji Timber Workers' Union;
Fiji Oil and Allied Workers' Union;
Telecommunication Employees' Association;
Factory Workers' Union;
Fiji Pastoral Workers' Union;
Fiji Municipal Workers' Union.

XII. TRADING CORPORATIONS

149. On the registration of a company in Fiji, it is necessary to supply the following to the Registrar of Titles: (a) memorandum and articles of association; (b) address of the registered office of the company; (c) declaration of compliance with the Companies Ordinance; and (d) the names of the directors of the company. Registration fees must then be paid and the Registrar will issue a certificate of incorporation.

150. It is not necessary to have local directors of Fiji companies, but it is necessary to hold a general meeting in the Territory once a year. The company must send to the Registrar of Titles an annual report of the company, with a list of current directors, a list of current shareholders, their individual shareholdings and the total nominal and subscribed capital.

151. The corporation with the most economic significance in Fiji is the Colonial Sugar Refining Co. Ltd., which now operates mainly through its Fiji subsidiary, South Pacific Sugar Mills Ltd. The Associated Mining Companies are also economically important. These companies have been discussed in previous chapters.

152. Fiji has three very large trading corporations, a number of moderately sized ones and hundreds of small traders who range in size from one-man tailoring shops to flourishing family enterprises.

153. The large corporations are: Burns Philp (South Sea) Co. Ltd., which is a subsidiary of the Australian Burns Philp Co. Ltd., of Sydney. It was formed and registered in Suva in 1920 and in February 1962 had a nominal capital of £2 million and a subscribed capital of £1 million. The area in which it operates includes not only Fiji and Rotuma, but also Tonga, Western Samoa and Niue. As well as being general merchants, the company owns and operates inter-island ships and buys and ships the islands' produce. The company has established large retail stores and trading organizations in the major centres of the Territory.

154. Morris Hedstrom Ltd. was formed about 1892 by two Fijian residents. Its nominal capital in February 1962 was £750,000 and its subscribed capital was £520,407. In January 1956, W. R. Carpenter and Co. Ltd. acquired the controlling interest in the company, which at that time had total assets of £2,500,000 in Fiji, Tonga and Western Samoa. Morris Hedstrom and the Carpenter interests in Fiji have continued to operate as separate units and in competition. Morris Hedstrom Ltd., in its turn, owns important subsidiaries including Millers Ltd., a large trading enterprise specializing in hardware, machinery, vehicles, etc. In February 1962, Millers Ltd. had a nominal capital of £1 million and a subscribed capital of £120,500. Morris Hedstrom Ltd. also owns plantations, inter-island ships and real estate, and operates large departmental stores and trading organizations all over the Territory.

155. W. R. Carpenter and Co. (Fiji) Ltd. has a different structure from that of the other two big firms and, apart from its large retail establishment in Suva, operates through sub-

subsidiary companies. Unlike Burns Philp and Morris Hedstrom, it does not operate large retail branches in other centres of the Territory. Its most important Fiji subsidiary is Island Industries Ltd., owners of the copra crushing mill in Suva that produces coconut oil, Fiji's second most important export. Its nominal capital in February 1962 was £1 million and its subscribed capital was £400,000. Its other subsidiaries are Island Transport Ltd., Austral Motors, Suva Motors Ltd., Advanx Tyre Retreading Co., Amco Motors and Vueti Viti. In partnership with an Australian brewery company, it operates the Carlton Brewery (Fiji) Ltd. in the Territory. In February 1962, W. R. Carpenter and Co. (Fiji) Ltd. had a nominal capital of £500,000 and a subscribed capital of £250,000.

Appendix V

Economic conditions in Mauritius, with particular reference to foreign economic interests

Working paper prepared by the Secretariat

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I. OUTLINE OF ECONOMIC DEVELOPMENT

A. Land and people

1. The Territory of Mauritius consists of the island of Mauritius and its dependencies, Rodrigues, Agalega and the Cargados Carajos. The island of Mauritius lies in the western Indian Ocean about 500 miles east of Madagascar and 200 miles north of the tropic of Capricorn. Rodrigues, the main dependency, lies a further 350 miles to the east, the Cargados Carajos 250 miles and Agalega 850 miles to the north. The dependencies account for only 9 per cent of the Territory's area and 3 per cent of its population, and play little or no part in the economic life of the island of Mauritius itself.

2. The island is roughly pear-shaped and is almost surrounded by coral reefs and lagoons; its total area is approximately 720 square miles. The northern part of the island is a flat plain rising to a central plateau. Bordering the plateau to the north, west and south are three main mountain ranges with rocky peaks, the highest of which is 2,711 feet. These mountains are believed to be the rim of a vast volcano. There are numerous other isolated hills and peaks and many short, swift rivers with waterfalls, a number of which are used to generate hydroelectric power. Remnants of the indigenous forests still exist, supplemented by areas replanted with such trees as the pine. Casuarina or coconut trees fringe the coasts. The climate and soil of Mauritius are pre-eminently suited to the growing of sugar-cane, to which most of the arable land is devoted.

3. The island has a maritime climate, tropical in summer (November to April) and subtropical in winter (May to October) and, with south-east trade winds blowing most of the year, it is generally humid. The mean temperature varies between 74°F at sea-level to 67°F at 2,000 feet. The annual rainfall averages 50 inches at sea-level and reaches 200 inches on the highest part of the central plateau. Mauritius is subject to cyclones, which occur usually in February or March. Two cyclones which struck the island early in 1960 caused considerable damage and reduced the sugar crop by more than half.

4. Mauritius is of volcanic origin and the rocks encountered are basalts of two distinct periods of volcanic activity, separated by an erosion interval of considerable duration. The older volcanic series is responsible for the more rugged and mountainous features of the landscape, while most of the arable land belongs to the younger series made up of lava. The natural fertility state largely depends on the extent of leaching, this being severe in the high rainfall areas.

5. The population of Mauritius reflects the island's history and the requirements of its sugar industry. In 1722, when Mauritius was governed by the French East India Company, a large party of colonists made the first permanent human occupation of the island. Shortly afterwards, the French began the commercial exploitation of sugar by establishing estates

through the grant of concessions, and by bringing in African slaves to work on the estates. Few British settled on the island after its cession to Britain in 1814, but the British authorities were concerned to ensure a supply of labour to the estates, and set up a system of indentured Indian labour after the abolition of slavery in 1833. The system lasted into this century and at about that time, the production of sugar replaced *entrepôt* trade as the most important economic activity. A more recent addition to the population of Mauritius has been the Chinese, chiefly traders. As a result, a multiracial society has been created. It has grown more rapidly since the end of the Second World War, owing to the eradication of malaria and other improvements in public health.

6. In 1944, the total population was 420,000. At the end of 1965, it was estimated at 751,400 divided into: Indo-Mauritians, 506,600 (67.4 per cent of the total population); "General population", 220,100 (29.3 per cent); and Sino-Mauritians, 24,700 (3.3 per cent). Of the 506,600 Indo-Mauritians, 383,600 (53.7 per cent) were Hindus and 123,000 (13.7 per cent) Muslims. The "General Population" comprised about 10,000 persons of European descent (1.3 per cent) and 210,000 others of African and mixed descent (28 per cent). Included in this group are owners of large sugar estates and mills who have long occupied a dominant position in the economic life of the island.

7. Mauritius is one of the most densely populated areas in the world, with an annual population increase of 3 per cent and more since 1950. As there is no sign of a decline in the present trend, the population will reach about 1 million by 1973.

8. The rise of population has led to a reduction of living standards among certain sections of the people, an increasing level of unemployment and a heavy drain on the Territory's budget through claims for public assistance.

9. The demographic and related problems formed the subject of the following recent studies:

Richard M. Titmuss and Brian Abel-Smith (assisted by Tony Lynes), *Social Policies and Population Growth in Mauritius*, Mauritius Legislative Council, Sessional Paper No. 6 of 1960, Port Louis;

J. E. Meade and others, *The Economic and Social Structure of Mauritius*, Mauritius Legislative Council, Sessional Paper No. 7 of 1961, Port Louis;

T. Balogh and C. J. M. Bennett, *Report of the Commission of Inquiry (Sugar Industry) 1962*, Mauritius Legislative Council, Sessional Paper No. 4 of 1963, Port Louis;

Horst Seidler (with an annex contributed by Theda Bolle), *Employment and Economic Growth in Mauritius, A Projection*, Mauritius Legislative Assembly, Sessional Paper No. 2 of 1966, Port Louis;

W. A. V. Hopkin, *Policy for Economic Development in Mauritius: Objectives and Principles*, Mauritius Legislative Assembly, Sessional Paper No. 6 of 1966, Port Louis.

10. On the basis of these studies, the Government has established a family planning programme and has adopted plans for accelerating economic development. In preparing the present paper, these studies and Government measures have been taken into account.

B. Development in recent years

11. The economy developed rather slowly until the end of the Second World War, but then fairly steadily with the conclusion of the Commonwealth Sugar Agreement in December 1951. During 1960, Mauritius suffered a severe economic setback brought about by two disastrous cyclones. Subsequently, the economy made a good recovery, reaching a peak in 1963, which saw a bumper sugar crop combined with higher sugar prices. In the two following years, it declined owing to a continuing decrease in the value of total exports, particularly that of the exports of the sugar industry. During the post-war period, there was a rapid rise in population and the gross national product per head of the population has shown a general downward tendency since 1953 (the year from which national income statistics are available). The following table relates changes in the gross national product since 1953 to changes in the total population:

Year	Gross national product at factor cost (Rs. million) ^a	Population (thousand)	Gross national product per head (Rs.)
1953	566	525	1,078
1954	573	539	1,063
1955	591	560	1,055
1956	627	579	1,083
1957	646	597	1,082
1958	634	620	1,023
1959	681	637	1,069
1960	605	655	908
1961	702	673	1,043
1962	720	692	1,040
1963	928	713	1,301
1964	767	734	1,045
1965	766	751	1,020

Sources: *Commerce and Industry in Mauritius*, 1964; Central Statistical Office, *Quarterly Digest of Statistics*, June 1964;

Foot-notes to table continued

Fifth Progress Report on the Reconstruction and Development Programme 1960-1966 for the year 1964-1965.

^a One Mauritius rupee is equivalent to 1s.6d. sterling = 21 US cents.

12. Since 1945, the economy has not expanded fast enough to provide work for the new entrants into the labour force. The working-age population was estimated to be 205,281 in 1958 and 350,000 in 1962. During this period, the average number of workers employed by the sugar industry, the largest single employer of labour, rose from 55,000 to 60,000. Prior to 1962, there was considerable unemployment but because of the difficulty of collecting employment statistics, the exact proportions of the problem were not known. Between mid-1962 and mid-1965, the annual increase in the working-age population and unemployment was estimated at about 6,500 and over 4,000 respectively.

13. The figures for the gross national product in terms of its industrial origin for 1960 to 1964 (the last year for which detailed data are available) are as follows:

GROSS NATIONAL PRODUCT—MAURITIUS

	1960	1961	1962	1963	1964
	Rs. million				
Agriculture, forestry, hunting and fishing	112	193	189	313	188
Mining and quarrying	1	1	1	1	1
Manufacturing	70	121	122	185	117
Construction	66	49	50	48	49
Electricity, gas, water and sanitary services ..	12	14	17	21	21
Transportation, storage and communication ..	84	92	95	107	96
Wholesale and retail trade	67	74	74	81	87
Banking, insurance and real estate	13	13	14	15	15
Ownership of dwellings	42	52	55	57	59
Public administration and defence	27	29	31	33	35
Services	69	72	77	81	85
Gross domestic product at factor cost	563	710	725	943	753
Net factor income from abroad	10	—5	—5	—11	—2
Net receipts from foreign reinsurers (Sugar Industry Cyclone and Drought Insurance Fund)	32	—3	—	—4	16
Gross national product at factor cost	605	702	720	928	767

Source: Central Statistical Office, *Quarterly Digest of Statistics*, June 1964.

14. During the period 1960-1964, farming (including forestry, hunting and fishing) and manufacturing made the largest contribution to the gross national product. It should be pointed out that, apart from sugar-cane processing, manufacturing was not an important part of the economy. Most Mauritian industries were locally owned and controlled.

15. As stated previously, the economy has been dominated by the sugar industry, which in 1964 accounted for more than 25 per cent of the gross national product. Moreover, the output of many other industries contributed to that industry's activities. Some of the construction work was on behalf of the industry; the output of the transport industry included the transport of sugar, and so on. Therefore, a much higher proportion of the gross national product was directly and indirectly contributed by the sugar industry. The latter's paramountcy is emphasized even more by the fact that it has been the largest single employer of labour (see para. 12 above), private investor, landowner and foreign exchange earner in the Territory (see below).

16. Expenditure on the gross fixed domestic capital formation was Rs. 93 million in 1953 and then declined until 1957, when it again reached the 1953 level. Thereafter, it rose from

Rs. 115 million in 1958 to a maximum of Rs. 171 million in 1964, with a substantial decrease to Rs. 154 million in 1965. During the years 1953-1958, such expenditure totalled Rs. 550 million, of which 23.1 per cent was spent by the Government and other public bodies, 34 per cent by the sugar industry and 42.9 per cent by all other private sectors. No such data are available for the following years. For the period 1964-1969, the sugar industry planned to spend a sum of Rs. 165.5 million for its further expansion.

17. Available data on the distribution of the national income only cover the period 1953-1961. During this period, compensation of employees (wages, salaries and amenities provided by employers) normally accounted for more than a half of the national income, incomes of self-employed persons (mainly farmers, professional persons and traders) for a sixth, income from property (dividends and rents) for a further sixth, and undistributed company profits (including provision for depreciation) for a further 10-12 per cent.

18. Mauritius is primarily an agricultural country. The following table shows land utilization during the period 1961-1965:

	1961	1962	1963	1964	1965	1965— percentage
	(thousand acres)					
Agriculture	226.3	229.4	230.1	232.0	232.9	50.5
Sugar	209.8	213.8	214.0	215.8	214.4	46.5
Tea	4.4	4.9	5.3	5.8	6.6	1.4
Aloe	2.2	1.1	1.1	0.9	0.9	0.2
Tobacco	0.9	0.7	0.8	0.5	1.0	0.2
Food crops, vegetables and fruits	9.0	8.9	8.9	9.0	10.0	2.2
Forests, scrub areas and grasslands, Crown and private	182.3	179.2	179.2	175.6	174.6	38.0
Built-up areas	14.2	14.2	14.2	15.2	15.3	3.3
Inland water	23.0	23.0	23.0	23.0	23.0	5.0
Roads and tracks	10.0	10.5	10.0	10.0	10.0	2.2
Permanent waste land	5.0	5.0	4.3	5.0	5.0	1.0
TOTAL ISLAND AREA	460.8	460.8	460.8	460.8	460.8	100.0

Sources: *Commerce and Industry in Mauritius*, 1964; Central Statistical Office, *Quarterly Digest of Statistics*, December 1964 and June 1966.

19. In this period, the area under cultivation was increased by 3 per cent, i.e., 0.6 per cent yearly. Some 65,000 acres of scrub and forest land are considered to be suitable for agricultural purposes, of which a good deal is of such a nature that its exploitation would necessitate heavy investment.

20. At present, apart from Crown lands, the rest of the land of Mauritius is owned by all sections of the community. Roughly 75 per cent of the cultivated land is owned by companies and private estates, the remainder being the property of smallholders. In addition to freehold tenure, land is also held leasehold and on the basis of share-cropping in the form of *métayage*.

21. The Territory specializes in the production of three agricultural commodities (i.e., sugar, molasses and tea) for export. Thus, it depends heavily on imported goods for the satisfaction of local requirements.

22. The following table is a historical summary of external trade over recent years:

EXTERNAL TRADE—MAURITIUS

Year	Imports (c.i.f.)	Exports (f.o.b.)	Visible balance
	(Rs. million)		
1953	251.1	276.5	+25.4
1954	214.4	268.4	+54.0
1955	254.5	252.5	—2.0
1956	224.2	299.6	+75.4
1957	263.8	332.8	+69.0
1958	299.2	291.1	—8.1
1959	286.9	289.6	+2.7
1960	331.9	185.0	—146.9
1961	324.0	294.2	—29.8
1962	322.7	305.9	—16.8
1963	333.1	427.8	+94.7
1964	388.9	366.9	—22.0
1965	367.3	313.4	—53.9
1966 (Jan. to June) ..	163.3	63.0	—100.3

Sources: J. E. Meade and others, *The Economic and Social Structure of Mauritius*, op. cit.; *Commerce and Industry in Mauritius*, 1964; Central Statistical Office, *Quarterly Digest of Statistics*, June 1964.

23. The structure of imports from 1962 to the first half of 1966 was as follows:

IMPORTS—MAURITIUS

	1962	1963	1964	1965	1966 (Jan. to June)
	(Rs. million)				
Food	93.0	94.7	105.9	108.0	56.8
Beverages and tobacco	8.1	7.9	7.4	6.8	1.9
Crude materials inedible, except fuels	6.3	5.6	6.5	6.7	3.0
Mineral fuels, lubricants, etc.	15.5	14.2	17.0	17.7	8.5
Animal and vegetable oils and fats	10.7	12.1	11.3	14.9	10.1
Chemicals	37.2	39.7	46.4	47.1	17.9
Manufactured goods classified chiefly by material	70.9	70.8	88.5	78.6	35.2
Machinery and transport equipment ..	45.4	55.7	70.3	56.3	17.9
Other manufactures	34.9	31.7	35.5	31.0	11.8
Miscellaneous	0.7	0.8	0.1	0.3	0.2

Source: Central Statistical Office, *Quarterly Digest of Statistics*.

24. The structure of domestic exports from 1962 to the first half of 1966 is shown below:

DOMESTIC EXPORTS—MAURITIUS

	1962	1963	1964	1965	1966 (Jan. to June)
	(Rs. million)				
Sugar	282.0	400.2	344.2	290.3	47.8
Molasses	9.1	13.5	8.8	5.0	3.5
Tea	3.9	5.5	4.4	5.9	4.2
All other exports	2.1	1.8	2.5	2.2	2.2

Source: Central Statistical Office, *Quarterly Digest of Statistics*.

25. The following table shows the direction of visible trade in 1962 to the first half of 1966:

	Imports					Exports				
	1962	1963	1964	1965	1966 (Jan. to June)	1962	1963	1964	1965	1966 (Jan. to June)
	(Rs. million)									
United Kingdom	90.2	94.2	115.2	98.4	38.1	251.0	290.7	272.7	238.6	45.9
Other Commonwealth countries ^a	47.8	44.0	59.2	45.0	19.2	23.0	67.2	61.4	33.1	6.1
Non-Commonwealth countries ^b	184.7	194.9	214.5	223.9	106.0	31.9	69.9	32.8	41.7	11.0

Source: Central Statistical Office, *Quarterly Digest of Statistics*.

^a Mainly Australia, Canada, Federation of Malaysia, Hong Kong, India and New Zealand.

^b Principally Burma, Federal Republic of Germany, France, Holland, Iran, Italy, Japan, South Africa, Thailand and the United States of America.

26. Of the total imports of Mauritius, 58 per cent comes from non-Commonwealth countries, 27 per cent from the United Kingdom and 15 per cent from other Commonwealth countries. Some 75 per cent of Mauritian exports goes to the United Kingdom, 10 per cent to other Commonwealth countries and 15 per cent to non-Commonwealth countries.

27. Until 1957-1958, the Government had a substantial surplus on current account, but in the same year recurrent expenditure began to grow at a much faster rate than before. The trend of recurrent revenue and expenditure in the period 1958-1959 to 1965-1966 is shown in the following table:

Year	Recurrent revenue	Recurrent expenditure (Rs. million)	Surplus(+) or deficit (-)
1958-1959	129.0	132.5	-3.5
1959-1960	131.0	138.1	-7.1
1960-1961	146.7	147.3	-0.6
1961-1962	156.4	156.0	+0.4
1962-1963	162.8	167.9	-5.1
1963-1964	184.6	181.0	+3.6
1964-1965	231.7	205.7	+26.0
1965-1966	182.2	213.9	-31.7

Sources: *The Colonial Office List, 1963; Report on Mauritius, 1964; The Government Gazette of the Colony of Mauritius*, No. 78, 29 October 1966.

28. The main heads of recurrent revenue and expenditure for the years 1963-1964 to 1965-1966 were as follows:

Recurrent revenue	1963-1964	1964-1965 (Rs. million)	1965-1966
Direct taxes	41.2	90.5	42.7
Indirect taxes	118.0	111.7	106.0
Receipts from public utilities	10.9	11.6	13.7
Receipts from public services	5.3	5.6	5.7
Interest and royalties	7.0	9.0	10.0
Other	2.2	3.3	4.1
TOTAL	184.6	231.7	182.2
Recurrent expenditure	1963-1964	1964-1965 (Rs. million)	1965-1966
Police	8.5	8.7	9.1
Financial administration ..	7.9	8.7	19.6
Contributions to Capital Fund	12.0	20.0	12.0
Public debt	11.9	13.7	16.1
Public service pensions ...	11.4	13.8	14.5
Agriculture	5.0	5.3	5.6

Table (continued)

Recurrent expenditure	1963-1964	1964-1965 (Rs. million)	1965-1966
Works and internal communications	11.9	16.1	15.6
Education and cultural affairs	24.9	26.0	26.9
Health	19.2	19.8	20.9
Local government	5.0	5.9	6.4
Posts, telegraphs and telecommunications	5.0	5.4	5.3
Social security (mainly public assistance)	27.6	29.4	32.2
Other	30.7	32.9	29.7
TOTAL	181.0	205.7	213.9

29. The 1957-1962 Development Plan envisaged a total expenditure of some Rs. 210 million, of which 30 per cent was to be on the social services and 22 per cent on communications. Because of the damage done by the cyclones in 1960, the Plan was abandoned and a new Reconstruction and Development Programme covering the period 1960-1965 was drawn up. This provided for the expenditure of Rs. 354 million during the five-year period. In 1964, it was decided to increase the ceiling of the Programme to Rs. 400 million and to extend the period to mid-1966. This sum was allocated as follows:

RECONSTRUCTION AND DEVELOPMENT PROGRAMME—MAURITIUS

	Rs. million	Per cent
Central administration	10.9	2.7
Finance (mainly loans to development institutions)	39.3	9.8
Agriculture and natural resources ...	23.0	5.8
Works and internal communications ...	86.4	21.6
Industry, commerce and external communications	81.8	20.5
Education	26.1	6.5
Health	20.0	5.0
Social security and labour	1.4	0.4
Housing and lands	74.9	18.7
Local government and co-operatives ...	11.9	3.0
Information, posts and telegraphs	12.0	3.0
Cyclone emergency expenditure	11.7	2.9
Reserve	0.6	0.1
TOTAL	400.0	100.0

Source: *Commerce and Industry in Mauritius, 1964*.

30. Funds for the extended Programme were:

	<i>Rs. million</i>
Transfer from recurrent budget	75.5
Capital receipts, Colonial Development and Welfare schemes	28.6
Loans	174.6
Grants	33.3
Miscellaneous (including sale of property and interest on investments)	48.0
TOTAL	360.0

Sources: *Commerce and Industry in Mauritius, 1964; Report on Mauritius, 1964; The Government Gazette of the Colony of Mauritius, No. 78, 29 October 1966.*

31. Thus, there was a gap of Rs. 40 million. Expenditure during the whole period of this Programme amounted to some Rs. 340 million.

C. The issues in outline

32. The Government of Mauritius has recognized that the main problem confronting the Territory today is the widespread unemployment caused by the rapid rise in population. It has recently introduced a family planning programme, but of course this cannot have any effect towards a reduction of the total labour force in the near future. So far, emigration has provided only a minor mitigation of the problem of unemployment.

33. During recent years, economic development in the Territory has lagged behind its needs. The sugar industry has not been able to give employment to any large part of the rise in the total labour force. It is considered likely that this trend will continue, even though the industry is planning to expand further. It is also considered likely that, apart from tea, the development of non-sugar agriculture will not make a substantial contribution to the widening of employment opportunities. This is mainly because there are difficulties involved in the production and marketing of crops other than sugar-cane and tea. Furthermore, the ultimate shortage of land will limit the possibility of finding additional jobs on the land.

34. While continuing to promote the expansion of agriculture, the Government declared in 1963 that the solution of the economic problems of Mauritius lay mainly in a more extensive industrialization. Despite the measures recently taken by the Government for the encouragement of secondary industries, most manufacturers are still handicapped in many ways. Mauritius has a relatively small home market and no raw materials except for sugar and its by-products, aloe and some timber. Its distance from most potential markets and most sources of raw materials is long. It has little experience or know-how in manufacturing outside the sugar industry and suffers from a shortage of capital. These two handicaps were specifically referred to by the Premier of Mauritius in an address delivered in May 1966. Another important obstacle is the absence of a national capital market. Only the sugar millers, a privileged class of sugar producers, have funds at their disposal.

35. A very large proportion of development expenditure in recent years has been spent on infrastructure and social services. The recent development schemes have contributed a good deal to forming a solid basis for economic development, but have had no substantial effect in creating new employment opportunities. Other Government measures have included tariff protection, financial assistance and income tax incentives. But their force has been comparatively limited, as is indicated by the fact that since 1963, not more than fifty new secondary industries have been introduced on a small scale in the Territory. Broadly speaking, the cost of production in Mauritius is too high to give new enterprises a chance to compete with overseas producers on equal terms.

36. An important problem for Mauritius is that the financial position of the Government has become weakened in recent years. Since 1958-1959, recurrent expenditure has increased by 61 per cent, while recurrent revenue has risen by only 41 per cent; therefore annual deficits have occurred frequently. As noted earlier, the recurrent budget for the past financial

year showed a deficit of Rs. 31.7 million, the largest in the recent history of Mauritius. In order to balance its recurrent budget, the Government in July 1966 decided to increase further both direct and indirect taxes, the two principal sources of recurrent revenue.

37. A further problem is the inadequacy of statistical information required by the newly established planning authorities for the preparation of a comprehensive and co-ordinated development plan.

D. Current economic policies

38. In a recent address, the Premier of Mauritius stated that long-range development planning and a bigger role by the Government in the creation of a better economic growth were of paramount importance. The object of the Government's economic policies was to stimulate expansion in various sections of the Mauritian economy, in order to give productive employment to most of a much larger working population by 1970. The population situation was so serious that Mauritius needed the intensification of the family planning programme and the maintenance of a rationalized policy of emigration with a view to solving its economic problems. The Government hoped to mobilize all local resources for the creation of more work and wealth. In order to attract foreign investors to Mauritius, it had decided not to place an embargo on the export of capital. It was also seeking to stabilize the price of sugar at a remunerative level so as to achieve the maximum development of the sugar industry, while at the same time promoting the diversification of the economy. These and other suggestions are embodied in a new development programme covering the period from July 1966 to June 1970.

39. The programme includes the following proposals for accelerating economic growth. The Government intends to set up two schemes for irrigation farming and one scheme for tea development. The latter envisages the planting by the Government of 1,000 acres of new land under tea (mainly from the Crown forest lands) per year for distribution as small holdings. The Government desires to extend this by a further 15,000 acres. The sugar industry has agreed to finance the construction of seven more tea factories. The total production planned under this scheme is put at 3,000 metric tons, or about 80 per cent more than the level reached in 1965.

40. The Government will continue to strive to create favourable conditions for private investment by such means as the strengthening of the public finance system, the formation of a Standards Bureau, the establishment of a Trade Training Centre and a university to provide courses vital to immediate economic development needs, the maintenance of good industrial relations and stability in the basic cost of living, and the further expansion and improvement of health, housing, transportation and urban facilities and services. The Government will also continue to make funds available to entrepreneurs through the Development Bank of Mauritius (which was set up in March 1964). Certain large private projects, including projects concerned with textiles and edible oils, are being undertaken. The Government is participating in the negotiations for an Economic Community of East Africa and it will take every step to promote further economic development within the community.

41. Capital expenditure under the 1966-1970 development programme will be Rs. 340 million, which will be allocated as follows: agriculture and industry, Rs. 130 million; infrastructure, Rs. 99 million; social services, Rs. 82 million; administration, Rs. 28 million; the dependency of Rodrigues, Rs. 1 million. The total revenue and expenditure for the first year of the programme are estimated at Rs. 114.2 million and Rs. 93.2 million respectively. The United Kingdom Government has made funds available to the Territory as Colonial Development and Welfare grants and loans. For the period 1965-1968, such grants and loans given or envisaged total £4.4 million. The financing of the whole programme still remains to be determined.

42. The United Kingdom Government is examining various ways by which the Mauritian economy can be diversified. But the economy is almost completely dependent on sugar and there are problems in arranging for any new industrial development. These questions are being studied.

II. THE SUGAR INDUSTRY

A. General

43. Information presented in this section is mainly based on two sources:

J. E. Meade and others, *The Economic and Social Structure of Mauritius*, Mauritius Legislative Council, Sessional Paper No. 7 of 1961, Port Louis; T. Balogh and C. J. M. Bennett, *Report of the Commission of Inquiry (Sugar Industry) 1962*, Mauritius Legislative Council, Sessional Paper No. 4 of 1963, Port Louis. Neither of these studies, however, contains details regarding individual companies and factory-owned estates, nor are these available from other sources.

44. The growing and processing of sugar-cane constitutes the largest agro-industrial activity in Mauritius. The crop is grown on the lowland and on the upland plains on nearly flat or gently undulating slopes. The total area under cane increased each year between 1952 and 1962, remained fairly static in 1963 and then rose to a peak in 1964. During the following year, it dropped slightly but still represented 92 per cent of the cultivated land. At present, slightly more than one half of the cane area is accounted for by 23 Franco-Mauritian sugar millers, who produce the bulk of the crop on a large plantation scale. The remaining half of the cane area is owned by some 26,000 planters, mainly Indo-Mauritians, who produce less than 40 per cent of the total crop. The national average annual yield is 3.3 tons of sugar per *arpent* (equal to 0.85 acres). But the millers' yield is substantially higher, because they have the capital and the technical knowledge to maintain such high productivity. It is considered that the proportion of land under cane will not go on rising, but that a significant increase in total sugar production is possible for the next few years. The millers are planning to produce 800,000 metric tons of sugar by 1969, or about 20 per cent higher than the level reached in 1965.

45. The figures of sugar output, though subject to variations from year to year, showed a marked upward trend, particularly during 1963-1965, when average output was 22 per cent higher than in the preceding ten years and almost double that of a normal pre-war year. In 1965, Mauritius' sugar output represented more than 1 per cent of the world's supply and 14 per cent of all sugar produced in Africa.

46. With a small local market, sugar has been produced mainly for export and has been disposed of primarily through the Commonwealth Sugar Agreement since December 1951. Approximately 55 per cent of the sugar produced in Mauritius goes to the United Kingdom under the negotiated price quota, about 23 per cent to other Commonwealth countries (mainly Canada), about 8 per cent to non-Commonwealth countries, about 4 per cent is consumed locally and about 10 per cent is held as a carry-over. In recent years, Mauritius has usually supplied some 25 per cent of the United Kingdom's sugar imports in the form of raw sugar, and ranked third among the Commonwealth countries exporting sugar to the United Kingdom under the negotiated price quota. The whole of the sugar produced is marketed by the Mauritius Sugar Syndicate which, together with the Chamber of Agriculture, represents Mauritius at the Commonwealth Sugar Agreement negotiations.

B. Sugar-producing land

47. The cane area cultivated by millers extended at a much faster rate than that farmed by planters during the period 1952-1961, as is shown in the following table:

Crop years	Millers (thousand arpents)	Planters
1952	85.2	89.1
1953	87.6	89.3
1954	88.8	90.0
1955	91.5	88.6
1956	92.9	87.3
1957	95.4	87.2
1958	96.6	92.6
1959	99.5	76.0
1960	103.2	98.5
1961	104.9	96.3

48. In 1961, sugar-cane covered 201,200 *arpents*, of which 104,900 *arpents* were owned and cultivated by millers, 6,900 *arpents* were owned by millers but cultivated by tenant planters (*métayers*) and the remaining 89,400 were owned and cultivated by freehold planters, large and small. The distribution of the production area by category and size (*arpents*) was as follows:

Category	Under 100 arpents		100.1-500 arpents		500.1-1,000 arpents		1,000.1 arpents and over		Total	
	No.	Aggregate area	No.	Aggregate area	No.	Aggregate area	No.	Aggregate area	No.	Aggregate area
Miller	—	—	—	—	—	—	23	104,900	23	104,900
Tenant-planter (<i>métayer</i>)	2,500	6,450	2	450	—	—	—	—	2,502	6,900
Freehold planter	26,886 ^a	62,400	63	18,500	7	5,000	1	3,600	26,957	89,400
TOTAL	29,386	68,850	65	18,950	7	5,000	24	108,500	29,482	201,200

^a Including 23,500 freehold planters, each with a farm of 5 *arpents* or less.

49. During the years 1952-1961, a high proportion of the new land brought under cultivation was marginal land. Much of this land was farmed by millers who had the required capital and modern equipment to bring such lands into cultivation. Even though cultivation costs might be high, the

millings profit on the increase in the production made the high cultivation costs financially worth while. Some of the increase in the large estates' cultivation was at the expense of tenancies, a change which posed important social problems. The trend of this development is shown below:

AREA HARVESTED

Year	Millers		Tenant planters (<i>métayers</i>)		Small		Freehold planters		Large ^a
	Arpents	per cent	Arpents	per cent	Arpents	per cent	Arpents	per cent	
1953	78,775	100.0	9,627	100.0	50,502	100.0	28,200	100.0	
1954	79,951	101.5	9,523	98.9	53,284	105.5	25,684	91.1	
1955	82,800	102.6	9,202	95.6	52,315	103.6	25,842	91.6	
1956	82,318	104.5	8,814	91.6	51,273	101.5	25,496	90.4	
1957	84,655	107.5	8,456	87.9	52,016	103.0	24,451	86.7	
1958	85,975	109.2	8,717	90.6	53,350	111.0	25,636	90.9	
1959	88,835	112.8	7,876	81.8	58,368	115.6	28,038	99.4	
1960	92,549	117.5	7,399	76.9	59,435	117.7	28,973	102.7	
1961	94,077	119.5	6,648	69.1	58,828	116.5	27,735	98.3	

^a For the purpose of this table, large freehold planters were those who normally produced over 1,000 tons of cane per annum.

C. Sugar mills

50. To reduce production costs and to improve efficiency, the industry has followed a policy of centralization in the milling of cane. A century ago there were 260 mills in Mauritius with an average production of about 400 metric tons of sugar. At the end of 1946, 33 mills with an average production of 8,800 metric tons were in operation. In 1952, immediately after the conclusion of the Commonwealth Sugar Agreement, the number of mills operating decreased to 27 with an output of 468,000 metric tons. Since 1960, all sugar has been produced in 23 mills, each serving an area delimited by the Central Board, a statutory body (The Cane Planters and Millers Arbitration and Control Board, formerly known as the Sugar Millers' and Planters' Central Arbitration and Control Board). In 1965, some 664,500 metric tons of sugar came from 23 mills. These mills are as follows: Beau Champ/Deep River, Beau Plan, Bel Ombre, Belle Vue, Bénarès, Britannia, Constance, Ferncy, Highlands, Médine, Mon Désert, Mon Loisir, Mon Trésor, Mount, Réunion, Riche-en-Eau, Rose Belle, St. Antoine, St. Félix, Savannah, Solitude, Union St. Aubin, and Union Flacq.

51. These mills are modern and highly efficient and their managerial, supervisory and technical personnel is drawn from

the Franco-Mauritian community. The planters depend on these mills for the extraction of the sugar and by-products from their canes. Until 25 June 1964, canes were purchased by the millers on the basis of two thirds of the average quantity of sugar, molasses and scums produced going to the planters. At that date, on the recommendation of the Commission of Inquiry (Sugar Industry) of 1962, the Central Board adopted a new system of payment for planters' canes, under which they received 68 per cent of the average extraction from their canes.

52. Detailed financial information relating to twenty sugar estates with factories was available for the period 1958-1961. Two of the three factories excepted were branches of a company registered in and controlled from the United Kingdom which, in addition to its milling activities, carried on a variety of commercial activities in Mauritius and owned tea plantations elsewhere. The third exception was a factory which operated on a co-operative basis as miller for two separate planter companies, and its profits or losses as miller had been merged with the results of these two planter companies. The net assets (i.e., capital employed), share capital, net profits, tax provision and dividends paid annually by these twenty sugar estates with factories over this four-year period are set out below:

	1958	1959	1960	1961
	(Rs. million)			
Net assets (i.e., capital employed)	289,566	308,729	326,495	365,569
Share capital	121,577	122,006	164,612	205,481
Net profits before taxes	43,040	44,715	32,123	32,372
Taxation on the undistributed profits	7,996	7,865	4,996	3,953
Dividends	19,524	21,097	18,799	20,709

In addition, export tax on sugar paid by these estates in the same period amounted to Rs. 13,421,000.

53. The wage earners' share in the earnings of the millers is reflected in the latters' total wage bill. The bill for the years 1958-1961 (excluding that of one estate for 1958-1959 and 1959-1960 whose records were destroyed by cyclone) is as follows:

	Rs. million
1958	52.8
1959	60.0

	Rs. million
1960	63.6
1961	68.4

54. Over this period, the total wage bill increased by 29.5 per cent. As the price level remained unchanged, the real value of these wages also rose by 29.5 per cent.

D. The sugar industry's income

55. The sugar industry's total income for the years 1953 and 1958 to 1961 are shown below:

	1953	1958	1959	1960	1961 ^a
	(Rs. million)				
Compensation of employees	90	110	123	121	124
Planters income ^b	18	17	15	(-11)	10
Cyclone and drought insurance premium	11	13	11	14	18
Sugar Industry Labour Welfare and Rehabilitation Funds	8	6	7	5	8
Dividends	22	28	30	28	29
Undistributed profits ^b	33	28	37	(-76)	19
Cyclone and Drought Insurance Fund:					
Interest, less expenses other than wages	3	2	2	—	2
Direct taxes	14	12	12	8	7
TOTAL	199	216	237	89	217

^a Provisional.

^b Excluding compensation received from the Cyclone and Drought Fund.

E. Production and sales

56. The production of cane or of sugar is not limited or controlled in Mauritius and the industry has so far been able to dispose of the full production. Raw sugar is produced for export and refined sugar for local consumption. Harvest

and manufacture take place during the second half of the year and any sugar not shipped at the end of a calendar year is carried forward for adjustment in the following year. More complete statistics on production, sales and carry-overs are available for the years 1958 to 1965. They are given below:

Calendar year	Production	Exports	Local sales	Carry-overs
		(metric tons)		
1958	525,842	519,369	24,985	83,556
1959	580,372	507,086	25,148	131,764
1960	235,781	320,142	27,005	18,764
1961	553,259	512,357	26,978	32,911
1962	532,841	514,753	27,222	23,778
1963	685,555	580,393	26,996	102,012
1964	519,018	560,000	28,059	32,971
1965	664,495	578,417	28,319	90,730

Sources: International Sugar Council, *Sugar Yearbooks*, 1962-1965.

57. The following table shows sugar exports by countries of destination for the same years:

Countries of destination	Calendar Year							
	1958	1959	1960	1961	1962	1963	1964	1965
	(metric tons)							
Canada	60,089	87,960	25,288	103,464	53,017	57,712	137,046	97,184
Hong Kong	1,270	8,839	—	—	—	—	—	9,500
Iran	8,967	—	—	—	—	—	—	—
Italy	—	—	—	—	—	10,250	10,149	—
Japan	—	—	—	—	9,875	—	—	—
Korea	—	—	—	—	10,048	—	—	—
Lebanon	9,332	7,424	1,212	—	—	—	—	—
Malawi (formerly Nyasaland)	—	6,553	2,672	—	—	254	—	—
Malaysia and Singapore	7,090	2,693	1,930	—	—	—	5,080	19,958
Morocco	10,148	—	—	—	—	—	—	—
South Africa	—	—	—	—	—	—	—	41,841
United Kingdom	422,473	393,617	289,040	408,893	430,027	454,399	407,725	396,116
United States of America ..	—	—	—	—	11,786	57,778	—	13,818
TOTAL	519,369	507,086	320,142	512,357	514,753	580,393	560,000	578,417

Sources: International Sugar Council, *Sugar Yearbooks*, 1962-1965.

58. The greater part of the sugar produced in Mauritius is sold under the Commonwealth Sugar Agreement, which runs to the end of 1974 and covers only recognized commercial sugar. The objects of the Agreement are to make long-term arrangements for supplying sugar to the United Kingdom, to develop the production of sugar in Commonwealth countries and to arrange for the orderly marketing of that sugar. These objects are attained by a system of quotas and prices. Questions relating to the Agreement are settled at meetings of representatives of the British Government and Commonwealth sugar exporters, held in London in the autumn.

59. Under the Agreement, Mauritius exports a quota (380,000 long tons in 1965) to the United Kingdom at a negotiated price (£46.11.6 per long ton in 1965) which is well above the world free market price. In addition, Mauritius may export to Commonwealth preferential markets (in fact, the United Kingdom and Canada) a further quota each year, on which it receives the world price plus the value of the tariff preferences in these preferential markets. The two quotas allocated to Mauritius total 470,000 long tons a year. If some Commonwealth exporters are not able to meet their quotas, the shortfall is reallocated to other Commonwealth exporters *pro rata* to the latter's quotas.

60. At their last meeting, held in 1966, the parties to the Agreement decided that the negotiated price quotas, consolidated in 1965, would continue to apply in the next two years and that the negotiated price, determined at the 1965 meeting, would remain unchanged for the three years 1966-1968. They also noted that the price of sugar on the world market had fallen to its lowest level since 1945, and reaffirmed their belief that the present situation demanded an early and effective international sugar agreement requiring undertakings and restraint by both importers and exporters.

61. A committee appointed by the United Nations Conference on Trade and Development has since 1965 attempted to work out a new international sugar agreement. That Committee will reconvene in May 1967. Between 8 and 30 January last, the world sugar price rose from £12.5.0 per ton to £15.10.0 per ton. This upward trend is reportedly continuing, but the current price is still far below the most efficient producer's cost of about £30 a ton.

F. Institutional structure

62. The Mauritius Chamber of Agriculture is an association of millers, planters and other persons or firms connected with the sugar industry. The stated objects of the Chamber are to safeguard and promote the economic interests of the whole agricultural community. The Chamber has power to nominate candidates for various official bodies. It maintains close contact with the United Kingdom Government through its London representative and is charged with the implementation of the Commonwealth Sugar Agreement.

63. The Mauritius Sugar Syndicate is exclusively a marketing organization set up by law in 1951 and, jointly with the Chamber, is responsible for the discharge of obligations under the Commonwealth Sugar Agreement. The Syndicate and its managing committee composed of five members are accountable to no one, though they act as trustees to the totality of the owners of the sugar produced, including the small planters. At present, no representative of these planters is a member. No retirement age is provided and any vacancies are filled by co-option. The committee has power to defray expenses of administration and to pay commission to local brokers. As the harvest progresses and as sales proceed, the balances in the hands of the Syndicate build up. When they reach a certain level, the Syndicate proceeds with their *pro rata*

distribution to millers and planters according to their respective entitlements. These dividends, as they are called, proceed at intervals decided upon by the Syndicate until the whole of the net proceeds from the sugar crop has been received. From the gross proceeds, the Syndicate makes certain statutory deductions. These deductions represent export duties and contributions to various funds, including the Sugar Industry Cyclone and Drought Insurance Fund and the Sugar Industry Reserve Funds. Within the latter funds, there are now only two funds, the Sugar Industry Rehabilitation Fund and the Sugar Industry Labour Welfare Fund.

64. The Cane Planters and Millers Arbitration and Control Board is a statutory body, set up in 1964 to replace the Sugar Millers' and Planters Central Arbitration and Control Board. The Board has power to control the sale and purchase of canes for milling. It consists of an independent chairman and six members appointed annually by the Governor, of whom two represent the millers, two the large planters and two the small planters. The duties of the Board are limited to adjudicating disputes.

65. There are also a considerable number of other bodies concerned in one way or another with the sugar industry, such as the Mauritius Sugar Industry Research Institute, the Mauritius Agricultural Bank, co-operative credit societies, and associations of millers, planters, employees, etc.

G. Recommendations of the Commission of Inquiry (Sugar Industry) of 1962

66. In April 1963, the Governor received the report of the Commission of Inquiry into the sugar industry. The Commission had been appointed in October of the previous year to carry out an inquiry into:

"(a) The present basis of the apportionment of sugar accruing to planters and millers; whether the system now operating is being equitably administered, having regard to the recent allegations to the contrary made in the local Press;

"(b) The present methods of sampling canes delivered to the factory yard by planters and assessing sugar produced from planters' canes;

"(c) The facilities available to planters to check on the sampling and analysis of their canes at sugar factories for the purpose of assessment of sugar;

"(d) The present system of credit facilities available to planters;

"(e) The cost of production, in field and factory, of the sugar industry, having regard to the pressing need for ensuring that a fair share of the proceeds of the industry, in the form of wages and salaries, accrues to all the workers engaged in the industry."

67. The Commission's report was published in November 1963 and was laid on the table of the Legislative Council as Sessional Paper No. 4 of 1963. The Commission stated in its report that none of the allegations against the sugar industry and its institutions made in the local Press had been proved, and that the allegations had been made without proper investigation and in ignorance of certain technical facts. However, the Commission made a series of conclusions and recommendations, a summary of which follows.

Improvements in the planters' income

68. The Commission stated that, since 1945, planters had made important gains in obtaining a fair share of the net proceeds of the sugar produced from their canes, despite the maintenance of the traditional arrangements for the distribution of the net proceeds between the producers and despite the continuation of certain practices which had lessened the planters' share directly and indirectly. It also stated that the basic ratio of division of the profits of the sugar crop seemed to provide rough justice between millers and planters, but that the changes in recent times, especially the rise in wages, might require some adjustments. The Commission proposed that such adjustments could be given effect either through changes in the tax or through an increase in the share of the planters from 66½ per cent to 68 per cent.

69. Recommendations were also made for a severe pruning of unrequited charges against planters, such as outgoings for brokerage, shipping and transport, and for the rectification of inequitable practices in connexion with the weighing of canes, the sampling of juice and the calculation of the planters' share of sugar, molasses and scums.

70. Finally, proposals were made for increasing the production of the small planters, i.e., those cultivating ten or fewer *arpents* of land. They were based on the further development of the co-operative credit societies coupled with, and linked to, an intensification and expansion of the Agricultural Department's extension services. The Sugar Industry Rehabilitation Fund should be called upon to provide the working capital required for the implementation of these proposals. During the years 1947-1952, millers' benefits from the Fund exceeded their proportionate share *pro rata* to sugar production by some Rs. 5 million. This sum should be spent, for the exclusive benefit of the small planters, on the purchase of fertilizers for, and on the rehabilitation of, their lands. In addition to the Rs. 5 million, all available balances in the Fund now due to the small planters, together with their future entitlements, should be paid over to the Co-operative Central Bank to enable it to meet the financial needs of small planters.

Improvement in the workers' income

71. The Commission stated that its recommendations on this subject were contingent upon: the creation in the Chief Minister's Office of an Economic and Planning Unit; the elaboration of an integrated plan for the acceleration of economic development in Mauritius; the conservation and mobilization of the resources in capital and entrepreneurial and managerial ability of the sugar industry for diversified economic development through appropriate financial inducements; and the halting of the rise in population within not too long a period. The Commission also stated that both wage and price statistics, and the accounts of the sugar millers, unquestionably pointed to a considerable increase in wages both in the field and factory since 1957.

72. Having regard to the foregoing considerations, the Commission recommended that a Central Wages Board (including a representative of the Authority responsible for the sugar industry) should be established to work in close collaboration with the Economic and Planning Unit; to hear evidence from both employers and trade unions; to create a scientific job evaluation service; and to supervise and direct the body charged with the enforcement of wage awards and conditions of work. Other recommendations of the Commission stressed the need for the expansion and improvement of the Employment Service, the workers' non-sugar agricultural activity, the housing scheme of the Sugar Industry Labour Welfare Fund, and agricultural and technical education; direct wage payments by the estates; maintenance of the rates of pay between the crops at two thirds of the level at harvest time, and of stability in the cost of living.

Improvement in the institutional structure

73. On this question, the Commission made the following recommendations:

(a) *The Mauritius Chamber of Agriculture.* If the Chamber failed to attract to its membership representatives of all sections of the agricultural community in proportion to their contribution to output, its power to nominate candidates for the various official bodies should be reviewed by the Government. The Chamber's audited accounts should be submitted annually to the Government, showing all expenditure to be properly chargeable against the receipts from a cess on sugar.

(b) *The Mauritius Sugar Syndicate.* The constitution of the Syndicate should be altered so as to permit its membership to be representative broadly in proportion to the tonnage of sugar produced by defined groups of producers. The Syndicate should so manage its financial affairs that over the period of the harvest it should not accumulate balances. The payment of dividends should be so timed that, upon the delivery of planters' sugar at the docks, it was the Syndicate, rather than planters, who were forced to borrow. The statutory deductions for distribution to the various funds should be

paid out last. A price stabilization device should be restored, to replace the defunct Price Stabilization Fund. The Syndicate should be required by law to publish its annual audited accounts.

(c) *Central Board.* The composition of the Central Board should not be altered, but it should give a written explanation of its findings so as to create an orderly case-law. A right of appeal from the Board's decision to the Supreme Court should be instituted.

(d) *The Cyclone and Drought Insurance Fund.* Every effort should be made to rehabilitate the Fund's finances so as to ensure that it would be strong enough, in the event of another major disaster like that in 1960, to provide the resources necessary, not only to tide over losses, but also to re-establish the earning power of the sugar industry with the least possible delay. There should be an early inquiry by experts and specialists into the whole basis on which the Fund was administered. The advice to the Governor on the question of declaring an "event year" should not depend upon the Cyclone and Drought Board but should rest either with the Sugar Authority (see below) or with the Minister of Finance. The Board should be reconstituted so that its control would be out of the hands of interested parties.

(e) *The Sugar Authority.* This Authority should be established as a statutory body in order to put into practice the recommendations contained in the Commission's report and generally to co-ordinate and supervise the various activities of the sugar industry, and to make certain that the ministries concerned, in particular the Ministry of Finance, the Ministry of Agriculture and Natural Resources and the Ministry of Labour, would have access to all the essential facts. The Authority should also be responsible for advising the Governor whether a year should be declared an "event year" for the purpose of claims on the Cyclone and Drought Insurance Fund. The Authority should consist of three members, namely, an independent chairman, a sugar factory technologist and an economist/accountant.

H. Developments since 1962

74. The report of the Commission of Inquiry (Sugar Industry) of 1962 contained very detailed and comprehensive information relating to the industry. Since its publication, such information has not become available, but certain recent developments may be noticed.

75. The negotiated price quota under the Commonwealth Sugar Agreement allocated to Mauritius has increased from 350,075 long tons in 1962 to 380,000 long tons in 1965-1967, while the negotiated price has risen from £45.15.3. per long ton in 1962 to £47.10. per long ton in 1966-1968. The Mauritian sugar industry has benefited from this improved arrangement, but its growth has been largely limited by its inability to gain a substantial quota from the United States Government and by an unsatisfactory pricing situation in the world market.

76. The Sale of Cane (Control) Ordinance, 1964, the Sale of Cane (Control) (Amendment) Ordinance, 1964 and the 1966-1970 Development Programme incorporate most of the recommendations of the Commission of Inquiry (Sugar Industry) of 1962 concerning the improvement in the planters' and workers' income. According to the *Report on Mauritius, 1964*, the Department of Agriculture, in collaboration with the Sugar Industry Research Institute, has undertaken extension work among the small planters, having as one of its main aims the raising of the yields of these planters to a figure more comparable with that of the estates. The Department has stated that the Sugar Industry Rehabilitation Fund has continued to serve sugar producers, but has not indicated whether the Fund has provided the finance recommended by the Commission for increased production on the part of the small planters.

77. The Government has not established a central Wages Board, as the Commission proposed. In 1963, before the discussion of the Commission's report in the Legislature, two Wages Councils were set up, one for agricultural workers and one for non-agricultural workers employed in the sugar industry. According to the Minister of Labour, the employers' organizations which were consulted as to the composition of the Councils declined to be represented thereon, and the

Councils were thus constituted with three independent members only. On the recommendation of the Councils, the Minister in 1963 promulgated two wages regulation orders, providing for a general increase of wages of about 25 per cent for agricultural workers and about 30 per cent for non-agricultural workers. Their wages in 1964 and 1965 remained the same as in 1963. Dissatisfaction with rates of pay and other conditions of employment has since 1963 become the main cause of trade disputes involving employees on millers' estates.

78. As previously noted by the Special Committee, labour relations in the sugar industry formed a subject of discussion in the Legislature on 29 November 1966. Following this discussion, the Legislature unanimously adopted a proposal, by which it expressed the view that a tripartite standing committee be set up by the Government in co-operation with employers and employees in the sugar industry for the discussion of all matters of concern either to the employers or to the employees or which could adversely affect the good relations between them or the efficiency of the industry, including steps to ensure equality of opportunity in recruitment and promotion, and especially for the discussion and disposal of possible complaints of discrimination against any category of workers or employees for suspected political affiliation or for any other cause.

79. As far as can be ascertained, steps have been taken to give legal effect to only two of the Commission's recommendations designed to improve the institutional structure of the sugar industry, namely, those relating to the Central Board (now known as the Cane Planters and Millers Arbitration and Control Board) and the re-constitution of the Cyclone and Drought Insurance Board).

Appendix VI

Economic conditions in Papua and the Trust Territory of New Guinea, with particular reference to foreign economic interests

Working paper prepared by the Secretariat

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I. LAND AND PEOPLE

1. The Territory^a consists of the eastern half of the island of New Guinea, the Bismarck Archipelago, Buka and Bougainville in the northern Solomons, and the Trobriand, Woodlark, D'Entrecasteaux and Louisiade island groups east of Papua. The total land area of the Territory, 183,450 square miles, is almost equally divided between Papua and the Trust Territory of New Guinea.

2. The eastern portion of the New Guinea mainland accounts for about 85 per cent of the total land area of the Territory. Mountains extend from its eastern tip to the western boundary, with peaks reaching a maximum height of more than 15,000 feet. Broad upland valleys occur in the mountainous interior. In the river valleys, particularly the two largest, the Sepik and the Fly, great areas of swamp exist. Large rivers run south, north and east, but few are navigable except by small boats in their lower reaches. In the islands, mountains also cover much of the area, with peaks rising to more than 8,000 feet.

3. Most areas have an average rainfall of 80 to 90 inches a year, while in some it exceeds 200 inches. This heavy rainfall provides a substantial hydroelectric potential. Large areas of the Territory are infertile, but land resource studies suggest that there are extensive areas of unused lands in the upland valleys and coastal areas suitable for tropical crops and for livestock. Dense forests covering three quarters of the Territory have a large commercial potential. A wide range of minerals has been discovered but, with the main exception of gold, most to date have been of no economic value. Extensive drilling in western Papua has led to the discovery of potentially large quantities of natural gas but of no significant quantity of oil.

4. The indigenous people of the Territory are mainly Melanesians and Papuans, with relatively small numbers of other Pacific peoples. Non-indigenous settlement in the Territory has occurred only in the last eighty or ninety years and has resulted in minority racial groups of Europeans, Chinese and people of mixed race. Preliminary figures of the June-July 1966 census showed a total population of 2,183,097 of whom 34,736 were non-indigenous, primarily Australians.

II. GENERAL ECONOMIC SITUATION

5. In April 1967, the economic adviser to the Government of the Territory stated that the over-all growth rate of the Territory's economy now exceeded 12 per cent a year, and was one of the most rapidly developing economies in the

^a The word "Territory" refers to Papua and New Guinea combined. "Papua" refers only to Papua, and "New Guinea" refers only to the Trust Territory.

world. He noted that despite this there were many problems to be overcome before the land and timber resources of the Territory could be put to the most effective use.

6. The subsistence economy based on agriculture, livestock, forestry and fisheries is the major segment of the total economy, since it is estimated that two thirds of the total goods produced and consumed are not exchanged for money in any form, and the number of persons who are wholly or mainly dependent on a money income for the basic essentials of life is estimated to be probably less than 5 per cent of the total population.

7. The monetary sector of the economy of the Territory is heavily based on primary production, and agriculture is the chief activity. In 1965, agricultural exports made up approximately 86 per cent of all exports from New Guinea and 90 per cent of those from Papua. The main export industries are the processing of four crops: coconuts, coffee, cocoa and rubber. Other cash crops include peanuts, passion fruit, tea, pyrethrum and palm oil. There are much less important than the four main crops noted above, and some have only recently been established. Passion fruit and pyrethrum are produced by indigenous growers and more than half the peanut crop is also. The remaining agricultural products are produced by both indigenous and non-indigenous growers. The relative importance of commercial agricultural crops is shown in the table of exports in the section of this paper on commerce and trade.

8. After agriculture, the next industry of importance is timber, based on the Territory's extensive forest resources. Gold mining, once the most important industry in New Guinea, is now of secondary importance and is continuing to decline. A number of other minerals of little importance at present may be of considerable significance in the future.

9. Animal production plays a minor role in the agricultural economy, although the Territory is suited to livestock, particularly cattle. Specialized development of cattle ranching, dairying, and pig and poultry farming is limited and in the hands of Europeans.

10. Fisheries do not play a significant role in either the cash or subsistence economy.

11. Secondary industries are much less important in the total economy in comparison with primary ones, both in relation to the income earned therefrom and the number of people who derive incomes from them.

12. Most commercial and trading activities in the Territory are conducted by European enterprise, but indigenous co-operatives and individuals are reported to be taking an increasing part in the processing and marketing of primary produce, the wholesaling and retailing of goods, and other activities, such as transport. Apart from investments in co-operative societies, the indigenous people are participating in the money economy through the Tolai Cocoa Scheme, the Ramalmal Trading Co. Ltd., the Highlands Commodities Exchange and smaller investments in coconut, coffee and cocoa planting. In the general service industries, indigenous contractors have invested in tools, equipment and motor vehicles.

III. LAND

A. Land legislation

13. The principal legislation governing the administration of land consists of: the Land Ordinance 1962, the Land Titles Commission Ordinance 1962, and the New Guinea Land Titles Restoration Ordinance 1951-1963. The Land Ordinance 1962 limits dealings in indigenous land and subjects all dealing in land other than indigenous land to the prior approval of the Administrator. It provides, *inter alia*, that indigenous owners may not sell, lease or dispose of indigenous land, except to other Papuans and New Guineans in accordance with native custom, or to the Administration; they have, however, the same capacity as non-indigenous persons with regard to dealings in alienated land. It also provides for Administration land to be declared indigenous land.

14. The Land Titles Commission Ordinance 1962 provides for the establishment of an independent judicial tribunal for the determination and protection of rights in land, particularly indigenous land.

15. The New Guinea Land Titles Restoration Ordinance 1951-1963 permits the compilation of new registers and official records relating to land, mining and forestry in place of those lost or destroyed during the Second World War.

B. Classification of land

16. Lands in the Territory are classified as indigenously owned land, freehold land, Administration land, and ownerless land. All unalienated land is deemed to be indigenous land until proved otherwise. Almost all freehold land in New Guinea was alienated during the German administration prior to 1914, and that in Papua was granted before 1906, most of which was purchased directly from indigenous owners before Papua became a British Territory. Administration land is land to which the Administration succeeded in title following the acceptance of mandatory powers after the First World War, and land which has come into the hands of the Administration by purchase, compulsory acquisition or declaration. Ownerless land, sometimes described as "waste and vacant land", is land which has no obvious owners and may be proclaimed Administration land. Administration land includes land used for public purposes, reserves, including indigenous reserves, and land available for leasing to indigenous and non-indigenous persons.

C. Acquisition of land

17. The Administration may not acquire or assume title to any indigenously owned land without the consent of the owner or unless that land is found on investigation to be ownerless. Provision exists for compulsory acquisition only for defined public purposes. The Land Ordinance requires the Administration to be satisfied, after reasonable inquiry, that the land is not required or likely to be required, either immediately or in the foreseeable future, by those on whom the land may devolve by indigenous custom.

18. Land may be granted on lease to private individuals by the Administration; no provision exists to permit a grant of the freehold of such land. Administration land can, however, be declared indigenous land in the possession of a particular owner, who may apply for its registration in his name as the owner of an estate in fee simple.

19. Leases may be granted to individuals who wish to settle on land in the Territory for various purposes. Agricultural and pastoral leases are for any period not exceeding ninety-nine years, subject to certain conditions. No limit to the area is set by law, but the Administration's policy is to limit the area to what is most suitable for an economic unit. Business and/or residence leases are for a term not exceeding ninety-nine years. They contain improvement conditions requiring the erection and maintenance of buildings of a determined value. Special leases have conditions appropriate to the purpose of the lease, and the maximum term is fifty years. Mission leases may be granted to Christian missions free of rent for buildings required for mission purposes. The maximum term is ninety-nine years.

D. Distribution of land

20. Land holdings in thousands of acres at 30 June 1965 was as follows:

	Papua	New Guinea	Total
Total land area	55,104.0	58,982.4	114,086.4
Indigenous land	53,208.3	56,920.6	110,128.9
Total Administration land	1,871.5	1,525.1	3,396.6
Leased	371.8	393.6	765.4
Native Reserves	67.2	27.1	94.4
Freehold	24.2	536.7	560.9

IV. AGRICULTURE

A. General

21. Agricultural activities are under the control of the Department of Agriculture, Stock and Fisheries and are directed towards research and the practical help of all agricul-

tural producers in the Territory. The main objects of the agricultural development programme for the Territory are: to improve indigenous methods in order to increase total production and improve nutritional values; to encourage both indigenous and European growers to increase the production commodities such as rice, meat, dairy products, fresh fruit and vegetables, which are all imported in varying quantities at present; and to encourage the production of export crops.

22. The main forms of agriculture are subsistence crops, dual-purpose crops and plantation crops. Production for subsistence is under a system of bush and grassland fallowing, consisting of staple root crops and supplementary minor crops such as maize, beans and other vegetables and fruits. Dual-purpose crops, e.g., peanuts and rice, are grown for both food and sale, and surplus subsistence crops such as bananas, sweet potato, taro and yam are also sold for cash. Plantation crops are such perennial export crops as coconuts, cacao and coffee.

23. In its report on the economic development of the Territory, the International Bank for Reconstruction and Development stated, concerning subsistence agriculture, that the people of the Territory were not short of food and there was no shortage of usable land. The low population density of eleven persons per square mile and the small proportion of good land currently used indicated the over-all adequacy of land. On an average, subsistence farming each year used less than 0.2 acres per person, and at least fifteen times this much was readily available.

24. Until recent years, the production of plantation crops has been in the hands of European producers, but indigenous farmers are now playing a rapidly increasing role. Many of their plantings are still immature, and it will be some years before these actually begin to produce. The production of dual-purpose crops is almost entirely confined to indigenous farmers.

25. The extent of non-indigenous commercial agricultural holdings and production in 1962 and 1965 is given in two tables below. These show that, of the agricultural products, all of the rubber, about 75 per cent of the copra, 75 per cent of the cocoa and about 60 per cent of the coffee was produced by European farmers. At that time, their holdings numbered only 1,181 and the total land area under their control was just over 1 million acres, which is less than 1 per cent of the total land area and only about 5 per cent of the land estimated to be capable of economic development.

26. By 1965, in comparison with indigenous producers, they produced about 72 per cent of the copra, more than 99 per cent of the rubber, 75 per cent of the cocoa and about 50 per cent of the coffee.

27. Non-indigenous agricultural holdings and production for the years ended 31 March 1962 and 1965 are as follows:

	HOLDINGS	
	1962	1965
Number of holdings	1,181	1,219
	<i>Thousands of acres</i>	
Freehold acres	408	396
Leasehold acres	623	618
Land unused	669	653
Land cropped	362	361
Total acres	1,031	1,014

	PRODUCTION OF CHIEF CROPS	
	1962	1965
	<i>Tons</i>	
Coconuts	83,500	85,034
Cocoa	7,000	14,326
Rubber	4,500	5,183
Coffee	2,000	3,374

B. Copra

28. The copra industry continues to be the most important in the Territory, accounting for 44 per cent of the total value of exports in 1964-1965. In 1965, the plantation area planted in coconuts was 35,290 acres in Papua and 226,749 acres in New Guinea. Indigenous plantings are difficult to estimate, but it is believed they are almost as great as that on the plantations. They account for about 28 per cent of the cash crop in the Territory. The remainder of the indigenous crop is used for food and some goes unharvested, because incentives are inadequate to maintain regular harvesting schedules, and transport difficulties in some areas are great. It was estimated in 1962 that an additional 10,000 tons of copra a year could be derived from existing indigenous plantings in their present condition. Also, a much higher proportion of trees, as compared with those on non-indigenous plantations, are still immature, the figure being approximately 44 per cent as against 17 per cent for the latter.

29. Until 1949, copra was sold on the open market and the price was subject to the vagaries of that market. At this time, an agreement between the Territory and the British Ministry of Food was signed whereby all copra exported and surplus to Australia's requirements, was sold to the Ministry at a price to be negotiated annually. This price could not rise or fall by more than 10 per cent of the previous year's price. When this contract ended in 1957, the planters of the Territory retained the Papua and New Guinea Copra Marketing Board, which now disposes of the entire crop.

30. The Copra Marketing Board is a corporate body appointed by and responsible to the direction of the Minister of Territories for the conduct of its own affairs. Its members consist of a Chairman, two members representing the producers of New Guinea, one representing the producers of Papua, the Director of Agriculture, Stock and Fisheries and one other member. In 1966, indigenous producers were represented by an indigenous member. It is the sole authority controlling the export of copra and is empowered to determine the price of any copra it purchases. Tentative f.o.b. prices are declared, and final prices are determined in the light of actual trading results, the entire net proceeds being distributed *pro rata* among the producers who have delivered copra.

31. Arrangements for the disposal of the copra crop are made on a year-to-year basis and in 1966 allotments were as follows:

	Tons
Unilever (Raw Materials) Ltd., U.K.	45,000
Coconut Products Mill, Rabaul	40,000
Australian Crushing Mills	30,000
Japan	5,000

C. Coffee

32. Nearly all coffee plantations are in New Guinea and, with one exception, all were established since the Second World War. In 1962, European coffee estates numbered 236, with between 9,000 to 10,000 acres planted. Indigenous plantings totalled nearly 15,000 acres. At that time, European planters accounted for about 57 per cent of the output, which totalled 3,476 tons. At 30 June 1965, there was a total of 261 holdings (coffee estates) with 11,580 acres of both mature and immature trees. No information is available concerning the extent of the indigenous coffee plantings at this time, but indigenous planters are now producing approximately half the annual crop which, in 1965, had increased to 8,687 tons. In the following nine months it totalled 8,812 tons.

33. Since the signing of the International Coffee Agreement of 1962, steps were taken to reduce further organized expansion of the industry. No new coffee estates can be established. Plantings are restricted to existing leasehold areas. Indigenous plantings also are not being encouraged. Despite these precautions, it is anticipated that the total yield by 1973-1974 may exceed 20,000 tons. Under the agreement, the Territory was given an annual quota of 13,200,000 pounds and five years to reach it. In 1967, the agreement will be renegotiated and the Territory's quota will be reassessed.

34. Australia took more than half the crop in 1965, and substantial quantities were sold to the Netherlands, Germany, the United Kingdom and the United States of America. With the rising production, the percentage of the total crop taken by Australia is declining. It has taken steps to encourage imports by giving preferential treatment to coffee from the Territory. In 1961, importers were allowed remission of import duty on coffee imported from foreign countries, provided that 28 per cent of their total coffee purchases consisted of New Guinea coffee. In 1963-1964, it implemented tariff arrangements so that Australian manufacturers qualify for a rebate of 2d. per pound on all coffee imported from sources other than the Territory, provided that 25 per cent of their total purchases consist of coffee from the Territory, and a rebate of 5d. per pound if their use of the Territory's product reaches the 30 per cent level.

D. Cocoa

35. Cocoa plantings in the Territory date from the Second World War. Production has increased from 300 tons in 1951 to over 20,000 tons in 1965, and it is estimated that the Territory will be producing 30,000 tons annually by 1966-1967. In 1965, non-indigenous growers had 117,000 acres planted in cocoa and about 90 per cent of this was in New Guinea; 40 per cent consisted of immature trees. Indigenous growers produce about one fourth of the total crop.

36. The Tolai Cocoa Project is the largest producer of cocoa in the Territory. This is located in New Britain, where the Tolai people have several million cocoa trees planted, and plantings are still continuing. It was established in 1955, to ensure that cocoa grown by indigenous planters would be processed uniformly and scientifically to meet world standards. It has eighteen fermenting and drying centres, all equipped with modern hot-air drying machinery. About 5,600 indigenous growers supply cocoa beans to the centres. The project also organizes the marketing of the cocoa.

37. The project was financed by a series of loans which were guaranteed by the Administration. These totalled £227,000, of which £104,000 had been redeemed by June 1963. It is controlled by a Board of Management consisting of a representative from each fermentery; four representatives of the Local Government Council; and representatives of the Department of District Administration and the Department of Agriculture, who serve as advisers. In June 1966, there were twenty-five members on the Board.

38. Originally, most of the Territory's cocoa was sold in Australia, but in recent years other overseas markets have been found. In 1965, Australia was the leading importer, followed closely by the United States. The United Kingdom, Belgium, Germany and the Netherlands also took large amounts. Cocoa prices fluctuate greatly and are based on the price of West African or Ghana cocoa (world price). Cocoa does not enjoy preferential treatment in Australia, as do coffee and rubber.

E. Rubber

39. All of the rubber produced in the Territory goes to Australia and it supplies from one tenth to one eighth of Australian requirements. The sale of rubber in Australia is through a rubber pool. Towards the end of each calendar year, it negotiates with Australian manufacturers for the sale of all Territory rubber in the following year. Prices are tied to the world price for RSS No. 1 grade, with the proviso that manufacturers pay an extra 0.25 per cent per pound for every cent per pound that the world price is less than twenty-five cents per pound. For this concession, the manufacturers are able to import all their rubber requirements from non-Territorial sources duty free.

40. Because of the fluctuating market and the complex production technique, rubber is not a crop that is readily adaptable to village enterprise, and rubber plantations generally are not operated or owned by indigenous planters. However, some small indigenous holdings are cultivated in Papua. In 1962, they totalled 607 acres. In 1965, the area planted in rubber in Papua totalled 32,000 acres. Very little rubber is produced in New Guinea.

F. Other cash crops

41. *Peanuts.* Peanuts can be grown in most soils of the Territory. Planters intending to produce a permanent crop such as cocoa or coffee sometimes derive an income from peanuts during the non-productive years of these crops. Peanuts are also grown as a main crop. More than half the cash crop is grown by indigenous planters. Exports have averaged 1,900 tons over the past five years. In 1965-1966 they were valued at \$526,636.^b Considerable quantities are also produced as a subsistence crop.

42. *Passion fruit.* Passion fruit juice and pulp are exported from New Guinea to Australia. This crop is entirely in indigenous hands. Exports in 1965 and in 1966 were valued at approximately \$175,000.

43. *Tea.* Tea is a comparatively new agricultural industry which has made no significant contribution to overseas earnings, but it is expected ultimately to rival coffee and cocoa exports in terms of revenue. It is calculated that when present plantings are in full bearing in the mid-1970's the industry should be worth more than £2 million annually. Large-scale tea planting began in the Western Highlands of New Guinea in 1963-1964, when several 1,000-acre blocks of land were made available, and by 1966 a half dozen European companies and individuals interested in tea-planting had taken up 12,000 acres. The largest area is being developed by a subsidiary of W. R. Carpenter and Co. Ltd. About 3,000 acres have been allotted to New Guineans in the form of blocks of between ten and twenty acres.

44. Tea-planting is a costly enterprise. Each European lessee has a minimum of 1,000 acres, usually in more than one block. It is estimated that each must have a minimum capital of \$500,000, since returns cannot be expected for three or four years, and each must guarantee to build his own tea factory capable of processing his own tea and that of the indigenous smallholders within his area. A factory of the minimum size is estimated to cost \$200,000.

45. Most of the tea plantations are at an altitude of 5,000 feet. The total area suitable for tea in the Western Highlands District is estimated to be 26,000 acres, or nearly double the amount so far taken up by planters.

46. *Pyrethrum.* Pyrethrum is a new industry in the New Guinea Highlands. The Department of Agriculture experimented with it for a number of years and produced strains suited to conditions in New Guinea, but development was not possible until 1964. At this time, the United Kingdom firm of Stafford Allen and Sons agreed to form a New Guinea subsidiary to collaborate with the Administration in producing the crop on a large scale and in setting up a factory in the Highlands for extracting pyrethrum from the dried flowers.

47. By mid-1966, an estimated 3,000 acres had been planted by indigenous growers in a number of areas and it was expected that plantings would be extended to other areas. The crop for the year ended June 1966 was valued at \$129,062.

48. *Palm oil.* In March 1967, a major palm oil venture was approved, in which the New Guinea Administration and Harrison and Crosfield (Australia-New Zealand) Ltd., agreed to establish an oil-processing factory and other facilities in New Guinea. It is expected to add about \$3 million a year to the Territory's export earnings by the early 1970's. Under the agreement, the joint company will plant 2,500 acres of oil palms in five years and 4,000 acres in ten years. The industry is also expected to yield about \$1,600 a year to each of 500 New Guineans who will take part in the palm oil scheme. They are to be resettled from other parts of the Territory on fifteen-acre blocks of land furnished by the Administration. Each will plant oil palm on five acres initially, and use the remainder for subsistence gardening and other crops.

V. LIVESTOCK

49. The principal types of livestock are cattle, owned mainly by Europeans, and pigs, owned mainly by indigenous persons.

^b On 14 February 1966, the Territory changed to decimal currency. Figures relating to the period prior to that date are expressed in pounds; after that date, in dollars. £1 equals \$2 and one Australian dollar (\$1) equals ten shillings or \$US1.12.

The production of meat animals is not yet of great importance in the Territory. Considerable quantities of meat and meat preparations are imported annually.

50. There were about 48,000 cattle in the Territory in 1966, of which over 75 per cent were in New Guinea. Cattle are still kept on plantations, but with the gradual establishment of the pastoral industry on a commercial basis this subsidiary form of cattle raising is decreasing in importance. In New Guinea, where the major development is taking place, approximately 86,000 acres had been taken up as pastoral leases by June 1965.

51. As has been noted above the pastoral industry is mainly in non-indigenous hands. The largest privately owned cattle stations are in New Guinea. At Dumpu, in the Madang District, a cattle station under European management has approximately 3,000 head. In the Morobe District, one owner has more than 2,000 head at Zenag; R. L. Atkinson and Co. has a herd of more than 5,000 head; and Bulolo Gold Dredging Ltd. has a property of 17,000 acres with about 4,500 head of cattle. In addition to these, the Lutheran Mission has between 1,200 and 1,500, and eight other stations are each estimated to have around 500 head of cattle.

52. Most indigenous owners have small herds. These consist mainly of 850 head in 86 herds in the Morobe District, and pilot projects by the Administration to introduce cattle into the local village economy in the Highlands, where 101 projects were stocked with 779 head of cattle in 1965.

53. Dairy cattle farming is on a very small scale. Europeans have established herds of forty to 100 cows in the vicinity of the larger towns to supply fresh milk. Missions also have a few cows, but do not produce milk for sale.

54. The indigenous people have substantial numbers of pigs, estimated to total about 1 million head. As they are regarded chiefly as an indication of wealth and are used mainly for ceremonial purposes, pig meat contributes very little to the diet of the people. The species of pig is small and unimproved, and the Administration is attempting to improve it by distributing imported stock to indigenous farmers.

VI. TIMBER AND SAWMILLING

55. Forests cover more than 70 per cent of the total area of the Territory and are described as one of its major assets. In 1965, commercial sawmills totalled 56 and the number of persons employed in these and related forestry activities totalled 4,195 indigenous persons and 433 Europeans and other non-indigenous persons. Most of these operations are so small that they are not properly considered as commercial units. In 1963, only 5 had a log capacity per day in excess of 15,000 super feet, and 32 had an average capacity of only 2,000 super feet. Logs harvested for conversion locally or for export were estimated to total approximately 107 million super feet.

56. The one major milling industry is the Commonwealth New Guinea Timbers Ltd., which, apart from sawmilling, operates a plywood factory at Bulolo with a log capacity of 20,000 super feet per day. The company is registered in the Territory under the joint ownership of the Australian Government and Canadian and Australian private interests. The Government owns 51 per cent of the shares of the company and has therefore the controlling interest. The company has been given the rights to cut 500 million feet of pine timber on condition that, as the pine is cut out, the cut-out area is reafforested. It commenced production in 1954 of a special kind of plywood for which there is a world market. In 1965, exports of plywood were valued at more than £1 million.

57. At present, foreign interests, particularly Japanese, are taking greater interest in the Territory's timber resources than formerly, and there has been a growing trade in the export of logs. In Japan, special ships have been built for this trade, and many timber species not used locally or considered suited for export are purchased.

58. The Land Ordinance provides that indigenous owners of land have no power to sell, lease or dispose of their land, except to other indigenous persons or the Administration. Under the provisions of the Forestry Ordinance, the Department of Forests controls, *inter alia*, land purchased for ter-

ritorial forest or timber reserves and land purchased for non-forestry purposes, such as agriculture, which is covered with forest. The removal of timber from such land is regulated by means of timber permits and licences. Finally, it controls land over which timber rights only have been purchased. The purchase of timber rights permits controlled timber removal, the land being declared Administration land for the purposes of the Forestry Ordinance.

59. At 30 June 1965, a total of 100 permits and licences had been issued for harvesting timber from Administration and other land. The areas under exploitation totalled 823,873 acres.

60. In the year ended June 1966, the Administration spent \$155,000 on acquiring timber rights. This included the purchase of a 28,000-acre area in the Vanimo for \$24,000. A United States firm of consultants was engaged to decide the best way Vanimo timber can be exploited. The largest purchase of rights consisted of 134,00 acres in Papua.

VII. MINING

A. General

61. Gold is and has been the main mineral produced in the Territory, accounting for more than 98 per cent of the total value of all mineral production to date. In addition to gold, other minerals, such as tin, copper, bauxite, manganese, lead, magnetite coal, mica, sulphur, osmiridium and platinum have been found. Mineral deposits must be high grade and sufficiently extensive, because the general difficulty of accessibility in the Territory makes development and transportation costs particularly high. None of these so far has been found in sufficient quantities to warrant development.

62. The mining industry is confined largely to New Guinea. In Papua, the average number of workers in 1965 totalled 688, but only 6 Europeans and 86 Papuans were actually engaged in mining, and a considerable number of the latter worked part-time. The others, 85 Europeans and 511 Papuans, were engaged in petroleum exploration. The total value of minerals produced was only £877.

63. In New Guinea, only 16 persons were prospecting for oil, whereas 3,541 indigenous and 59 non-indigenous workers were engaged in underground and surface mining.

B. Legislation

64. The Mining Ordinance 1928-1962 governs prospecting and mining generally. Mining operations are permitted on indigenously owned land and alienated land after a deposit has been lodged with the Warden, to be paid as compensation to the owner of the land for any damage done to the surface of the land or to any improvements. In the case of indigenous owners, their consent must be given where substantial damage is likely to be caused by mining operations. The Ordinance also provides for the entry on to the land for prospecting purposes.

65. The Petroleum (Prospecting and Mining) Ordinance deals with the issue of permits and the granting of licences and leases for the exploration of oil fields. Except with the authority of the Governor-General, permits must cover not more than 10,000 square miles, and the area must be reduced progressively to a maximum of 2,500 and 500 square miles at the licence and lease stages respectively.

66. Under the Mining Ordinance, all minerals are reserved to the Administration and royalties and other receipts derived from mining and prospecting are paid into the general revenue of the Territory for the benefit of the inhabitants as a whole.

67. Non-indigenous producers are required to pay a royalty of $\frac{1}{4}$ per cent of the value of the minerals produced, less certain refining and realizing charges. Indigenous producers are not required to pay a royalty, except where the production is derived from land held under a mining lease. In the case of small producers, if the total royalty due over a period of six months is less than £15, it is remissible. Although there has been no commercial production of petroleum to date, the royalty has been set at the rate of 10 per cent of the gross value of production at the well-head.

C. Gold

68. Gold production has been declining steadily from the post-war peak of about £A2,150,000 mined in 1953 to about one fourth of that amount in 1964-1965. This is due to the working-out of known profitable areas, the working of lower-grade ores and the progressive abandonment of areas of marginal value due to rising costs.

69. Most of the output of gold has come from extensive dredging operations by Bulolo Gold Dredging Ltd., a subsidiary of the Canadian company Placer Development Ltd. The company has a capital of \$6 million, with headquarters in Vancouver, British Columbia, Canada. In the year 1961-1962, it produced slightly less than half the total output of the Territory. At one time, it was producing gold worth £A2 million annually with eight dredges. The last of these was closed down in 1965 and its mining activities are now reduced to hydraulic sluicing.

70. The next largest producer, New Guinea Goldfields, produced about one fourth of the total output of gold in 1961-1962. It has an authorized capital of £1,327,026 and a paid-up capital of £782,533. Its headquarters are located at Sydney, Australia.

71. The last important gold mining operation in Papua, that on Misima Island, was not re-established after the Second World War because of the high cost of rehabilitation and of restoring the mining plant and operations. However, in 1959 a new company, Pacific Islands Mines Ltd., was formed to operate in the Misima area. It is now linked with Cultus Explorations Ltd. of Canada, and the development of the mine was proceeding in 1966.

72. Gold mines in New Guinea at 30 June 1965 were as follows:

Owner or operator	Number of mines
Indigenous-registered claims	360
Non-indigenous incorporated mining companies:	
Registered in New Guinea	4
Registered in Australia	3
Registered in Canada	1
Unincorporated mine owners	12

73. Gold prospecting by private parties has been mainly for alluvial deposits. In addition, much prospecting has been done to find new lode deposits. The results of most efforts have been disappointing.

74. Although gold mining has been dominated by foreign-owned companies, indigenous miners also produce a considerable quantity, which by 1964-1965 amounted to 22 per cent of the total production. In 1962, it was estimated that about 3,000 were mining alluvial deposits. Some work full-time at mining but most work only part-time to supplement subsistence farming.

D. Companies engaged in mineral explorations

75. In recent years, large deposits of nickeliferous ore in eastern Papua and adjacent parts of New Guinea have been investigated by exploration parties for: Bulolo Gold Dredging Ltd., International Nickel Company of Canada, Ltd., and a joint undertaking by Hanna Mining Company and Homestake Mining Company. However, the amounts of nickel discovered have not been large enough to permit economic exploitation. High-grade bauxite deposits have been found on Manus Island but these are of small size and difficult accessibility.

76. At present, Conzinc Riotinto of Australia is interested in copper deposits in the Bougainville District of New Guinea. As C. R. A. Exploration Pty. Ltd., it has an exclusive prospecting licence for the area which it has been investigating for the past two years. It has been reported that the Administration had some expectations that a \$100 million industry might be set up there that would ultimately return to the Territory something like \$35 million in royalties.

77. Additional activities of Conzinc Riotinto were reported in the Press in March 1967. These state that the company has applied for a mining authority to prospect for copper

in a 2,500 square-mile area in New Guinea and that indigenous landowners were being encouraged to permit mining geologists to enter on their land if the mining authority is granted.

78. Another company, Kennecott Explorations (Australia) Pty. Ltd., holds two special prospecting authorities covering areas in New Guinea. It is reported to be interested in copper.

79. International Minerals and Chemicals Corporation has special prospecting authorities to search for phosphate in New Guinea and to investigate industrial clays and phosphate in Papua.

80. A March 1967 press report states that the American Smelting and Refining Company (United States) has agreed to provide complete financial backing to a group of indigenous villagers who have applied for authority to prospect for copper in an area of 100 square miles in New Guinea. The company drew up a prospecting mining programme for the area for which authority is sought by the villagers, which was to be considered by the Mining Court in May 1967.

81. The same press report stated that another major American firm, United States Metals Refining Company, had applied for a prospecting authority over more than 1,300 square miles in New Guinea.

82. At present, the best prospects for important mineral discoveries in the Territory are based on the general geological indications that New Guinea and Western Papua in particular many contain major petroleum fields. Along with this, there are proved indications of probable large natural gas reserves of an extent yet to be determined.

83. High exploration costs—ranging from between two and three times those in Australia—place the Territory in a less favoured position compared with many other areas in the world in competing for petroleum exploration funds. Government policy has recognized this fact since 1957 through the payment of substantial subsidies, under authorization of the Petroleum Search Subsidy Act, to the private companies exploring for petroleum in Australia and the Territory. Payments to Territory companies from 1958 to 1963 under the subsidy programme amounted to £A968,000, nearly half of which was expended in 1960-1961.

84. Exploration in Papua began early in the century, but efforts until 1938 were largely confined to mapping and the drilling of a few shallow test wells. Intensive activities were started by two major exploration companies in 1938: the Australasian Petroleum Company (Anglo-Iranian Oil Company, Vacuum Oil Company and Oil Search Limited), formed to investigate intensive exploration permits held by Oil Search Limited, an Australian company; and Island Exploration Company (Anglo-Iranian Oil Company and Vacuum Oil Company), formed to continue investigations already started by Vacuum on its own permits in both Papua and New Guinea. Expenditures by these two companies—represented largely by British and United States capital—are estimated to have accounted for nearly 90 per cent of oil exploration expenditures in the Territory, which are estimated to have amounted to £A40 million.

85. Since 1961, the tempo of exploration has slowed considerably. In that year, arrangements were made for Oil Search Limited to become the major owner of the Australasian Petroleum Company and Island Exploration Company under an agreement providing that Oil Search Limited would spend £A3 million on exploration and/or exploitation work in Papua during a five-year period starting in May 1961.

86. In 1966, Oil Search made a new share issue of a one-for-one basis to increase its capital by \$2.5 million and to use it for further exploration work in Papua, where geological exploration work was being undertaken. Two American companies (Marathon Oil Company and Continental Oil Company) combined in a seismic survey in Papua, and Phillip Petroleum Co. and Associates completed a marine seismic survey in the Gulf of Papua in 1966. In New Guinea, the Australia Aquitaine Petroleum Pty. Ltd. commenced a geological investigation in 1966. At the same time, Continental Oil Company and New Guinea Cities Services Inc. were jointly undertaking a geological investigation.

87. The most recent foreign company to join in the search for oil in New Guinea is Japex, the largest oil company in Japan. In April 1967, it was reported to have reached agreement with Aquitaine Petroleum Company of France to search a 10,000 square mile area in the Sepik district, stretching from Wewak to the West Irian border. The Japanese company, which is government-controlled, will have a 25 per cent interest in the venture. Its share of any oil or gas found will be shipped to Japan.

VIII. REVENUE

A. Grants

88. The major source of revenue consists of a direct, interest-free and non-repayable grant from the Commonwealth of Australia. Before the Second World War, New Guinea received no grants from Australia. Papua received a grant of up to £50,000. Since the war, Australia, has made large grants to the Territory, which in recent years have been as follows:

	£ million
1962-1963	20
1963-1964	25
1964-1965	28
1965-1966	31 (\$62)
1966-1967	35 (\$70)

89. In addition to such grants, considerable sums are spent each year on essential works and services in the Territory, at no cost to the Administration. Commonwealth departments, the Australian Broadcasting Commission and the Commonwealth Scientific, Industrial and Research Organization spent, in 1964-1965, approximately £7.4 million, of which £3.3 million was on capital works.

B. Territorial revenues

90. The most important sources of local revenue are customs duties and a direct tax on individuals and companies. This consists of a personal tax on adult males and an income tax on individuals and companies. When income taxation was introduced in 1959, export duties on agricultural commodities and other products were abolished. Import duties were modified in a minor degree, but continue to be a leading source of revenue.

91. Revenue from these sources in 1964-1965 is as follows:

	Papua	New Guinea
	(£s thousand)	
Customs	1,774	2,666
Personal tax	16	48
Income tax—individuals	1,266	1,128
Income tax—companies	1,174	760
TOTAL	4,232	4,604
All other revenue	2,278	2,849
Total internal revenue		13,964

92. Personal income tax is on sliding scale beginning with 0.4 per cent if taxable income does not exceed \$300 and rising to 33.3 per cent when the taxable income exceeds \$24,000. Taxable income is that income remaining after allowable deductions and a basic personal allowance of \$572.

93. Income tax paid by residents on income earned in 1963-1964 was as follows:

	Taxpayers	Taxable income	Net tax assessed
New Guinea	7,630	£8,812,641	£800,918
Papua	6,645	£7,047,942	£557,639

94. The rate for public companies, co-operative companies or non-profit companies is 20 per cent of the taxable income. In the case of private companies, the rate of tax is 12.5 per cent of the taxable income up to \$10,000, and 17.5 per cent of any additional income. On all undistributed profits, a private company must pay a 25 per cent tax.

95. Company taxes on income earned in 1963-1964 were as follows:

	<i>Number of companies</i>	<i>Taxable income</i>	<i>Net tax assessed</i>
Resident companies ...	307	£8,613,003	£1,237,397
Non-resident companies	94	£1,849,470	£267,476

IX. COMMERCE AND TRADE

A. External trade

96. For some years, the Territory has had a large excess in the value of imports over exports, e.g., £43 million in imports and £23 million in exports in 1964-1965. This is economically possible because of the large grants and other money provided by the Australian Government. During the year noted, the direct grant was approximately £28 million, and other money spent by governmental agencies was approximately £7.4 million. Much of the trade deficit can be attributed to Papua, which is a much poorer Territory than New Guinea. At the same time, it maintains the central administration which, in terms of exports, is not productive. For the year noted above, Papua had exports valued at £4.5 million and imports worth £16.3 million, while New Guinea had exports and imports valued at £20 million and £29 million respectively. Formerly New Guinea had an excess of exports over imports.

97. Exports and imports have been increasing rapidly annually. Between 1953-1954 and 1964-1965, exports increased from £11.1 million to £24.5 million and imports increased from £15.1 million to £43.4 million. The main exports of the Territory are coconut products, cocoa, coffee, rubber, plywood, timber and gold. The chief imports consist of machinery, transportation equipment, food, clothing and mineral fuels. Approximately 55 per cent of all imports in 1964-1965 came from Australia and a total of 69 per cent came from Commonwealth countries. Approximately half of the remainder came from Japan and the United States.

98. Exports and trade statistics are shown in the following tables:

EXPORTS AND IMPORTS OF THE TERRITORY

<i>Year ended 30 June</i>	<i>Exports</i>	<i>Imports</i>
	<i>(£s thousand)</i>	
1962	15.9	25.9
1963	18.1	28.5
1964	20.4	35.3
1965	24.5	43.4

TERRITORY OF PAPUA AND NEW GUINEA—EXPORTS: VALUES OF PRINCIPAL ITEMS OF TERRITORY PRODUCE FOR THE YEARS ENDED 30 JUNE 1964 AND 30 JUNE 1965

<i>Commodity</i>	<i>1963-1964</i>	<i>1964-1965</i>
	£	£
Coffee beans	2,682,929	3,647,574
Cocoa beans	3,421,466	3,524,353
Tea	12,687	8,641
Copra oil cake and meal	276,346	311,692
Peanuts	286,360	230,568
Crocodile skins	452,751	427,709
Copra	5,008,958	6,204,569
Rubber, raw, other than scrap ...	1,212,542	1,269,340
Rubber, raw, scrap	13,489	12,408
Timber, logs	374,066	304,388
Timber, sawn	350,964	414,789
Gums and resins	7,429	6,548

TERRITORY OF PAPUA AND NEW GUINEA—EXPORTS: VALUES OF PRINCIPAL ITEMS OF TERRITORY PRODUCE FOR THE YEARS ENDED 30 JUNE 1964 AND 30 JUNE 1965 (continued)

<i>Commodity</i>	<i>1963-1964</i>	<i>1964-1965</i>
	£	£
Shell, green snail	3,393	3,444
Mother-of-pearl	6,980	5,537
Trochus	40,174	27,421
Coconut (copra) oil	2,318,379	3,390,708
Veneer sheets	34,164	36,556
Plywood	974,199	1,010,553
Other produce	192,667	280,383
Total merchandise	17,669,943	21,117,181
Gold	660,206	538,964
Total produce	18,330,149	21,656,145
Re-exports	2,114,211	2,914,086
GRAND TOTAL	20,444,360	24,570,231

TERRITORY OF PAPUA AND NEW GUINEA—VALUE OF TRADE WITH COUNTRIES DURING THE YEARS 1963-1964 AND 1964-1965: EXPORTS

<i>Country of destination</i>	<i>1963-1964</i>	<i>1964-1965</i>
	£	£
<i>Commonwealth countries:</i>		
Australia	10,344,162	11,796,885
United Kingdom	5,812,778	7,534,587
Canada	10,210	133,520
Ceylon	210	—
Hong Kong	33,662	67,877
India	37	1
New Zealand	37,898	62,425
Malaysia	184,691	184,575
Other	81,209	75,526
Total exports to Commonwealth countries	16,504,857	19,855,396
<i>Foreign countries:</i>		
Austria	526	120
Belgium	355,069	550,554
Czechoslovakia	—	—
Denmark	—	1,868
France	34,529	136,857
Germany, Federal Republic of ..	822,963	1,364,812
Indonesia, Republic of	—	—
Italy	52,554	75,081
Japan	929,472	892,500
Netherlands	1,122,587	812,751
Norway	5	—
Sweden	344	—
Switzerland	24,037	21,860
United States of America	525,575	674,098
Other	71,841	58,501
Total exports to foreign countries	3,939,503	4,589,002
Unspecified exports	—	125,833
TOTAL	20,444,360	24,570,231

TERRITORY OF PAPUA AND NEW GUINEA—VALUE OF TRADE WITH COUNTRIES DURING THE YEARS 1963-1964 AND 1964-1965: IMPORTS

Country of origin	1963-1964	1964-1965
	£	£
<i>Commonwealth countries:</i>		
Australia	20,798,603	24,830,069
United Kingdom	2,199,893	3,294,626
Canada	58,030	95,286
Ceylon	101,560	125,875
Hong Kong	1,795,436	1,833,808
India	178,573	154,734
New Zealand	239,385	192,934
Malaysia	636,836	739,478
Other	112,319	107,637
Total imports from Commonwealth countries	26,120,635	31,374,447
<i>Foreign countries:</i>		
Austria	17,565	23,935
Belgium	94,373	148,947
China, Mainland	371,862	620,373
Czechoslovakia	35,150	52,095
Denmark	30,965	42,667
France	143,227	183,134
Germany, Federal Republic of ..	1,007,463	1,238,164
Indonesia, Republic of	644,591	338,835
Italy	164,109	111,525
Japan	2,662,275	3,701,794
Netherlands	267,379	290,874
Norway	83,348	15,357
Spain	8,085	5,834
Sweden	142,371	197,148
Switzerland	89,111	126,792
Union of Soviet Socialist Republics ..	2,782	5,826
United States of America	2,278,643	3,180,329
Other	526,028	854,908
Total imports from foreign countries	8,569,327	11,138,537
Unspecified imports	677,976	910,027
TOTAL	35,367,938	43,423,011

TERRITORY OF PAPUA AND NEW GUINEA—VALUE OF TRADE WITH COUNTRIES DURING THE YEARS 1963-1964 AND 1964-1965: TOTAL TRADE

Country	1963-1964	1964-1965
	£	£
<i>Commonwealth countries:</i>		
Australia	31,142,765	36,626,954
United Kingdom	8,012,671	10,829,213
Canada	68,240	228,806
Ceylon	101,770	125,875
Hong Kong	1,829,098	1,901,685
India	178,610	154,735
New Zealand	277,283	255,359
Malaysia	821,527	924,053
Other	193,528	183,163
Total trade with Commonwealth countries	42,625,492	51,229,843

TERRITORY OF PAPUA AND NEW GUINEA—VALUE OF TRADE WITH COUNTRIES DURING THE YEARS 1963-1964 AND 1964-1965: TOTAL TRADE (continued)

Country	1963-1964	1964-1965
	£	£
<i>Foreign countries:</i>		
Austria	18,091	24,055
Belgium	449,442	699,501
China, Mainland	371,862	620,373
Czechoslovakia	35,150	52,095
Denmark	30,965	44,535
France	177,756	319,991
Germany, Federal Republic of ..	1,830,427	2,602,976
Indonesia, Republic of	644,591	338,835
Italy	216,663	186,606
Japan	3,591,747	4,594,294
Netherlands	1,389,966	1,103,625
Norway	83,353	15,357
Spain	8,085	5,834
Sweden	142,715	197,148
Switzerland	113,148	148,652
Union of Soviet Socialist Republics ..	2,782	5,826
United States of America	2,804,218	3,854,427
Other	597,869	913,409
Total trade with foreign countries	12,508,830	15,727,539
Unspecified	677,976	1,035,860
TOTAL	55,812,298	67,993,242

B. Internal trade

99. Retail trading and the provision of services are undertaken by a small number of large corporations which operate within the Territory and also by a large number of small but rapidly growing business concerns. The following are the large companies; the first two are Territorial branches of corporations which operate in territories all over the South Pacific and at the main centres throughout the Territory. Both companies are, in addition to retail traders, wholesalers, plantation owners and shipowners.

100. Burns Philp and Co. Ltd., described as the senior Australian company in the Pacific Islands trade, operates in all Australian states, New Zealand and the Pacific Islands and has offices in London and San Francisco. The company originated in 1873 with the establishment of a general store in Australia. Branches or depots were opened between 1883 and 1900 in the Territory of Papua and New Guinea and other Pacific Islands. It continued to expand over the years and its issued capital was increased to £2 million in 1937. After a number of subsequent increases, it totalled £7,200,000 in 1962. At this date, the company operated six steamers or motor vessels, of which three were in service in the Territory. It also has numerous small vessels engaged in inter-island trade.

101. The Steamships Trading Co. Ltd. has its headquarters at Port Moresby and seven branches in the Territory. It embraces stores, plantations, ships and hotels. Its coastal fleet in 1962 numbered fourteen vessels. It was founded in 1919. In 1924, its issued capital was £55,000 and its annual profit was under £10,000. After the Second World War, the company began to expand its general trading and all sections of its specialized activities. To finance this and purchase other established companies, its nominal and issued capital was increased from time to time. In 1960, the issued preference capital was £50,000, and ordinary capital £1,132,316, and the company was making a net profit of about £200,000 per annum. Its general reserve was then well over £1 million. By the year 1961-1962, the company's net profit amounted to £263,455. In 1962, it took over another firm of general merchants; Colyer Watson (N.G.) Ltd., and the stores it operated in four centres in New Guinea.

102. The New Guinea Company Ltd. operates in New Guinea; in Papua it is called Island Products Ltd. This company is a subsidiary of W. R. Carpenter and Co. Ltd. Through an associated company (Coconut Products Ltd.), it owns and operates the copra-crushing mill in Rabaul. W. R. Carpenter and Co. Ltd., was established in Sydney in 1914 with a nominal capital of £1,000. Between 1930 and 1939, the authorized capital of the company was increased to £1 million, and issued capital to £775,000.

103. A. H. Bunting Ltd. sold its retail interests in Papua in 1960 to Steamship Trading Co. Ltd. It operates coffee plantations and stores at two centres in New Guinea.

104. There are other large general stores operated by Europeans and Chinese at four centres in the Territory. Besides these, there are many retail trade stores which are patronized mainly by indigenous customers. Such stores, supplying the majority of their requirements, can be profitable businesses, and Europeans, Chinese and indigenous entrepreneurs conduct them in towns, settlements and in rural areas. Most large plantations have their own trade stores.

X. MANUFACTURING INDUSTRIES

105. Manufacturing industries are of minor though growing significance. Secondary industry was limited before the Second World War to small copra driers, sawmills, a few plants engaged in production for local consumption, shipbuilding and servicing. The three most important secondary industries were opened after the war: a coconut oil plant in 1951; and plywood manufacture and passion fruit processing for export began in 1953. Since then, the emphasis has been more on industries serving the growing internal market and on processing imported raw materials.

106. Between 1955-1956 and 1962-1963, the total number of factories increased from 123 to 331 and the value added by manufacture increased from £A2 million to £A5.6 million.

107. The largest employer is the plywood plant at Bulolo with about 350 persons, plus substantial numbers engaged in logging operations. Other sizable employers are the twist tobacco plant (about 170 employees), the tobacco and cigarette plant at Madang (140), the coconut products plant at Rabaul (120), the veneer plant (112), and the brewery, bakery and concrete products operations at Port Moresby (75 to 80 each).

108. In 1962-1963, there were 36 plants in the Territory that employed more than 50 persons and gave work to about 46 per cent of the total number employed in manufacturing. The average firm is much smaller, 238 of the 331 firms having 20 or fewer employees. Among the 6,950 persons employed in secondary industry at this time, 5,600 were indigenous persons (as compared with 40,000 employed in primary production), 1,100 were Europeans and 200 were Asians and people of mixed race. Of the 143 working proprietors, who at this time accounted for about 40 per cent of the total number of establishments, 118 were European and the remainder mostly Asian; no indigenous person had yet entered secondary industry in an entrepreneurial or ownership role.

109. Most of the capital investment in secondary industry is Australian. Capital has come from other countries, such as Canada (plywood) and Malaysia (brewing).

110. In order to encourage the establishment of secondary industries, the House of Assembly in the Territory passed the Industrial Development Ordinance in 1965. This provides that certain industries beneficial to the economic development of the Territory be free of income tax for the first five years of operation. Shareholders' dividends may also be tax free for the same period. The Administrator's Council decides on the eligibility of an industry for these concessions. Objections may be lodged against this status by interested parties. In 1965-1966, eight certificates of eligibility were issued to producers, the total capital investment involved being about \$1.5 million.

111. Manufacturing statistics have only been collected since 1956. The table below shows the growth of industrial production over the seven years thereafter:

TERRITORY OF PAPUA AND NEW GUINEA—INDUSTRIAL PRODUCTION, 1955-1956 AND 1962-1963

<i>Class of industry</i>	<i>Number of factories</i>	<i>Total average weekly employment</i>	<i>Value of salaries and wages</i>	<i>Value of output</i>	<i>Value of materials and fuels used</i>	<i>Value added by manufacture</i>
<i>(£A thousand)</i>						
<i>1955-1956</i>						
Metals, machines, maintenance and repairing, etc.	40	610	205	549	168	381
Food, beverages, tobacco, etc.	28	398	87	544	297	247
Sawmills, joineries, plywood, etc.	45	1,988	541	1,978	752	1,226
Other manufacturing	10	398	88	1,392	1,208	184
TOTAL	123	3,394	921	4,463	2,425	2,038
<i>1962-1963</i>						
Metals, machines, maintenance and repairing, etc.	151	2,139	1,163	3,444	1,607	1,837
Food, beverages, tobacco, etc.	62	1,383	288	2,635	1,533	1,103
Sawmills, joineries, plywood, etc.	76	2,587	726	3,227	1,562	1,665
Other manufacturing	42	844	365	3,893	2,876	1,017
TOTAL	331	6,953	2,543	13,199	7,577	5,622

XI. LOCAL AND FOREIGN COMPANIES

A. General

112. During 1964-1965, 80 companies having a total nominal capital of £3,690,100 were incorporated as local companies, and 12 companies with a total nominal capital of £1,075,000 were de-registered. Ten companies increased their nominal capital by a total of £3,138,875. Net increases in nominal capital during the year in the commercial, industrial and agricultural categories were £4,127,975 (9.53 per cent), £1,035,000 (9.08 per cent) and £586,000 (2.11 per cent) respectively. At 30 June 1965, 822 local companies were operating with an aggregate nominal capital of £119,302,986.

113. 12 foreign companies (companies incorporated outside the Territory which carry on business in the Territory) were registered and one was de-registered, bringing the number of such companies operating in the Territory at 30 June 1965 to 174. Many of these operate through agents, usually a local company or firm, and the amount of capital actually invested in the Territory is not known.

114. The Commonwealth of Australia has subscribed to two local companies, Commonwealth-New Guinea Timbers Ltd. and New Guinea Resources Prospecting Company Ltd., which have a nominal capital of £2,000,000 and £300,000 respectively. The total paid-up capital of the first company is £1,500,000, of which the Commonwealth and its nominees have subscribed

£750,001. The total paid-up capital of the second company is £300,000, of which the Commonwealth and its nominees have subscribed £152,999.

B. Registration of companies

115. A new Companies Ordinance for the Territory came into operation on 1 July 1964. This provides for three main types of company: public, proprietary and exempt proprietary. Under its provisions, a proprietary company is required to restrict the right of transfer of its shares; limit the number of its members to not more than fifty; and prohibit the issue of shares or debentures to the general public and the depositing of money by the public with the company. A company may convert itself into a proprietary company by passing a special resolution; altering its memorandum and/or articles to contain the restrictions and prohibitions set out above.

116. An "exempt proprietary company" is defined as a company in which no share is owned by a public company. This type of company is not required to include a balance sheet in its annual return filed with the Registrar of Companies, but an ordinary proprietary company or a public company must do so.

117. The documents required from a foreign company before registration are, *inter alia*, its memorandum and articles of association; a list of its directors and a statement of the powers (if any) of local directors; a notice showing when the registered office will be open to the public (a minimum of three hours daily is required); the name and place of abode or business of the person appointed by the company to carry on its business; and a certified copy of the certificate of incorporation. The minimum registration fee is \$40. The registration of a company limited by shares is \$2 for each \$2,000 of nominal capital up to \$200,000; beyond this and up to \$1 million, the fee is \$1 per \$2,000; and in excess of \$1 million, the fee is 50 cents per \$2,000. The registration fee for companies limited by guarantee is: with 20 members, \$10; with 100 members, \$20; and with unlimited membership, \$200.

118. Local companies incorporated in the Territory at 30 June 1965 are as follows:

Category	Number	Nominal capital (£A)
Commercial	331	47,423,734
Industrial	155	12,435,890
Agricultural	226	28,368,062
Mining	17	23,965,000
Finance	64	7,550,000
Non-profit	29	60,300
TOTAL	822	119,302,986

119. Companies registered as foreign companies in the Territory at 30 June 1965 are as follows:

Category	Number
Commercial	43
Industrial	14
Agricultural	6
Mining	30
Finance	60
Non-profit	21
TOTAL	174

120. The nominal capital of registered foreign companies in the Territory at 30 June 1965 was as follows:

Sterling area, excluding	
Hong Kong	Pounds sterling 189,731,050
Hong Kong	Hong Kong dollars 1,222,000
United States of America	USA dollars 412,126,000
Canada	Canadian dollars 6,489,627
Netherlands	Netherlands guilders 10,000,000
Australia	Australian pounds 350,739,576

121. A complete listing of the principal companies registered under the Companies Ordinance 1963 at 30 June 1965 appears in the annex to the present working paper. In this list, non-profit-making companies, chiefly educational and religious, are not included.

C. Investments and profits

122. In its report^e the International Bank for Reconstruction and Development (IBRD) noted that in the late 1950s, private investment in the Territory was substantially in excess of public investment, largely because of heavy expenditures on oil exploration. It had declined in more recent years to less than 10 per cent of domestic expenditures, a decline attributed in part to political uncertainties. At the same time, public investment had sharply increased to more than 13 per cent of domestic expenditures. The report noted that a large part of public investment had been in assets which did not add immediately to the Territory's productive capacity, but such evidence as there was suggested that much private investment had been highly productive. Although full returns from this investment had not yet been realized, it had already brought a rapid rise in production and income.

123. The report went on to note that there are few data on the financing of private investment in the Territory. Foreign capital had been invested in plantations and new industrial ventures and in oil exploration. But probably the greater part of private investment had been financed from reinvested profits. Many private enterprises had been highly profitable and private savings had been high enough to finance substantial investments in the Territory and at the same time permit a sizable outflow of capital. The latter, from the limited data available, the report stated, appeared in recent years (1962-1963) to be from £A3 million to £A5 million a year. It concluded that, compared with private investments estimated at £A5 million to £A6 million annually in the past three years, the outflow of capital had been of major proportions. This, as noted above, had been attributed partly to a decline in confidence among investors stemming from uncertainties about the political future of the Territory. More recently, the investment climate had improved.

124. The sums raised through public borrowing, which commenced in the Territory in 1960, amounted up to 30 June 1966 to £19.8 million. Apart from this, investments by the Administration were financed by Australia, since in all years current expenditures by the Administration had been far in excess of internal current revenues.

XII. LABOUR

A. Legislation: classes, hours, wages

125. The conditions of employment for the great majority of indigenous workers in paid employment are governed by the Native Employment Ordinance 1958-1965 and other relevant legislation. Under this, persons of sixteen years of age and over may be employed under written agreements, as casual workers or advanced workers. The latter hold a certificate certifying that they are entitled to be employed on a purely cash basis. The employment of a casual or advanced worker may be terminated at any time by either party without notice. The maximum period of employment under a written agreement is two years, except for a married male accompanied by his family. He may enter into continuing agreements which in the aggregate total four years' employment with the same employer before returning to his home. Under certain circumstances, agreements can be terminated before the date of expiry on application by either party to an employment officer or a court, or on the initiative of the court.

126. An agreement worker is required to leave a portion of his wage as deferred pay, to be paid to him only within the district where his home is situated, upon the termination of an agreement. An employment officer may for special reasons allow the deferred wage to be paid elsewhere and he

^e International Bank for Reconstruction and Development, *The Economic Development of the Territory of Papua and New Guinea* (Baltimore, Maryland, The Johns Hopkins Press, 1965).

may approve advances against deferred wages for urgent reasons. Casual workers must be paid their cash wages monthly or at more frequent intervals.

127. The minimum prescribed cash wage per year is £19.10.0 (\$39), or for an employee with more than one year's service with the same employer £22.15.0 (\$45.5). The minimum wage is generally acceptable only to unskilled workers, and employers find it necessary to pay higher wages to attract skilled or semi-skilled workers. Besides wages, employers are obliged to provide, free of charge, workers' compensation cover, medical treatment, and (except where employment is under the terms of an Urban Cash Wage Award) food, clothing and other articles, and housing for employees and their accompanying dependants. Agreement workers and their accompanying dependants are transported at the expense of the employer from their homes to the place of employment and are repatriated at the expense of the employer upon the termination of the agreement. Under prescribed circumstances, particularly in the case of casual workers, a monetary allowance may be paid in lieu of rations. Labour inspectors in each sub-district fix the amount of money which may be paid.

128. A Board of Inquiry into rural wages paid in the Territory recommended in September 1966 that rural wages, i.e., those noted above, be increased by 50 per cent. The Board's report will have to be submitted to the House of Assembly and legislation framed before the increases can become law.

129. The normal work week is forty-four hours, with a limit of twelve hours in any single day. Daily and weekly rest periods are prescribed. Payment for overtime is on the basis of time-and-a-half for ordinary overtime (minimum hourly rate 1s.6d.), double time for Sundays (minimum hourly rate 2s.), and single time for holidays. This is calculated on the annual value of cash wages, plus the annual value of food, clothing and other articles. The value of such items in 1966 was \$143 *per annum*.

130. A number of industrial agreements governing rates of pay and conditions of employment such as those governing annual and sick leave have been registered under the Industrial Relations Ordinance 1962, and Urban Cash Wage Agreements now cover nine of the larger towns in the Territory. They provide for unskilled adult workers a minimum wage which ranges from \$6 to \$6.5 per week. Provision has also been made for a pay scale to cover various occupations, ranging from \$6.75 to \$10 per week. Employees employed by the day or shift of eight hours receive not less than \$1.22 per day.

B. Industrial organizations

131. Industrial organizations with not less than twenty employees or four employers are required to register. In 1965 there was one employers' and fourteen workers' organizations, with a total membership of 12,500. Additional bodies have since applied to form workers' associations. These are usually organized on a regional basis, but in three towns the associations have organized branches that cover specific industries.

C. Indigenous employees

132. Rural industries (agriculture and livestock) employed 52.2 per cent of all indigenous workers in 1965; the Administration employed 31 per cent, and all other activities employed the remaining 16.8 per cent.

133. The numbers of workers in the various classes in the Territory at the end of March 1965 were as follows:

Government employed:

Casual workers	12,354
All others	15,971

Employed by private enterprise:

Casual workers	38,463
Agreement workers	24,720
Apprentices	245

TOTAL 91,753

D. Rural industries

134. Information concerning workers and wages which appear in the tables below deals with rural industries (agriculture and livestock) owned by non-indigenous persons. It takes no account of the agricultural operations of indigenous people on their own behalf.

135. At 31 March 1965, the number of persons predominantly engaged in farm work on the 1,219 non-indigenous holdings totalled 47,899. This consisted of 932 Europeans, 69 Asians and 132 others. The rest were indigenous persons. Workers served in the following capacities:

WORKERS IN RURAL INDUSTRIES

	Non-indigenous	Indigenous
Owners, lessees and share farmers ..	353	—
Wage and salary earners	780	—
Agreement workers	—	22,826
Casual workers	—	15,420
Day-by-day workers	—	6,059
Public Service employees	—	447
Farmer trainees	—	1,030
Workers on job contract or piece work	—	984
TOTAL	1,133	46,766

136. The amount of salaries and wages paid to farm workers includes the value of keep, cost of equipment issues, recruiting costs, cost of transport and hospital treatment of workers. It does not include any remuneration of working proprietors in the form of cash drawings, rations or other issues.

SALARIES AND WAGES PAID, YEAR ENDING 31 MARCH 1965

	\$
Europeans	2,139,120
Other non-indigenous	251,932
Indigenous	7,887,296
TOTAL	10,278,348

ANNEX

Principal incorporated companies operating in the Territory of Papua and New Guinea

PRINCIPAL COMPANIES REGISTERED UNDER THE COMPANIES ORDINANCE
1963, AT 30 JUNE 1965

A. COMMERCIAL

Incorporated in the Territory

Anderson's (Pacific) Trading Company Pty. Limited
Australia New Guinea Corporation Limited
The B. N. G. Trading Company Limited
Boroko Hotels Limited

The Bougainville Company Pty. Limited
Burns Philp (New Guinea) Limited
J. L. Chipper and Company Pty. Limited
Collins and Leahy Limited
Colyer Watson (New Guinea) Limited

ANNEX (*continued*)

J. A. Corrigan Wewak (1963) Pty. Limited	New Britain Entertainments Pty. Limited
Delta Earthmoving Proprietary Limited	New Guinea Company Limited
Didi Buna Pty. Limited	Pacific Productions Limited
Gibbes Sepik Airways Limited	Pacific Trading Company Limited
Guinea Brewery Limited	Papuan Airlines Pty. Limited
Indian and Pacific Ocean Merchants Limited	Paradise Tobacco Co. Limited
Island Products Limited	The Port Moresby Freezing Company Limited
Jascar Limited	Rabaul Investments Pty. Limited
T. W. Johnston and Co. Pty. Limited	Seeto Kui and Sons Pty. Limited
Kambala Limited	E. R. Snook Limited
E. E. Kriewaldt and Company Limited	Steamships Trading Company Limited
Lucas and Ducrow New Guinea Limited	Tang Mow and Co. Pty. Limited
Mandated Airlines Limited	A. A. Thick (Goroka) Pty. Limited
Morebe Hotels Limited	Thompson and Wright Pty. Limited

Foreign

	<i>Country of incorporation</i>
Amalgamated Wireless (Australasia) Limited	Australia
Australian National Airways Proprietary Limited	Australia
The British New Guinea Development Company Limited	United Kingdom
Burns Philp and Company Limited	Australia
The China Navigation Company Limited	United Kingdom
Email Limited	Australia
Esso Standard Oil (Australia) Limited	Australia
Gallaher International (Australia) Limited	Australia
The Indo-China Steam Navigation Company Limited	United Kingdom
Mobil Oil Australia Limited	Australia
The National Cash Register Co. Pty. Limited	Australia
Nieuw-Guinea Import en Export Maatschappij (Nigimy) N.V. ...	Netherlands
Purchasers Incorporated Pty. Limited	Australia
Shell Company (Pacific Islands) Limited	United Kingdom
Wormald Brothers (N.S.W.) Pty. Limited	Australia
J. R. Wyllie and Sons Pty. Limited	Australia

B. INDUSTRIAL

Incorporated in the Territory

Barclay Bros. (New Guinea) Pty. Limited	Pacific Island Timbers (Holding) Limited
Commonwealth-New Guinea Timbers Limited	Sanders Transport Company Pty. Limited
Cottee's Passiona (New Guinea) Limited	South Pacific Brewery Limited
Hornibrook Pacific Constructions Pty. Limited	South Pacific Post Pty. Limited
W. N. Johns (N.G.) Pty. Limited	John Stubbs and Sons (Papua) Pty. Limited
Nebiri Quarries Pty. Limited	Titan New Guinea Proprietary Limited
New Guinea Drum Company Pty. Limited	Tutt Bryant (Pacific) Limited
New Guinea Resources Prospecting Company Limited	United Bakeries Limited
	United Builders Company Pty. Limited
	Watkins Consolidated Limited
	W. D. and H. O. Wills (T.P.N.G.) Limited

Foreign

	<i>Country of incorporation</i>
Cadbury-Fry-Pascall Proprietary Limited	Australia
Concrete Industries (Monier) Limited	Australia
Dowsett Engineering (Australia) Pty. Limited	Australia
The English Electric Company of Australia Proprietary Limited .	Australia
Filtration and Water Softening Proprietary Limited	Australia
Hastings Deering (New Guinea) Pty. Limited	Australia
MacRobertson Proprietary Limited	Australia
The Manufacturers' Bottle Company of Victoria Proprietary Limited	Australia
Motor Supplies Pty. Limited	Australia
Tom Piper Limited	Australia

C. AGRICULTURAL

Incorporated in the Territory

Bali Plantations Limited	P. W. Reilly and Company Pty. Limited
Belik Plantations Limited	Robinson River Plantations Limited
Bena Coffee Lands Limited	Roka Coffee Estate Pty. Limited
Brown River Timber Company Limited	Rubberlands Limited
The Buka Plantations and Trading Company Limited	Kabaira Plantations Pty. Limited
Choiseul Plantations Limited	Kami Coffee Estates Limited
Clarens Estates Limited Coconut Products Limited	Kerema Rubber Limited
Dahill Plantations Limited	Kinjibi (Holdings) Limited
Edgell and Whiteley Limited	Koitaki Plantations Limited
Eilogo Estate Limited	Kokopo Cocoa Pty. Limited
Elvee Trading Pty. Ltd.	Korfena Plantations (New Guinea) Limited
Garua Plantations Limited	Korgua Farming and Trading Company Pty. Limited
Highland Products Pty. Limited	Kulon Plantations Limited
Iloilo Estate Pty. Limited	Lolorua Rubber Estates Limited
Island Estates Limited	Makurapau Estates Limited
Mala Trading Company Limited	Sagarai Estate Limited
Mariboi Rubber Limited	Sangara (Holdings) Limited
Native Marketing and Supply Service Limited	Sangara Plantation and Development Co. Limited
New Britain Plantations Limited	Seiha Cocoa Estates Pty. Limited
New Guinea Plantations Limited	Sogeri Rubber Plantations Limited
New Hanover Plantations Limited	Stafford Allen (New Guinea) Pty. Limited
New Ireland Enterprises Pty. Limited	Symco Limited
New Ireland Plantations Limited	Tabar Plantations Limited
Norikori Coffee Limited	Tokua Plantations Pty. Limited
Pacific Tobacco and Development Limited	Tovarur Plantations Limited
Plantations Holdings Limited	Veimaui Estate Limited
	Wau Coffee Estate Limited

Foreign

	<i>Country of incorporation</i>
Eta Foods Pty. Limited	Australia
Kerr Brothers Pty. Limited	Australia

D. MINING

Incorporated in the Territory

New Guinea Industries Pty. Limited	Pacific Island Mines Limited
Oil Search Limited	The Papuan Apinaipi Petroleum Company Limited
Oriomo Oil Limited	

Foreign

	<i>Country of incorporation</i>
Associated Frency Oilfields No Liability	Australia
Australian Aquitaine Petroleum Pty. Limited	Australia
Australasian Petroleum Company Proprietary Limited	Australia
Bulolo Gold Dredging Limited	Canada
Continental Oil Company of Australia Limited	United States of America
C. R. A. Exploration Pty. Limited	Australia
Cultus Explorations Limited	Canada
Enterprise of New Guinea Gold and Petroleum Development No Liability	Australia
Island Exploration Company Proprietary Limited	Australia
Marathon Petroleum Australia Ltd.	United States of America
New Guinea Goldfields Limited	Australia
Phillips Petroleum Company	United States of America
Sunray DX Oil Company	United States of America

E. FINANCE

Incorporated in the Territory

Anglo Papuan Investments Limited	New Guinea Finance Limited
Choulai and Company Pty. Limited	Watamak Pty. Limited
Macquarie Investments Limited	Yodda Holdings Pty. Limited

Foreign

	<i>Country of incorporation</i>
A.M.P. Fire and General Insurance Company Limited	Australia
Atlas Assurance Company Limited	Australia
Australia and New Zealand Bank Limited	United Kingdom
Australia and New Zealand Savings Bank Limited	United Kingdom
Australian Metropolitan Life Assurance Company Limited	Australia
Australian Mutual Provident Society	Australia
The Australasian Temperance and General Mutual Life Assurance Society Limited	Australia
Bank of New South Wales	Australia
Bank of New South Wales Savings Bank Limited	Australia
Brown and Dureau Limited	Australia
Burns Philp Trust Company Limited	Australia
Dolarene Proprietary Limited	Australia
Collin and Company Limited	Australia
Harvey Trinder (N.S.W.) Pty. Limited	Australia
The Liverpool and London and Globe Insurance Company Limited	United Kingdom
The M.L.C. Fire and General Insurance Company Pty. Limited ..	Australia
The National Bank of Australasia Limited	Australia
The National Bank Savings Bank Limited	Australia
The National Mutual Life Association of Australasia Limited ..	Australia
Queensland Insurance Company Limited	Australia
Royal Insurance Company Limited	United Kingdom
Southern Pacific Insurance Company Limited	Australia
Sun Insurance Office Limited	United Kingdom
T. and G. Fire and General Insurance Company Limited	Australia
The United Insurance Company Limited	Australia
The Yorkshire Insurance Company Limited	United Kingdom

COMPANIES INCORPORATED IN THE TERRITORY OR REGISTERED AS FOREIGN COMPANIES DURING
THE PERIOD 1 JULY 1964 TO 30 JUNE 1965

A. COMMERCIAL

Incorporated in the Territory

Aerial Tours Pty. Limited	New Guinea Travel Service Pty. Limited
A.N.G. Properties Limited	P. W. Nielson and Co. Pty. Limited
B. J. Back Pty. Ltd.	A. R. Oslington Pty. Limited
Boroko Motors and Transport Pty. Limited	Pangi Proprietary
Canvas and Cordage Pty. Ltd.	Paparatava Development Co. Limited
Coral Sea Apartments Pty. Ltd.	Pioneer Equipment Hire Pty. Limited
Curios Pacific Pty. Limited	Pioneer Holdings Pty. Limited
Englands Pty. Limited	Pioneer Surveys Pty. Limited
Arshak C. Galstaun (N.G.) Pty. Ltd.	Rabaul Shipping Company Pty. Limited
Gas Supply (New Guinea) Pty. Limited	Reilly Holdings Pty. Limited
G. K. L. Trucks Pty. Limited	Sealark Shipping and Engineering Pty. Limited
G. A. Griffiths Pty. Limited	J. E. Seeto Pty. Limited
Hull and Co. (N.G.) Pty. Limited	R. J. Stockden Pty. Limited
Jascar Limited	Stokes and Barne Pty. Limited
Koki Real Estate Pty. Limited	Taurama Investments Pty. Limited
T. Y. Lam Investments Pty. Limited	Tourist Development Pty. Limited
Meoko Pty. Limited	Transport Holdings Pty. Limited
Morr Pty. Limited	John R. Wild Pty. Limited
Mount Hagen Bakery Pty. Limited	Whitney and Green Pty. Limited
Mubo Drive-Yourself Hire Car and Transport and Haulage Pty. Limited	Wholesalers Pty. Limited
New Guinea Artifacts Pty. Ltd.	

Foreign

	<i>Country of incorporation</i>
Hertz of Australia Pty. Limited	Australia
International Leasing Corporation (Vic.) Limited	Australia
Kennecott Explorations (Australia) Pty. Limited	Australia
Morgan, Perty and Co. Limited	Hong Kong
Sheel Company (Pacific Islands) Limited	United Kingdom

B. INDUSTRIAL

Incorporated in the Territory

Bird and Knoth Pty. Limited	New Guinea Drum Company Pty. Limited
Blair and Lynch Pty., Limited	Nova Pty. Limited
C. D. R. Building Company Pty. Ltd.	Palnamadaka Co. Limited
C. I. G. New Guinea Pty. Limited	Pelgen Pty. Ltd.
Clementsons (N.G.) Pty. Limited	Pioneer Buildings Pty. Limited
Fancy Foods Pty. Ltd.	S. L. G. Pty. Ltd.
John Holland Constructions (N.G.) Pty. Limited	South Pacific Beverages (Madang) Pty. Ltd.
Kuna Sawmill Pty. Limited	Steamships (Engineering) Pty. Limited
Michel Building and Construction Company Pty. Limited	Taubmans (N.G.) Pty. Limited
Moresby Drainers Pty. Limited	Territory Concrete Pty. Limited
Morobe Enterprises Pty. Limited	Territory Joinery Pty. Limited
	Toboi Shipbuilding Pty. Ltd.

Foreign

	<i>Country of incorporation</i>
The English Electric Company of Australia Proprietary Limited.	Australia

C. AGRICULTURAL

Incorporated in the Territory

Baglaga Plantations Limited	L. P. O. Pty. Limited
D. K. O. Pty. Limited	Marau Pty. Ltd.
Duncan Plantations Pty. Limited	Mintal Plantation Pty. Limited
Fish Packers (Papua) Pty. Limited	Papuan Pearls Pty. Limited
Gumanch Holdings Pty. Limited	Tea Development Pty. Limited
B. R. Heagney Pty. Limited	Tigi Plantation Pty. Limited
I. R. O. Pty. Limited	Wagil-Sipia Plantation Pty. Limited
Kimel Plantations Pty. Limited	

D. MINING

Incorporated in the Territory

Bulolo Alluvials Pty. Ltd.

Foreign

	<i>Country of incorporation</i>
Austrinex Pty. Limited	Australia
Cultus Explorations Limited	Canada
N. B. H. C. Pty. Limited	Australia

Appendix VII

*Economic conditions in the Bahamas, with particular
reference to foreign economic interests**Working paper prepared by the Secretariat*

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I. INTRODUCTION

1. The Bahama Islands form an archipelago of some 3,000 islands, small cays and rocks, of which the majority are uninhabited. The islands extend from a point sixty miles off the Florida coast in the north for 50 miles in a south-easterly direction. Their land surface amounts to more than 5,380 square miles, but the bulk of the population lives on fourteen islands.

2. The Bahamas lie athwart the Gulf Stream, and are divided by the Tropic of Cancer. Consequently, winter temperatures are high.

3. Nassau, the capital of the Territory, is sited on the north coast of New Providence Island, which itself lies in the centre of the group. Grand Bahama Island lies about 60 miles east of Palm Beach, Florida (United States). This, the fourth largest island, is of increasing economic importance. Andros Island, the largest in the group, is situated 20 miles west of New Providence.

4. The population of the Territory, estimated in 1965 at 138,107, is unevenly distributed; more than half lives in New Providence, but the Out Islands are sparsely populated. The average density of population is only 11 per square mile. Abaco, Andros, the Biminis, Cat Island, Eleuthera, Exuma, Grand Bahama, Great Inagua, Harbour Island, Long Cay, Long Island, New Providence and Acklins have each more than 1,000 inhabitants.

II. THE ECONOMY

A. General

5. The economy of the Territory depends mainly on tourism and associated service industries. Agriculture is not developed to any extent and most food-stuffs are imported, principally from the United States. The livestock industry is also undeveloped. There is a small lumber industry and recently attempts have been made to develop a sugar industry. The most spectacular tourist and industrial development has taken place at Freeport, a tract of Crown land made over by the Government to a private company in 1955.

6. Because there is no income tax, only nominal excise duties and liberal company taxation laws in the Bahamas, considerable foreign investment has been attracted to the islands. Americans, Canadians and British have invested more than \$1,000 million in the last fifteen years in land, hotels and other tourist accom-

modation, facilities and attractions. Accurate statistics are not available but it is generally conceded that the greater part of such investments is from the United States.^a

7. The economic programme for 1967 announced by the new Government^b includes the preparation of a comprehensive development plan designed to expand the economy and to develop social services so as to bring the maximum benefit to all sections of the community. The Government further proposes to re-examine the whole basis of the economy to determine whether there is any scope for diversification and, if so, in what direction. The Government considers that, while efforts must continue to be concentrated mainly on tourism, secondary industries must also receive encouragement. A professional survey to this end will be undertaken to establish ways in which the economy may be diversified, with practical reference to the potentialities of agriculture, fisheries and light industry.

8. Sir Arthur Lewis, professor of Economics and International Affairs at Princeton (USA) and former Principal and Vice-Chancellor of the University of the West Indies (Jamaica), arrived in Nassau in March 1967 to make preliminary recommendations for an economic survey. The survey will lead to the preparation of a comprehensive development plan.^c

B. External trade

9. The value of total imports for the years 1961 to 1965 was as follows:

1961 £	1962 £	1963 £	1964 £	1965 £
30,409,491	24,524,492	28,195,545	35,669,627	37,431,173

and the value of total exports, for these years was:

1961: £2,955,169, 1962: £3,222,613, 1963: £3,459,175, 1964: £5,588,211 and 1965: £6,656,643 respectively.

10. The following table shows the quantities and values of the main imports and exports for the years 1963 to 1965:

^a *The Tribune* (Bahamas), 8 and 11 March 1967.

^b The Progressive Liberal Party (PLP) came to power as a result of the general election held on 10 January 1967. The former ruling party—the United Bahamian Party, became the opposition party.

^c *The Tribune* (Bahamas), 9 February 1967 and *The Bahamas Observer*, 8 April 1967.

	1963		1964		1965	
	Quantity	Value £	Quantity	Value £	Quantity	Value £
IMPORTS						
Beer	1,049 m. gal.	542,970	1,147 m. gal.	615,538	1,282 m. gal.	700,311
Flour	116,428 cwt.	298,629	127,451 cwt.	350,698	107,048 cwt.	301,156
Rice	71,274 cwt.	256,404	86,283 cwt.	312,282	94,461 cwt.	294,407
Lard	30,541 cwt.	205,740	34,333 cwt.	346,459	27,881 cwt.	218,064
Meats, fresh	52,559 cwt.	1,099,310	61,922 cwt.	1,342,755	65,947 cwt.	1,455,146
Ham and bacon	13,246 cwt.	265,663	14,599 cwt.	302,544	15,249 cwt.	353,114
Milk, unsweetened		240,127		418,998		411,380
Sugar, white	62,935 cwt.	265,273	75,133 cwt.	306,038	91,562 cwt.	194,834
Apparel		1,042,677		1,409,412		1,310,997
Machinery		1,408,184		2,077,154		1,724,426
Motor cars and trucks	2,776	1,393,034	4,392	2,045,695	3,576	2,219,642
Iron and steel		521,734		950,802		1,248,882
Electrical apparatus and appliances		640,299		908,557		1,025,950
Hardware		1,135,901		1,563,726		2,152,669
Petroleum	32,181 m. gals	1,192,997	43,351 m. gals	1,550,602	42,041 m. gals	1,471,643
EXPORTS						
Crawfish	6,426 cwt.	141,709	11,797 cwt.	251,631	9,221 cwt.	361,634
Okras	255 m. lbs.	11,175				
Salt	2,964 m. bush	156,785	6,182 m. bush	343,096	11,584 m. bush	654,959
Tomatoes, canned	95 C/S	444			6,380 C/S	11,394
Tomatoes, raw			31 m. bush	10,935	36 m. bush	12,175
Tomato juice	1,125 C/S	1,325	2,000 C/S	2,000		
Lumber	419 m. ft.	21,089	338 m. ft.	14,125	468¼ m. ft.	15,224
Pulpwood	114,011 cords	892,797	192,775 cords	153,006	158,911 cords	1,299,617
Shells		7,289		1,600		561
Sponge	129 cwt.	6,887	255 cwt.	17,680	309 cwt.	12,585
Shells and straw work		2,187		1,648		1,180

11. According to recent press reports, more than 65 per cent of all the trade of the Bahamas is with the United States—90 per cent of the exports and 60 per cent of the imports. It was also reported that the Bahamas trade deficit increases each year at the rate of 18 per cent.^a

C. Tourism

12. The rapid growth of the industry during the last nineteen years is illustrated in the following table:

Year	Tourists
1949	32,018
1954	109,605
1959	204,624
1963	546,404
1964	605,171
1965	720,420
1966	822,317
1967 (estimated)	860,000

Most of the tourists come from North America.

13. The amount spent by North American tourists in the Territory has risen from \$28.4 million in 1960 to \$48.5 million in 1965. The increase in dollar earnings from tourism has been accompanied by a corresponding increase in the Territory's expenditure in the United States. During the same period, that expenditure rose from \$40.7 million to \$95.3 million.

14. According to a press article, the industries in the Bahamas which serve the tourist trade ("non-basic industries") contribute an abnormal 80 per cent of the gross national product. Such industries include the wholesale and retail distribution of food and other goods, the construction of tourist accommodation and facilities and the many other services performed for tourists and tourism. In 1957, the "basic industries"—agriculture, fishing, forestry and manufacturing—contributed less than 13 per cent to the gross national product. Today, this contribution has fallen to a mere 5 per cent.^e

15. The principal areas of tourist activities are around Nassau in New Providence and at Freeport in Grand Bahama. Tourist and other developments at Freeport are described in paragraphs 21 to 42 below.

16. Other investments in lands, hotels and tourist facilities in the islands include a harbour area situated in the southern part of New Providence Island. The plans for this area included proposals for the construction of a hotel, a yacht club and a harbour, and the provision of residential plots for private occupation. The capital involved is American and the estimated cost of completion of the full scheme runs into millions of dollars.

16a. The late Dr. Axel Wenner-Gren, a Swedish millionaire, controlled 800,000 acres on Andros Island. He also owned Hog Island, in Nassau Harbour, and sold it to Mr. Huntington Hartford, an American millionaire, who invested \$20 million there to create Paradise Island. The island is at present the property of Mary Carter Paint Company.

17. Mr. J. Louis Reynolds is reported to be converting 13,000 acres on Andros Island into a housing resort and commercial development adjacent to the United States-British naval base (AUTECE).

18. The North Andros Development Company (NADCO) is in association with the Commonwealth Group of Vancouver (British Columbia, Canada) in developing an 8,000-acre planned community on the north-eastern shore of Andros Island. A Canadian group is reported to have acquired a 50 per cent interest in NADCO.

19. Mr. E. P. Taylor, a Canadian industrialist, has developed 4,000 acres on New Providence Island, known as Lyford Cay, and has provided full facilities for property-owners.

^a See *Official Records of the General Assembly, Nineteenth Session, Annexes*, annex No. 8 (part I) (A/5800/Rev.1), chapter XXIV; *Bahama Islands Report for the years 1964 and 1965*, pp. 23-25; *The Tribune* (Bahamas), 15 March 1967.

^e *The Tribune* (Bahamas), 6 January and 11 March 1967.

20. Mr. J. Trippe is developing a section of Eleuthera Island with a private golf course, a 100-room hotel, a night club and a jet strip. Other developments are in progress in Abaco, Great Exuma, Cat Island and Paradise Island.^f

D. Freeport

21. Freeport, on Grand Bahama Island, has attracted much foreign investment. The Bahamas Government and a company known as The Grand Bahama Port Authority, Limited, entered into an agreement which was embodied in the "Hawksbill Creek, Grand Bahama (Deep Water Harbour and Industrial Area) Act of 1955".^g

22. This Agreement awarded the Port Authority 50,000 acres of government land, later expanded to almost 150,000 acres. The Port Authority undertook to dredge and construct a deep-water harbour, to promote and encourage the establishment of commercial and industrial undertakings and to provide such industrial and commercial facilities and social amenities as might be required. In addition, the Authority undertook to provide medical and educational facilities. It financed the whole undertaking from private sources.

23. The Government, for its part, embodied the following tax concessions within the Act:

(a) Until the year 2054, the Port Authority and its licensees will not be required to pay import duties (except on goods for personal consumption);

(b) Until the year 1990, no real property taxes, and no real property levies (whether capital or periodic) of any kind will be levied against any land, building or structure within the Freeport area; the Authority and its licensees will be free from personal property taxes, capital levies, capital gains taxes and capital appreciation taxes;

(c) The Authority and its licensees will pay no taxes of any kind against their earnings in the Freeport area; the employees of the Authority and its lessees or licensees (provided that they are ordinarily residents in the Freeport area) will pay no income tax on their salaries or bonuses;

(d) The Authority and its licensees will pay no excise duties (except on consumable goods imported into the Freeport area), no export duties or levies and no stamp duties on bank remittances.

24. The right to issue licences to individuals and firms for the operation of businesses within the Freeport area and for enjoyment of the unique taxation freedoms granted to the area lies entirely with the Port Authority. The licensees pay a percentage of their gross receipts to the Port Authority. Each licence is separately negotiated. The percentages paid to the Port Authority are reported to range from 1 to 10 per cent. Companies are incorporated under the Bahamas Companies Act (see para. 58 below). The incorporation of a company can be carried through quickly and inexpensively and the Port Authority, upon request, can furnish the names of lawyers or accountants who undertake such transactions on the licensee's behalf.

25. Besides licensing powers, the Port Authority received the sole right to plan, lay out and develop the area. It also obtained the right to import labour from outside the Bahamas, and the power to exclude persons from Freeport without assigning any reason.^h

26. Mr. Wallace Groves, a United States businessman, who was responsible for this enterprise, retains control over Freeport's development with a 50 per cent interest in the Port Authority Company. He obtained initial extensive financial assistance from British and United States sources. Such investments have increased greatly in value.

27. Mr. Charles Hayward, a British industrialist and Chairman and Managing Director of the Fifth Cleveland

^f *Colonial reports, Bahamas: 1954 and 1955*, p. 4; *The New York Times*, 17 February 1965; *Time*, 20 January 1967; *The Tribune* (Bahamas), 25 January and 7 February 1967.

^g *The Times* (London), 22 March 1967; *West Indies and Caribbean Year Book 1967*, pp. 71-73.

^h *West Indies and Caribbean Year Book 1967*, pp. 71-73; *The New York Times*, 5 February 1965; *The Wall Street Journal*, 19 October 1966; *Life*, 3 February 1967.

Industrial Group, was one of the principal investors who advanced funds in return for a 25 per cent stock interest in the Port Authority company. Another chief sponsor was a group headed by Mr. Charles Allen, general partner of Allen and Co., a leading New York investment house. The Allen group purchased the other 25 per cent of the Port Authority's stock.

28. Mr. Groves was assisted in the initial development by Mr. Daniel K. Ludwig, a New York shipowner. In exchange for 2,000 acres of land in Freeport and the right to build a shipyard (a right which was never exercised), Mr. Ludwig constructed a 30-foot deep harbour, which enabled Mr. Groves to fulfil his pledge to the Government that he would build a port. Mr. Ludwig sold part of his real estate holdings to United States Steel for \$1 million as a site for its cement factory. On other parts of his Freeport land, he is reported to be building a golf course and a luxury home development, with houses priced up to \$90,000 each.

29. Through his Port Authority company and its affiliated firms, Mr. Groves now owns Freeport's utilities, its only supermarket, its jet airport and Freeport Bunkering Company.

30. A Port Authority affiliate, Grand Bahama Development Company, obtained 100,000 acres of land in Freeport and is concerned with the sale of sites for houses, hotels, apartment buildings, golf courses and marinas. Grand Bahama Development Company, which also built the Lucayan Beach Hotel in Freeport, is reported to have made profits exceeding \$35 million. Selected sites which originally cost \$2.80 per acre now retail at \$40,000 to \$50,000 per acre. For the fiscal period ending 31 October 1966, the Grand Bahama Development Company's gross sales amounted to \$21,500,000. The issued share capital of the company totals 2,900,000 shares, of which 1,550,000 are held by the Port Authority.

31. In July 1966, a local firm of investment brokers and dealers, J. H. Crang (Nassau) Ltd., purchased a substantial number of shares in the Grand Bahama Development Company Ltd. These shares were owned by Mr. L. Chesler, a Canadian investor and former company president. The transaction involved some 50 per cent of his holding in the company common stock, thought to be in excess of 350,000 shares. J. H. Crang (Nassau) Ltd. paid cash and, it is understood, were acting partly for institutions based in London and Switzerland.

32. In August 1965, it was announced that Mr. Chesler had severed his connexion with the Development Company. Recently it has been reported that he is one of the sponsors of Roberts Realty—a new estate company with plans for Out Islands sales and development.

33. Bahamas Amusement Ltd., another of Mr. Groves' enterprises, holds an exclusive gambling licence for Freeport, granted by the Government in 1963. This company obtained an exemption from the law that prohibits gambling in the islands.

34. The company owns the Monte Carlo casino in the Lucayan Beach Hotel, and a second casino, the El Casino. An amount of \$1.5 million annually from casino profits subsidizes three hotels—the Lucayan Beach, the King's Inn, and the Holiday Inn, Grand Bahama's biggest hotel. These subsidies are expected to continue until 1973.¹

35. More than 600 individuals and firms obtained business licences in Freeport in 1966. The largest single investment is the \$50 million cement plant operated by the Bahamas Cement Company Ltd., a wholly owned subsidiary of United States Steel which began operations in December 1964. Syntex, Revlon, Flecto and Selco are other United States concerns with investments in the Freeport area.

36. Projects for Freeport in 1967 include a petroleum storage area to be constructed by American oil interests and an oil refinery with a planned capital investment of up to \$100 million. A licence to build a refinery has been granted to the Freeport Refinery Ltd., a company recently formed by Texas oil interests. It is reported that the refinery will be

a joint project between American oil interests and French petro-chemical interests.

37. A \$7 million freight and passenger service, operating between Florida and Freeport, will be provided by the United States Freight Company, the largest freight handling company in the United States, with an annual turnover of \$500,000,000.

38. Among other foreign interests in Freeport is Tamarind Development (Grand Bahama) Ltd., with thirty-four offices established in the United States, Canada, the United Kingdom, Europe, South America and the Bahamas.¹ This company appointed First Carib (London) Ltd., as its sole selling agency in the United Kingdom in 1966.

39. In October 1965, two of the three political parties then in opposition—Progressive Liberal Party (PLP) and National Democratic Party (NDP)—made public demands with respect to the Freeport area. The PLP demanded that the Hawksbill Creek, Grand Bahama (Deep Water Harbour and Industrial Area) Act of 1955 be renegotiated so that the Government's interests might be paramount in the Port area. The PLP demanded further that the Government should exercise the same authority in Freeport as in other parts of the Bahamas, that it should guarantee freedom of expression and assembly to Freeport's inhabitants in general and to its trade unions in particular, and that a government Labour Exchange should be established in the area. Criticism of conditions at Freeport and of the Hawksbill Creek Agreement continued throughout 1966.

40. Mr. Adderley (NDP) regretted that the revenue from gambling on Grand Bahama was insufficient to provide for the expansion of the police force. He added that it was pathetic that people in the Out Islands were being asked to pay for police protection on Grand Bahama when operators there made millions of pounds but did not pay similar taxes. He asked why gangsters were permitted to enter the Territory to make money while local residents were heavily fined for conducting "numbers rackets". He agreed that Freeport had brought financial benefit to some people, but at the same time considered that the Government had abdicated its responsibility and relinquished its sovereign rights over a part of the Territory to a private company. He warned that the Government would soon have no control at Freeport. For this reason, he advocated that the Government immediately enter into negotiations for a new agreement with the Port Authority Company.

41. Mr. Pindling (PLP) asked that a Royal Commission investigate conditions of gambling at Freeport. He said that the arrangement with the operators at Grand Bahama, whereby they were to pay £100,000 to the Bahamas Government, was made subject to the condition that their books should not be audited locally. He, too, called upon the Government to renegotiate the Hawksbill Creek Agreement with the Port Authority Company.²

42. The Hawksbill Creek Agreement and gambling at Freeport were major issues at the elections held in January 1967. The elections resulted in the formation of a new Government, which is understood to have set up a Commission of Enquiry. The Commission began work in March 1967. Its hearings are continuing.

E. Agriculture

43. Agricultural production is mainly in the hands of small individual cultivators, and occupies nearly half of the total labour force. On some of the larger Out Islands, however, projects are being developed on a plantation scale. These are mainly supported by foreign capital and produce exclusively for the export market.¹

¹ *The Colonial Office List* 1966, p. 59; *The Tribune* (Bahamas), 6 May 1966, 5 and 26 January and 10 February 1967; *E.I.U. Quarterly Economic Review* No. 4, 1966, p. 13; *The Times* (London), 22 March 1967.

² *The Tribune* (Bahamas), 16, 17, 18 and 19 March, 29 April 1966.

¹ *West Indies and Caribbean Year Book*, 1967, p. 47; *Bahama Islands Report for the years 1964 and 1965*, p. 26.

¹ *The Tribune* (Bahamas), 28 July 1966 and 5 January 1967; *The New York Times*, 15 February 1965; *The Wall Street Journal*, 19 October 1966; *West Indies and Caribbean Year Book* 1967, p. 31.

F. Forestry

44. Forests in the Bahamas, slightly less than 800,000 acres, are on Crown land. Their exploitation is governed by the terms of licences issued in the 1900s. These concessions are said to confer such a measure of freedom on the licensees that strict control has been rendered difficult.

45. The organized exploitation of forest products is now confined to the pine forests of Andros and Abaco Islands. One of two operating companies is Owens-Illinois, Inc., leading manufacturers of glass, plastics and forest products in the United States. It operates on Crown land and has a plant at Snake Cay (Great Abaco Island). During 1965, the company produced 181,218 cords of pulpwood, all of which was shipped to the company's own processing plant in Florida, United States. In January 1967, this company announced that it expected to begin cutting pulpwood in mid-1967 on more than 150,000 acres of Crown lands on Andros Island. The timber operations of the company in the Bahamas are expected to continue until 1973.

G. Sugar

46. In April 1966, agreement was reached between the Government and Owens-Illinois Inc. regarding their proposal to grow sugar-cane and produce refined sugar on the island of Abaco. Under the agreement, the company will produce 50,000 tons of raw sugar annually. The agreement provides for Owens-Illinois to establish a 20,000 acre sugar plantation on Great Abaco, on Crown land held under the long-term timber-cutting lease, which will now be granted in fee simple. An option to take up a maximum of 25,000 acres more on a twenty-five-year renewable lease is included in the agreement; this will enable the company to double its production.

47. In addition to the \$15 million invested in sugar, Owens-Illinois plans the expenditure of \$3 million on the construction of roads, docks, offices, homes, and other facilities on Andros.^m

H. Salt

48. West India Chemicals, a United States company controlled by Morton Salt Inc., has established a salt industry on Inagua. Salt is extracted by solar radiation and exported in bulk to the United States.

49. Diamond Crystal Salt Co., which operates on Long Island, is another United States company engaged in salt production. Earnings of Diamond Crystal for the nine months ended 31 December 1966 totalled \$1,777,000, or \$1.36 per share—an increase of 38 per cent over those for the same period in 1965.ⁿ

I. Mining

50. All mineral rights in the Bahamas are vested in the Crown. Until recently, it was assumed that no mineral wealth existed, as the islands consist mainly of coralline limestone. Geological surveys, carried out under licence by petroleum companies, have altered this picture. No oil has yet been found, but in 1965 there were six companies holding a total of sixteen exploratory concessions, covering land and offshore areas.

51. The Petroleum Act provides for the issue of oil exploration, prospecting and mining licences. It also establishes a scale of royalties.^o

J. Banking

52. There is no government bank or bank of issue in the Bahamas. The major banks operating in the Territory include: Bank of London and Montreal Limited, Barclays Bank, D.C.O., Butlers Bank Limited, Canadian Imperial Bank of Commerce, E. D. Sassoon Banking Company Limited, First National City Bank, Roy West Banking Corporation, the Bank of Nassau Limited, the Bank of Nova Scotia, the Chase Manhattan Bank (National Association), the Royal Bank of Canada and World Banking Corporation Limited.

^m *Colonial reports, Bahamas: 1956-1957*, pp. 22, 26 and 27; *The Tribune* (Bahamas) 28 April, 7 May, 10 and 17 June 1966 and 6 January 1967.

ⁿ *Chronicle of the West Indies Committee*, September 1966, p. 487; *The Tribune* (Bahamas), 27 January 1967.

^o *West Indies and Caribbean Yearbook*, 1967, pp. 49 and 50.

53. Trust companies operate actively in the Territory which, in consequence, has assumed the role of a centre of international finance. These institutions offer a full range of trust and management services for Bahamian and foreign companies, arrange long-term finance for many projects and grant mortgages on reasonable terms.

54. The largest trust company in the islands is Finance Corporation of Bahamas Limited, a wholly owned subsidiary of Trust Corporation of Bahamas Limited, established in 1936. This company is affiliated with the Royal Bank of Canada, Montreal Trust Company, Morgan Grenfell and Company Limited, Morgan Guaranty Trust Company of New York and the Hong Kong and Shanghai Banking Corporation. It holds investments in mortgage loans worth B\$12,500,000,^p (mostly in New Providence, Freeport, Grand Bahama) and belongs to the Roy West Group of Companies. Roy West Banking Corporation began operations in the Territory in August 1965 and makes large-scale development loans both in the Bahamas and in the British Caribbean area generally. Group assets are in excess of B\$60,000,000. Major shareholders are the Royal Bank of Canada and the Westminster Bank Limited.

55. Owing to the Territory's ideal location, many investment and holding companies have been incorporated in the Bahamas in recent years. The World Banking Corporation, for example, was organized some years ago by the Bank of America. Mr. Robert D. Anderson, former Secretary of the United States Treasury, was engaged in this enterprise. In addition to general banking services, the Corporation has developed a substantial trust and investment business. In 1967, the Toronto-Dominion Bank, one of Canada's major banks, has acquired a substantial interest in the Corporation. This bank has strong international ties, particularly in Europe and the West Indies where Canadian interests are increasing rapidly. The other stockholders of World Banking Corporation are: Banque Lambert of Belgium, Skandinaviska Banken of Sweden, Commerzbank of Germany, Banca Commerciale Italiana of Italy, Banque Nationale de Paris of France, Firma F. van Lanschot of the Netherlands, Bank of Tokyo of Japan, Kuwait Investment Company, Dr. Augustin Batista, Chairman of the former Trust Company of Cuba, and J. C. Folger, Washington D.C., Washington investment banker and former United States Ambassador to Belgium.

56. In February 1967, permission was granted by the Government for the establishment of a holding corporation and mortgage bank—the First National Mortgage Bank Limited. This bank is owned entirely by Miami Holdings Limited, a Bahamian company which, in turn, is owned by the First National Bank of Miami, National Bulk Carriers, Inc., New York, Deltec Panamericana S.A., Butlers Bank Limited, Nassau, and Mercantile Bank and Trust Co. Ltd., Freeport. Investments by the First National Bank of Miami are placed through a wholly owned subsidiary, First Foreign Investment Corporation, and have the approval of the Federal Reserve Board of the United States. The Mortgage Bank is primarily designed to finance low-cost housing loans guaranteed by the Bahamas Government.

K. Company incorporation

57. It has been claimed in press articles that because of its lax laws regarding the incorporation of companies the Territory has become a lucrative centre of criminal activities. It is reported that there are about 500 companies incorporated in the Bahamas and that many of them are operated for illegal purposes. It is reported that for approximately \$60 an "insurance" company can be formed in the Bahamas, which can present itself abroad as a duly incorporated, Bahamian or British company. Such a company can operate for two or three years, collect the premiums and then disappear. It is claimed that such frauds are particularly prevalent in the auto insurance field. It is also claimed that seventeen companies incorporated in the Bahamas have been engaged in fraudulent sales of worthless securities. It is further claimed that companies formed in the Bahamas are used by international

^p B\$—the Bahamian dollar is equal to seven shillings and to about 98 US cents.

criminals as a means of maintaining secret funds and evading taxes.^a

58. Company law in the Bahamas is based on the Companies Act of 1866, under which any five or more persons associated for any lawful purpose may form an incorporated company with limited liability. A company may be formed by lodging the memorandum of association, signed by at least five incorporators (each of whom must agree to take one share) with the Registrar General, on payment of the requisite stamp duty. The Act does not call for articles of association, although these are customary and must be registered on adoption. The provisions of the memorandum and articles of association may be altered by special resolution of the company. The Act does not specify any minimum number of directors, nor are directors required to be local residents. Subject to any requirements contained in the articles of association, meetings of directors or shareholders may be held anywhere in the world. Alternate directors may be appointed and attendance at general meetings may be by proxy. The Act does not call for the filing of any statement of accounts, neither does it differentiate between public and private companies.^r

^a *Life*, 3 February 1967; *The Tribune* (Bahamas) 14, 21 and 25 February 1967.

^r *West Indies and Caribbean Year Book* 1967, p. 56.

APPENDIX VIII

Statements by petitioners*

I. SOUTHERN RHODESIA

Economic sanctions

1. At the 521st meeting 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, held on 5 June 1967, Mr. T. G. Silundika, Secretary for Publicity and Information, Zimbabwe African People's Union (ZAPU), said that, in considering measures to solve the Southern Rhodesian problem, which was a threat to international peace, the United Nations had been led by the United Kingdom along the path of economic sanctions, on the assumption that the United Kingdom, as one of the great Powers and a Member of the United Nations, would finally respect and honestly implement the United Nations resolutions. It had been demonstrated beyond doubt that those assumptions had been wrong from the start and that the programme of sanctions could never be a success. The United Kingdom, backed by its allies, had sponsored the programme of sanctions as a decoy and a device to give it sufficient time to make a success of the unilateral declaration of independence. Meanwhile, the economy of Southern Rhodesia continued to flourish, without the slightest sign of collapse or any possibility of bringing about a political change. South Africa, which backed up all of Southern Rhodesia's international trade, was a haven for United Kingdom money, and trade had gone on between Southern Rhodesia and United Kingdom firms. United Kingdom commercial banks—Barclays, National Provincial and Grindlays—and the Standard and Ottoman Banks were continuing to operate in Southern Rhodesia. The United Kingdom was permitting the entry of capital under cover of necessary items for the University of Rhodesia and other schemes. The British-Dutch combine, Unilever, based in and controlled from London, had recently authorized the expenditure of £135,000 for the extension of its Southern Rhodesian subsidiary. Sixty per cent of the ships carrying oil to the port of Lourenço Marques in Mozambique were British. The British Petroleum Company was supplying oil to

Southern Rhodesia and continuing its business. It was clear, therefore, that the first defaulter in the programme of sanctions was the United Kingdom itself, which while advocating a programme of sanctions in the United Nations, was adopting measures to undermine them in Southern Rhodesia itself. The conclusion was that it had in fact introduced sanctions in the full knowledge that they would harm not Southern Rhodesia but the economy of Zambia. If to that were added the conspiracy of the big international capitalistic combines to prop up the economy of Southern Rhodesia, it became clear that the United Kingdom and its allies were intent on foiling any possible effect that sanctions might have because the economy of Southern Rhodesia was not so much in the control of the settlers as of those international financial combines. For example, the Standard Oil Company of New Jersey handed over oil from the Middle East to the French Company, Total, which carried the oil to Southern Rhodesia through depots in Lourenço Marques, and transferred the oil to British Petroleum, Shell and Caltex for direct sale to Southern Rhodesia. That was the pattern for many companies dealing in various lines. Those sustaining the Southern Rhodesian dictatorship by revenue included such companies as Lonrho, Anglo-American and Rio Tinto Union Carbide Corporation, all of them based in the United Kingdom or the United States. Since it was impossible for them to refrain from expanding or diversifying the economy of Rhodesia, it was impossible for sanctions to have the required political effect. The régime had established agencies to handle the sale of its products to international markets, some based in Southern Rhodesia and others in Mozambique, Angola and South Africa. The Manica Trading Company, for example, was connected with several shipping lines, and delivered Southern Rhodesian goods. Sugar was sent to Mozambique, where it was given a Portuguese label to conceal the source, and attempts were made to sell it even to African countries. Perhaps the best indication of the strength of the Rhodesian economy, in spite of sanctions, was the loan of £7.5 million floated in April, and over-subscribed within minutes.

2. In reply to a question concerning the effects of selective mandatory sanctions on the tobacco industry of Southern Rhodesia, Mr. Silundika said at the 522nd meeting of the Special Committee, held on 6 June 1967, that, though the tobacco crop would probably be much larger owing to the favourable rains, the régime had advised farmers to plant more tobacco and had guaranteed to pay them the same price as before the unilateral declaration of independence. That indicated that the régime had sufficient revenue from the tobacco to support heavier purchases from the farmers and to offer them the same incentives. It could therefore be assumed that the tobacco industry had not been affected by selective mandatory sanctions. It appeared that some of the tobacco was being exported to South Africa through the Rothman's group and re-exported from there as South African tobacco; some of it was said to have gone to the United Kingdom. Southern Rhodesia was sending some fifty so-called "tobacco export families" to Angola to train Portuguese settlers in tobacco-growing. Those families kept their farms in Southern Rhodesia and continued to grow tobacco there. That co-operation with Portugal was an indication of the confidence of the Smith régime in the future of the tobacco industry and the possibility of securing heavier sales.

3. Mr. W. H. Chitepo, National Chairman, Zimbabwe African National Union (ZANU), speaking at the Special Committee's 523rd meeting, held on 6 June 1967, said that any effect that sanctions might have produced had been softened for the régime and its white supporters by the mass dismissal of African workers, including more than 500 school-teachers. White workers, on the other hand, were protected from dismissal by new legislation under the emergency regulations. It was difficult to assess whether sanctions were in fact having any real impact. The United Kingdom pointed to the closure of the Ford factory, to a certain decrease in exports and to a fall in the Rhodesian gross national product as evidence that they were. However, the purpose of sanctions was not to reduce the gross national product or ruin the Rhodesian economy but to produce political changes, and no favourable political changes had resulted. That was due to the basic nature of the situation: a small number of white

* *Note by the Secretariat*: This paper has been prepared by the Secretariat in compliance with a request made at the 41st meeting of the Sub-Committee on 18 August 1967. It is based on the statements made by petitioners at the 513th to 518th, 521st to 526th and 532nd to 536th meetings of the Special Committee, held in Africa between 30 May and 15 June 1967.

settlers were crushing 4 million Africans. Under such circumstances, even a complete breakdown of the economy would not necessarily produce the desired political change, namely, the replacement of a hierarchical society by an egalitarian one, which, of course, would mean majority rule. It was doubtful whether even a well-enforced sanctions programme could produce such a change. It was no longer a question of desire for white domination among rebel supporters but a definite growth of racist philosophy. Such a community might well resist until everything lay in ruins about it. The Smith régime had switched to home industries to replace whatever imports had been effectively blocked and the viability of the Rhodesian economy was that a certain degree of diversification and reorientation had taken place. Apart from the recalcitrance of South Africa and Portugal, other Members of the United Nations had, like the United Kingdom, merely paid lip-service to mandatory sanctions and continued to trade in embargoed goods with the rebel régime. Following reports that a Swiss consortium had bought Rhodesian tobacco and sold it overseas, the Swiss Government had stated that it was unable to restrict private Swiss companies and was maintaining a strictly neutral attitude towards Southern Rhodesia. France had exported £2 million worth of Marcel Boussac textiles to Southern Rhodesia, paid for under a tobacco barter arrangement, and there were plans to build a Peugeot assembly plant at Salisbury. United States exports to Southern Rhodesia in 1966 had totalled £2 million, as against £8 million before the unilateral declaration of independence. The Federal Republic of Germany continued to trade with Rhodesia "to the extent of existing contracts", which earned Rhodesia £1 million in foreign exchange. Southern Rhodesia's exports to the Federal Republic of Germany under so-called "existing contracts" totalled £13 million, including £7 million worth of tobacco, £3 million worth of copper and £1 million worth of asbestos. Rhodesian imports from the Federal Republic, which were worth £5 million, covered a wide range of products sorely needed in Rhodesian markets. United Kingdom trade with the rebels, also under so-called existing contract arrangements, exceeded £15 million. Other countries shielded under similar arrangements were Switzerland, Japan and the Netherlands. A host of repressive legislative measures had been taken to prevent African workers from economic action which could have supplemented sanctions from within, including the detention, restriction and imprisonment of more than 10,000 political activists and trade-unionists, excluding those detained by sentence of the courts, a perpetual state of emergency restricting people's movements, the establishment of a harsh police régime and rigorous censorship of news, and control by the régime of all news and information media.

4. Mr. L. P. Chihota, a representative of ZANU, stated at the Special Committee's 536th meeting, held on 15 June 1967, that among the proposals of his party were the following: sanctions must be made mandatory and comprehensive; South Africa and Portugal must be forced to comply with the United Nations decisions and, if they refused, as they had already done, sanctions must be imposed against them; the United Nations should send an observer force to the Rhodesian-South African border and the Rhodesian-Portuguese Mozambican border to check all traffic to and from Rhodesia; the Security Council should adopt a resolution condemning the Western Powers and other United Nations Members for continuing to trade with the rebel colony. In that respect, the United States, the United Kingdom, France, the Federal Republic of Germany, Japan and Belgium were the main culprits.

Financial assistance and investments

5. Mr. T. G. Silundika, (ZAPU), stated at the 521st meeting that United Kingdom and United States companies that had formerly competed against each other were now working in co-operation to promote and defend their business interests in Southern Rhodesia, and their activities appeared to be expanding. The Rio Tinto Union Carbide Corporation, for example, had recently purchased the Brontond Gold Mine,

which had known overseas reserves of £11 million. A notice in the *Rhodesian Government Gazette* of 11 March 1967 disclosed that another large monopoly, Lonrho Ltd., had applied for an exclusive order in respect of an area of 253 square miles to prospect for coal, mineral oil and natural gas. There were many more examples of the expansion of such companies in the country. Oil companies had been further diversifying their activities since the unilateral declaration of independence by building storage tanks in various places.

6. Concerning the foreign monopolies mining minerals in Southern Rhodesia, Mr. Silundika said that copper, asbestos and chrome were produced in Zimbabwe. Italy bought copper concentrates and asbestos, and the United States chrome. The largest buyer of copper concentrates was the Federal Republic of Germany, which also bought asbestos. The United Kingdom bought all three. According to recent figures, the Federal Republic of Germany had increased the value of its purchases of copper concentrates from £3 million to £5 million.

7. With regard to the assistance given by the South African Government to the Smith régime, Mr. Silundika stated at the 522nd meeting that, in addition to the frequent visits of South African and Rhodesian trade missions to the other country, the "Friends of Rhodesia", a voluntary organization, had financed a number of companies, ostensibly to promote trade relations between the two countries. South Africa was to a great extent underwriting the Rhodesian economy. Many South African agencies were acting as outlets for Rhodesian goods; for example, the Outspan organization exported, under South African labels, citrus fruits grown in Rhodesia to all South Africa's usual markets.

8. As for the economic aid provided by the Federal Republic of Germany to Southern Rhodesia, Mr. Silundika stated that the Federal Republic was the largest buyer of Rhodesian goods and, it appeared, was compensating for the markets lost as a result of the honest application of sanctions by other countries. Sales of the most important commodity bought by the Federal Republic, copper concentrates, had recently reached the value of £5 million. That the Federal Republic should print Rhodesian bank notes indicated that it was looking forward to increased trade with that country. Mr. Strauss, the Federal Republic's Finance Minister, not only supported trade with Southern Rhodesia but also considered its political system entirely satisfactory. Many of the trade links between the Federal Republic and South Africa and the factories being set up there were merely bases for expanded trade with Southern Rhodesia. Cars manufactured in the Federal Republic were sold in Rhodesia, partly through an establishment at Norton, and there were many other similar cases, details of which he would be pleased to supply if required. The existence in Salisbury of an official trade mission from the Federal Republic showed the importance that country attached to its interests in Southern Rhodesia.

9. Asked for details of the £7.5 million loan which the Smith régime was to receive in the very near future, Mr. Silundika replied that the loan had been floated through the banking institutions operating in Rhodesia; they had notified their usual customers—particularly investment banks and insurance companies—which were the main source of finance for such operations. Most of the international companies operating in Rhodesia had also subscribed to the loan. Returning to the matter of oil, he pointed out that the oil depot at Messina on the South African side of the border with Southern Rhodesia was the main depot through which supplies came into Rhodesia. That depot had been built by Caltex, a United States company. That company and the other big oil companies sent oil to South Africa which was stored at Messina for shipment to Southern Rhodesia. Those companies had also subscribed to the loan because they had confidence in the Territory's economy.

10. Mr. W. H. Chitepo (ZANU), provided at the 523rd meeting the following list of foreign companies operating in Southern Rhodesia:

<i>Companies</i>	<i>Headquarters</i>	<i>Type of business</i>
Anglo-American	South Africa	Mining, breweries and other industries
Lonrho	United Kingdom	Mining estates
Reupert	South Africa	Tobacco (Peter Stuyvesant, Rembrandt, etc.)
Rothmans	{ United Kingdom United States	Tobacco
B. A. T.	{ United Kingdom United States	Tobacco
Gallaher	United Kingdom	Tobacco
Fraser and Chalmers Monarch Steel	United Kingdom	Steel and steel construction
British Insulated Callender's Cables	United Kingdom	Steel and steel construction
Stewards and Lloyds	United Kingdom	Steel and aluminium tubes, pumping equipment
Supersonic	United Kingdom	Radios
Phillips	Netherlands	Radios
Bush	Federal Republic of Germany	Television and radios
United Transport Co.	United Kingdom	Heavy vehicles (Leyland Albion, buses and lorries)
G. E. C.	United Kingdom	Electrical equipment and parts
Shell	Netherlands	Petroleum
B. P.	United Kingdom	Petroleum
Caltex	United States	Petroleum
Mobil	United States	Petroleum
Unilever	Netherlands	Soap, edible oils, toilet preparations
Ford	{ United Kingdom United States	Cars
G. M. C.	United States	Cars
B. M. C.	United Kingdom	Cars
Peugeot	France	Cars
British Metal Corp.	United Kingdom	Metal processing and engineering
B. S. A.	{ South Africa United Kingdom	Land holdings and other investments
Coca Cola	United States	Soft drinks
Schweppes	United Kingdom	Soft drinks
Dunlop	United Kingdom	Rubber
English Electric	United Kingdom	Electric equipment
Fiat	Italy	Cars
Ozalid	Federal Republic of Germany	Photocopying equipment
Booths	United Kingdom	Medicine and drugs
I. C. I.	United Kingdom	Medicine and drugs
Kodak	Federal Republic of Germany	Photographic equipment
Burroughs	United Kingdom	Business machines and computers
C. B. R. Bental	United Kingdom	Diesel engines (Perkins Diesel, etc.)
Elna Sewing Machines	Switzerland	Sewing machines
Nestle	Switzerland	Dairy products
V. W. Car Parts	Federal Republic of Germany	Cars and parts

Many of the companies listed above were subsidiaries of South African companies, which were also subsidiaries of other international companies. Rhodesian companies were kept alive by supplies from these South African companies.

Land alienation

11. Mr. W. H. Chitepo, (ZANU) said at the Special Committee's 523rd meeting that the Land Apportionment Act, like

the Group Areas Act in South Africa, was the cornerstone of the system of land discrimination which affected trade, commerce, industry, residence and education. The whole subject had been fully covered in documents submitted by ZANU to United Nations bodies in the past. All that remained to be said was that, since it had come to power, the Rhodesian Front had been implementing that act more viciously and intensively than ever before.

12. At the same meeting, the Reverend Bernard M. Zulu stated that under the terms of the Land Apportionment Act, 37 per cent of the land was reserved for about 200,000 Europeans, and 46 per cent for almost 4 million Africans. Only 17 per cent of the 40 million acres of African Tribal Trust land was suitable for annual crops, and 9.5 per cent, or nearly three fifths, was in fact under cultivation. That represented reasonable maximum use, since there were limiting factors such as the grazing of cattle on small plots and the presence of poorer soils fit only for such crops as tobacco. Of the 33.4 million acres in European areas, 52 per cent was suitable for annual crop cultivation, yet only 2.8 per cent was cultivated. 98 per cent of the land in which the optimum conditions of good soil plus high rainfall were to be found was in European areas, and only 2 per cent in African areas.

Labour conditions

13. Mr. T. G. Silundika (ZAPU), speaking at the Special Committee's 521st meeting, stated that Africans were being ousted from types of employment earmarked for white workers, a measure aimed to ensure full employment for, and the elimination of discontent among, the white population. The discontent was thus transferred to the Africans, who then encountered force and oppression.

14. At the 522nd meeting, he also stated that, like workers in other countries, the African workers in Southern Rhodesia had striven to organize themselves into trade unions so as to bring pressure on the labour market and improve their conditions. The Zimbabwe African Congress Union, however, had been banned by the Smith régime at the same time and under the same legislation (the Law and Order Maintenance Act) as political organizations like his own, and any other attempt to unite the workers would meet the same fate. Under the Industrial Conciliation Act, trade unions had to be registered after prior approval by the Minister. No African unions of any value had been registered, which indicated the pressure exercised by the régime on the workers. The régime also controlled the industrialists and employers, who had the power to dismiss workers at any time. Mass unemployment had been created in many industries to enable employers to employ and dismiss labour at will. Out of a total of 700,000 African workers, 300,000 came from neighbouring States and 200,000 of those from Malawi. The President of the latter country had decreed that any Malawi workers who co-operated with the liberation movements must return to their own country. Since they could not co-operate with the freedom forces, they were welcomed in the principal sectors of employment—mining, farming, the railways, municipal employment—thus making the position of the native Zimbabwe worker all the more difficult. Workers had also been imprisoned and detained for trade-union activities and most trade-union members were subject to the political pressure exercised by the Rhodesian dictatorship under the Industrial Conciliation Act.

15. Mr. W. H. Chitepo (ZANU) speaking at the 523rd meeting on employment and working conditions, said that there had been marked and crippling discrimination against Africans. In theory, they could rise to any rung of the employment ladder, but in practice settler employers and the settler régime had made sure that Africans were employed only in unskilled and in a limited number of semi-skilled jobs. No apprenticeship was available to Africans and even the handful trained outside the country could not find employment. During the period of partnership under the Federal Government, a Technical College for Africans had been established at Luvuvu, but it had been closed by the Smith régime. Where qualifications were equal, the African received about half the wage paid to his white counterpart. The average wage for an African was £140 per annum and that for a white employee £1,700 per annum. African workers were poorly housed and had to travel long distances to work from areas badly served by an inadequate transport system. To restrict the growth of African trade unionism, the régime had passed oppressive legislation which is ruthlessly enforced, e.g., the Industrial Conciliation Act, which, by categorizing sources of employment as "essential services", could forbid strike action. Since the imposition of sanctions, virtually every capacity in which Africans were employed had been so categorized. African trade-union or-

ganizations were subjected to close scrutiny and financial control, it being forbidden for them to use their funds for certain stipulated purposes, e.g., for political activities. Under current conditions, any strike action was regarded as political and the organizers subject to prosecution. The régime, having registered puppet minority unions, in which the votes were so weighted that the white workers could outvote much greater numbers of Africans, had decreed that only one union was permitted for each trade and that strikes by unregistered trade unions were illegal. Most Africans could only belong to unregistered trade unions. African farm labour in Southern Rhodesia was hardly distinguishable from slave labour. The Industrial Conciliation Act had been supplemented by the Law and Order Maintenance Act, which provided that any person who advised, encouraged, incited, commanded, aided or secured any act likely to hinder or interfere with the carrying out of an essential service would be prosecuted. The whole system was designed to maintain the *status quo*, with its appalling low wages and poor working conditions for the African. Since the imposition of sanctions, redundant white workers had begun to fill the unskilled and semi-skilled jobs previously held by Africans, since the law made it illegal to dismiss white workers. Under the Vagrancy Act, unemployed Africans were either forced into overcrowded rural areas or condemned to detention and restricted areas as vagrants.

II. SOUTH WEST AFRICA

Financial assistance and investments

16. At the 526th meeting of the Special Committee, held on 8 June 1967, Mr. T. T. Letlaka, a member of the National Executive Committee of the Pan-Africanist Congress (PAC), referred to the March 1964 issue of *Africa Today*, in appendix IV of which the following statement was made:

"... According to the United States Department of Commerce, American companies had invested \$353 million in South African enterprises which they controlled at the end of 1962. British companies had invested \$784 million, more than twice as much, excluding oil, insurance and banking.

"These so-called 'direct investments' understate the true financial interests of the two countries. The following table, prepared by the South African Foundation from South African Reserve Bank figures, gives a more complete picture of the financial contributions made by the United States and other countries as of the end of 1960."

He stated that the table referred to showed that, at the end of 1962, United States investments in South Africa had been: mining, \$182 million; manufacturing, \$113 million; insurance and finance, \$50 million; commerce, \$78 million; other, \$63 million; and public authorities, \$335 million, making a total of \$822 million.

17. Mr. Letlaka further stated that the explanation given by the United States representative^a of the attitude of the United States Government and the activities of private firms was so complex that he failed to understand it. To state, on the one hand, that the Government had decided, in accordance with the relevant United Nations resolutions, not to invest in certain countries and, on the other, that that Government was not responsible for investments by private companies, was a mere play upon words. It would be normal to expect that a decision taken by a Government with regard to investments should be obeyed by all its citizens.

18. For the United States Government to decide to donate to Africa part of the profits reaped from it meant that it had

^a The United States representative had stated earlier in the same meeting that it was true that some United States private firms traded with South Africa, but his Government had a strict embargo on exports of military equipment to that country. United States private investments and trade were not government-directed, and the operations of United States firms were not therefore to be interpreted as reflecting government policy. His Government's unequivocal pronouncements against the odious policy of *apartheid*, its support for the General Assembly resolution terminating South Africa's Mandate over South West Africa and its strict enforcement of the arms embargo were far more reliable indicators of the United States position than were miscellaneous trade statistics.

arrogated to itself the right of being an apportioner of the wealth of others. Africans wanted to be the owners of their wealth and to have the power to distribute it fairly and justly among their own people. The profits made by United States companies in South and South West Africa were not disputed. To make those profits, Africans had been poorly paid and had not enjoyed the fruits of their labour. The United States companies were flagrantly exploiting the African people. Moreover, direct investors never revealed their true hands.

19. Mr. Moses M. Garoeb, Director of the South West Africa People's Organization (SWAPO), speaking at the 535th meeting of the Special Committee, held on 15 June 1967, said that the great Powers had obstructed and sabotaged the cause of South West Africa (Namibia), because they had gigantic economic and financial interests in South Africa and Namibia. Political stability was the condition which served to attract foreign investment. The leading investors in South Africa, the United Kingdom and the United States, firmly believed that South Africa was the most politically stable nation on the African continent. They might condemn its policy of *apartheid* and racial discrimination, but were not willing to jeopardize the millions of pounds and dollars they had invested in that country. United Kingdom and United States investment was the foundation of the South African racist régime and its administration in Namibia. If the United Kingdom, the United States, France, the Federal Republic of Germany and Italy disengaged themselves economically from South Africa, even to the extent of withdrawing their investments, the racist régime of Vorster would inevitably collapse.

20. Mr. Garoeb pointed out that in 1961-1962, South Africa underwent a severe financial crisis which followed upon the unrest created at Sharpeville in March 1960. At the time of the crisis, the Western Powers had come to South Africa's rescue. An Italian bank consortium had extended a three-year loan of \$9.8 million; the Federal Republic of Germany had followed with another \$9.8 million loan from the Deutsche Bank. A United States banking consortium including the First National City Bank of New York and the Chase Manhattan Bank had made a generous loan of \$40 million. A United Kingdom banking consortium had had no small part in the rescue operation which had saved South Africa from complete downfall. South Africa was again as strong as ever and its economy booming, thanks to Western investment and the support the Pretoria régime enjoyed from the United States and the United Kingdom. It was more than obvious that, so long as Western economic and financial interests were so involved in South Africa, there would be no change in Namibia.

21. Mr. Jacob Kuhangwa, Secretary-General of SWAPO, speaking at the same meeting, said that various large companies operating in South West Africa were mercilessly pillaging the natural resources of the Territory and plundering its indigenous inhabitants, in direct violation of General Assembly resolution 1899 (XVIII) of 13 November 1963. They were active in both South Africa and South West Africa, aided by certain Members of the United Nations, and contemptuously ignoring General Assembly resolutions. They had helped South Africa to strengthen its military potential and had turned it into a nuclear Power in order to reap profits ranging from 25 to 45 per cent through the brutal suppression and exploitation of the indigenous population.

European settlement

22. At the 524th meeting of the Special Committee, held on 7 June 1967, Mr. Solomon Mifima, chief delegate and representative of SWAPO, said that the population of the Territory in 1910 had been about 500,000. In recent years, there had been a considerable increase in white immigration. The largest group of settlers consisted of South African citizens, but there had also been a large influx of citizens of the Federal Republic of Germany, together with lesser numbers of other Europeans.

Labour conditions

23. Mr. Jacob Kuhangwa, SWAPO, stated at the 535th meeting that contract labour, which was virtual slavery, was a normal institution in his country and had been introduced as part of a plan to exterminate the indigenous population and

prevent the growth of the nation of Namibia. That notorious and destructive institution was managed by the administrators with the co-operation of various large companies active in the Territory.

III. TERRITORIES UNDER PORTUGUESE DOMINATION

Angola

General economic situation

24. At the 516th meeting of the Special Committee, held on 31 May 1967, Mr. Lara Lucio, Executive Secretary, Mouvement populaire de libération de l'Angola (MPLA), said that there were two sides to the economic picture in Angola. On the one hand, there had been a definite economic upsurge due to the investment rush of the past few years, and hence a development of Angola's economic potential that could not be ignored. On the other hand, the expansion was not benefiting the indigenous Angolan population. The gains went to the big companies investing in Angola, to the Portuguese Government's budget, to senior Portuguese officials and, to a lesser extent, to junior officials and Portuguese "poor white" settlers in Angola. So far as the people were concerned, not only did they derive no benefit from the economic development in Angola but the development had produced a rise in the cost of living whose consequences were borne by the African population.

25. Mr. Simão Ladeira-Lumona, National President, Confederação Geral dos Trabalhadores de Angola (CGTA), speaking at the 517th meeting of the Special Committee, held on 1 June 1967, stated that the régime imposed by the Portuguese was unacceptable. Economically, the corporate system introduced by the Portuguese was an obstacle to the modernization of agriculture, industrialization and the integration of the Angolan economy into the African economy. It made it impossible to raise the standard of living of the people.

26. Mr. Agostinho Neto, President of MPLA, stated at the 526th meeting that Portugal was reorganizing the Angolan economy so as to be able to withstand a long war. It was attempting to diversify agriculture. It was encouraging banking investments and the investment of foreign capital in order to speed industrialization. It was building the infrastructure needed for industrial development—roads, dams, railways, harbours and airfields—was modernizing research services and was trying to develop the domestic market by creating new demands in order to replace Angola's traditional economy by a market economy. At the same time, it was intensifying its propaganda campaign for the community.

Relations with South Africa and Southern Rhodesia

27. Mr. Lara Lucio, Executive Secretary of MPLA, said at the Special Committee's 515th meeting, held on 31 May 1967, that Portugal's alliance with the racists of South Africa and Rhodesia posed a serious threat to the African peoples in southern Africa. Africa and the world could not stand aloof while the political, economic and military ties between those Powers grew steadily closer. The identical positions held by the inseparable partners in United Nations votes were well known. So were the affairs of the Bank of Lisbon and South Africa Ltd., the embryonic link between the economies of the Territories under Portuguese administration, South Africa and Rhodesia.

28. Mr. Holden Roberto, President, Gouvernement révolutionnaire de l'Angola en exil (GRAE), said at the 514th meeting, held on 30 May 1967, that much had been said about the solidarity between South Africa, Rhodesia and the Portuguese Territories; however, these links only became apparent at the time of visits and statements which were mentioned in the Press of those countries. He further stated that he had in his possession an article on the subject entitled "The White Bastion in Southern Africa", which had been published in a semi-official Angolan newspaper. The article dealt with the co-operation between the NATO Powers and Portugal and the contacts existing between South Africa, Portugal and Rhodesia. It clearly stated that the purpose of Portuguese activities in Africa was to defend the white man in southern Africa. It stated that nothing the Africans could do could destroy that fortress. It was a highly interesting article,

which the Special Committee would surely wish to read; he would make it available to the Secretariat. That was the only reply he could make.

Financial assistance and investments

29. Speaking at the 513th meeting of the Special Committee, held on 30 May 1967, Mr. Holden Roberto, President, GRAE, stated that it was impossible to avoid the conclusion that Portugal, an under-developed country with extremely slender resources, could only carry on a war through the assistance it received from NATO, which was also the reason for its obstinacy regarding the implementation of United Nations resolutions. That was not only inconsistent with the so-called free world's principles but also with any desire to maintain peace. He was forced to point out, for the benefit of all the Western countries, the NATO Powers, and particularly the United States of America, that the Angolan people would never forgive the fact that all the means of destruction employed against them came from the arsenals of the West. There were those who hoped to persuade the Angolan people that the NATO weapons delivered to the fascist Portuguese were not intended for the oppression of African peoples. It might be argued that the Atlantic Treaty, which enabled Portugal to maintain an army of 85,000 in Angola, 40,000 in Mozambique and 30,000 in Guinea (Bissau), was not directed against those Territories and their peoples. Unhappily, while that might be true according to the terms of the Treaty, the facts indicated otherwise. NATO weapons were actually used in Africa solely against colonized peoples. The 5 million Angolans would never agree that it was by chance that Western arms were used against them. The assurances which they had demanded must be reinforced by preventive measures. The Angolan people urged the United States of America to enforce the embargo on arms destined for Portugal, as provided for by Security Council resolution 218 (1965), and called on all concerned to admit in their hearts that they were a party to the Angolan people's sufferings. He considered them accomplices to the abominable crimes perpetrated by Salazar's henchmen in Angola and elsewhere. They must alter their policy, which was to proclaim their anti-colonialism on Sundays while serving the Portuguese colonialists as bankers and arms dealers during the rest of the week. The visit to Angola by a Brazilian naval squadron a few months previously should be viewed against that background. He nevertheless hoped that the fraternal Brazilian people, bound to his own by so many ties, would succeed in frustrating the imperialist manoeuvres of the present Brazilian rulers, whose views on Portugal's colonies were those of the fascist authorities at Lisbon. The Angolan people would not be satisfied by theoretical explanations. They called on the United Nations to condemn the odious arms traffic and the alliance harmful to peoples whose only desire was for freedom and peace. The Security Council should strengthen and supplement the measures already taken in order to make them fully effective. It was for the Council, as the body primarily responsible for international peace and security, to devise effective and efficient ways of persuading the Portuguese pirates to adopt a sane attitude to their obligations under the Charter, the principles contained therein and the right of peoples to self-determination and to respect the relevant United Nations resolutions as scrupulously as the situation demanded. For the time being, and while waiting for signs of understanding, the Angolan people would continue the war, which was a hard one and threatened to be long.

30. In a reply to a question at the 514th meeting, Mr. Roberto said that two or three weeks previously the Angolan free forces had captured a machine-gun with markings showing that it had come from Israel. Some officers had confirmed that they had seen machine-guns of the same type in the hands of the Katangese mercenaries. The weapon in question had been a very old one. It had been mentioned in the Press, but it was the only weapon found which had come from Israel.

31. In response to questions at the 513th meeting, Mr. Roberto said that, as he had pointed out in his main statement at the same meeting, Portugal, although a small Power, had no hesitation in maintaining over 150,000 soldiers in Africa. It was quite clear to anyone acquainted with Portugal's economic situation that its Government did not have the

resources to meet the needs of that army by itself. It was receiving assistance from NATO in the form of weapons, and even money. The United States had given \$20 million to the Portuguese Government for the improvement of its road network. The Portuguese request for assistance might have been submitted under that heading, but there was no doubt that the money had been diverted from its original purpose and used to finance the colonial war. Furthermore, Portugal had joined NATO and thus received arms which were being used to massacre those fighting in Angola.

32. The subsoil in Angola was extremely rich in iron, petroleum, diamonds, manganese and so forth. These resources were extracted by companies from the United States, the United Kingdom, Belgium and the Federal Republic of Germany, which were openly assisting the Portuguese Government to maintain its grasp on Angola. He himself, while on a journey, had met a representative of the Krupp group, who, in confidence, had admitted that his cartel gave money to the Portuguese Government, ostensibly to improve the Angolan people's living standards. He would provide the Special Committee with a list of foreign companies and monopolies operating in Angola: the so-called list of the "300 families" who were helping to prolong the misery of the Angolan people (see para. 34 below). In 1963, a representative of one of those companies had approached him in New York to propose that GRAE should be given the money which, until then, had been paid to the Portuguese Government as a tax to support the war effort, which all firms operating in Angola were bound to pay. That approach had been motivated by the anxiety of the company's directors at the irreversible course of events, which made them doubt whether the Portuguese could remain in Angola.

33. Mr. Roberto also said, at the 514th meeting, that Portugal was receiving assistance from the International Bank and the International Monetary Fund. However, since the information in his possession was derived from a Portuguese newspaper, he could not provide any further details.

34. At the 513th meeting, Mr. Roberto provided the following list of foreign companies and monopolies with interests in Angola:

Diamonds

Anglo-American Corporation of South Africa
Morgan Bank
The Oppenheimer Group
De Beers
Guggenheim
T. F. Ryan
Forminière
Guaranty Trust Bank
Société générale de Belgique

Petroleum

Compagnie financière belge des pétroles (Petrofina)
Chase National Bank
National City Bank of New York
Cabinda Gulf Oil Company

Transport

Anglo-American Corporation of South Africa
Westminster Bank
British South Africa Company
Cooper Brothers Company
The Angola Coaling Company
Tanganyika Concessions

Palm oil

La Luinha, Société anonyme agricole et industrielle

Aluminium

Pechiney, shareholder in Alumínio Português (Angola)

Bauxite

Biliton Maatschappij

Mica

Standard Oil (represented in Angola by União Comercial de Automoveis)

Banking

Banque belge d'Afrique (shareholder in the Banco Comercial de Angola)

Coffee

Banque Rallet et Cie. (shareholder in the Companhia Agrícola de Cazengo and the Companhia Angolana de Agricultura (CADA))

Trade

Anglo-American Corporation (represented in Angola by the Sociedade Luso-Americana)

Casa Americana

Devon Estates

Loanda Trading Company

Robert Hudson and Sons, La Luinha

Société anonyme agricole et industrielle

Sugar

Barton Mayhew and Co. (shareholder in the Sociedade Agrícola do Cassequel)

Cotton

Société générale de Belgique (represented by the Companhia Geral dos Algodões)

Banque belge d'Afrique

Compagnie cotonnière congolaise

La Luinha

Société agricole et industrielle

Hydraulic works

Hydrotechnic Corporation, New York

Marshall Aid Funds (loan of \$US25 million in 1951)

Mining prospection

E. J. Longyear Co., Minneapolis

Remina

Aero Service Corporation, Bethlehem Steel

Carbide

Mutual Security Agency (financed the Portuguese Government in 1952 with a loan of \$US1.3 million)

35. Mr. Lara Lucio, Executive Secretary of MPLA, speaking at the 515th meeting of the Special Committee, said that Decree 46,312 of 28 April 1965 had granted very favourable terms to foreign investors in Angola—a step which had been resolutely opposed by Portuguese Governments in the past. The Special Committee had already shown how those investments were helping Portugal to meet part of its military expenses. Newly independent States were quite entitled to interest foreign capital in developing their sources of wealth, so as to expand production and thus raise the level of living of the population. The investments made in Angola by financial groups in order to swell their profits, which they generously shared with the Portuguese Government at the expense and through the exploitation of the Angolans, were quite a different matter. The race for the riches of Angola was taking an alarming turn. Many financial groups—South African, West German, Spanish, Japanese, American, Dutch, Norwegian, British, Belgian, French, Italian, Swedish, and others—were competing for licences to exploit the wealth of Angola put up for auction by the Portuguese Government. Instead of being used to raise the level of living of the Angolan people, the vast economic resources created by foreign investments in Angola served to strengthen Portugal's limited

capacity to pay for the colonial war. There was no need to repeat that the Portuguese public debt amounted to 32,000 million escudos (over \$1,100 million). The investments were therefore a factor in the oppression of the working people of Angola. The profits reaped at the expense of the Angolans were used to pay for the war of extermination waged by Portugal; Decree 46,112 levied a "defence tax" on companies whose profits exceeded 500,000 escudos. Moreover, those financial groups were responsible for the obvious boom in the Angolan economy, since Portuguese capital alone would not suffice to avoid the ruin brought about by war.

36. All who were contributing to that situation should therefore be roundly condemned. The United Nations General Assembly had realized that and consequently, in paragraph 4 of its resolution 2184 (XXI), it condemned the activities of the financial interests which were exploiting the human and material resources of the Territories under Portuguese domination and preventing the people from exercising their legitimate right to freedom and independence. That was an important contribution by the United Nations to the Angolan people's fight for liberation. The financial interests currently involved in Angola were universally recognized to be the enemies of the independence of the people and therefore could not complain if they were the target of reprisals by the freedom fighters. The most regrettable fact was that the International Bank for Reconstruction and Development (IBRD), like the financial circles of the United States and the Federal Republic of Germany, was not implementing General Assembly resolutions 2105 (XX), 2107 (XX), and 2184 (XXI). The five loans totalling \$57.5 million granted to Portuguese enterprises as at 25 November 1966 had also helped to swell the Portuguese military budget. The fact that the enterprise belonged to the private sector in no way invalidated that conclusion. The Portuguese military budget for 1967 provided for expenditure of the order of 8,000 million escudos (about \$300 million), or over 44 per cent of the State budget. For a country whose *per capita* income was the lowest in Europe, that represented an effort which could not be maintained for very long.

37. It was common knowledge that some Powers were taking advantage of Portugal's need for aid. For instance, NATO in general and some of its members in particular were continuing to provide Portugal with the means to decimate the African peoples.

38. It was not true that weapons were being supplied to Portugal on condition that they would not be used in wars against the Africans. MPLA had salvaged several kinds of weapons made in Germany, the United States, Belgium and Israel, but none made in Portugal except, of course, ammunition and certain types of grenades. Something must be done to make States Members of the United Nations undertake to comply with the numerous resolutions and appeals to stop supplying and selling to the Portuguese Government anything it needed to pursue the war against the colonized peoples. It was not enough to note that the Federal Republic of Germany had set up a military base in the Portuguese town of Beja, in exchange for very substantial financial and military assistance; or that the United States was also giving financial and military support in exchange for the facilities in the Azores; or that France—the same France which had understood in time the irreversible process of national independence—was supplying Portugal with helicopters and warships; it was not enough, in short, to draw up a black list of all those who were helping Portugal to prolong a war which it had already lost.

39. Mr. Lucio also said that concern had been aroused by the visit to Angola of four Brazilian warships—the cruisers *Tamandaré* and *Barroso* and the escort vessels *Paraná* and *Pernambuco*—with 2,000 men on board. The Brazilian Government had made such whole-hearted declarations of support for Portugal's policy that the African ambassadors in Brazil had been constrained to protest. However, MPLA was sure that the brotherly solidarity between the Brazilian and the Angolan peoples would prevent the worst from happening.

40. Mr. Lucio pointed out that the Portuguese Government also levied a tax, which it openly called a "defence tax", on all foreign companies in Angola. In addition, a number of

public agencies, including IBRD, granted loans to Portugal, thus giving it further help in oppressing the Angolan population and prolonging the war in Angola. All aid, whether public or private, swelled the general Portuguese budget. Without aid, the Portuguese Government would be obliged to spend funds inside the country, which would prevent it from continuing the fight against the Angolan people. Thus, even if the assistance given to Portugal was not military in character, it still threatened the Angolan people's right to freedom.

41. At the 516th meeting, Mr. Luicio pointed out that the United Nations General Assembly had repeatedly adopted resolutions aimed at preventing States from supplying arms to Portugal, in order to keep a ruthless war from continuing. The fact was, however, that nothing of that nature had been achieved. On the contrary, Portugal's arsenal of weapons was growing ever larger and more modern.

42. Mr. A. P. Matondo, President, Parti progressiste angolais (PPA), stated at the 516th meeting that Portugal had taken up arms against the innocent and unarmed Angolan people. It was supported by NATO, which provided it with the means of fighting against the Angolan people.

43. At the same meeting, Mr. P. Barreiro Lulendo, Secretary-General, Ligue générale des travailleurs angolais (LGTA), stated that the Angolan people had received proof of the material and moral support afforded to Portugal by certain Powers and must express its displeasure.

44. At the Special Committee's 524th meeting, held on 7 June 1967, Mr. Smart Chata, Acting President, União nacional para a independência total de Angola (UNITA), said that, since 1965, Salazar's defence budget had increased steadily and, in 1967, had amounted to £81 million, mainly to support its aggressive policies overseas, and over half the sum was intended for Angola. With that money it was hiring white lunatics and criminals from South Africa and Southern Rhodesia, armed with weapons from the NATO countries and Israel, to help suppress the African masses in Angola. He added that Angola was rich in natural resources, as could be seen from the number of investors interested in that country, including Krupp of the Federal Republic of Germany, Pechiney of France, Japan's Nippon Mining Company and several others, but Africans were not benefiting from such foreign investment. Most of the money was sent to Portugal to feed its starving population, and the little that remained went to the settlers.

45. At the 517th meeting, Mr. Emile Ndongala Mbidi, Assistant Secretary-General, Union nationale des travailleurs angolais (UNTA), stated that the Portuguese Government had established a reign of terror in Angola. It perpetuated its domination with the assistance of its NATO allies, including the United States of America, which had sent into Angola hundreds of thousands of tons of arms, some of which had been manufactured in Israel, and hundreds of military aircraft. The United States had also sent men to officer the Portuguese forces.

46. Mr. François Lele, President-General, Parti démocrate Nto-Bako Angola, stated at the same meeting that the Special Committee was still trying to get Portugal, like other countries, to carry out the resolutions of the General Assembly of the United Nations. However, as everyone knew, Salazar's Portugal, Ian Smith's Rhodesia and Vorster's South Africa, whose cruel policies had been condemned by the United Nations, continued to endorse those policies, all United Nations resolutions notwithstanding, and were able to do so because of the increased assistance given by certain countries and international organizations.

47. Mr. Simão Ladeira-Lumona, National President of CGTA, also speaking at the 517th meeting, stated that his organization requested the United Nations to do everything in its power to induce the International Monetary Fund to discontinue the financial assistance it was giving Portugal for economic purposes, which was being used to perpetuate its colonial domination, to influence the NATO Powers to discontinue their military assistance to Portugal and to urge them to take action in favour of Angola.

48. Mr. Agostinho Neto, President MPLA, stated at the 526th meeting that at the last session of the General Assembly

and the present session of the Special Committee, the question of the military assistance received by Portugal from the United States, the Federal Republic of Germany, the United Kingdom, Brazil, Israel and France, not to mention Rhodesia and South Africa, had been raised repeatedly. An appeal had been made to those countries to halt their aid to the Salazar Government. He hoped that that appeal would be heeded.

49. In reply to a question, Mr. Neto said that for some time past the Federal Republic of Germany had been giving Portugal substantial aid in various ways. First of all, there was military aid. Portugal was forced to keep a considerable number of troops in Angola, Mozambique and Guinea (Bissau). At the outset, Portugal had had an army of about 120,000 men. At the present time, it was obliged to spread its troops throughout the Territories fighting to escape its control. It accordingly needed reinforcements, and that was where the Federal Republic of Germany had intervened. In 1965, the Federal Republic of Germany had established a military base at Beja in Portugal. There German advisers and other foreigners were training flyers to handle Portuguese Starfighter aircraft, the supplier of which was not known. The Federal Republic of Germany had sent 17,000 soldiers to Portugal to replace Portuguese troops which were being used to suppress the liberation struggle of the colonized peoples.

50. Mention must also be made of economic aid. Portugal benefited from very large investments originating in the Federal Republic of Germany. Krupp was exploiting enormous iron deposits there. The Federal Republic of Germany had aided in the construction of a railway. German capital was invested in the exploitation of manganese deposits and gold mines. However, the Federal Republic of Germany did not merely give Portugal financial aid. It also supplied that country with weapons and even, through Brazil, with aircraft. That question had been raised at the last session of the General Assembly.

51. Asked at the same meeting whether private companies operating in Angola had their own police or armed forces, Mr. Neto replied that the companies which exploited Angola's wealth were controlled by the colonial administration, with the exception of the diamond-mining company in the north of the country, whose private police and militia were not responsible to the Luanda Government. The diamond-mining company was very powerful; it was a kind of State within a State.

European settlement

52. Mr. Holden Roberto, President, GRAE, said at the 513th meeting of the Special Committee that Angola was the most valuable of all Portugal's colonies. There were almost 350,000 Portuguese settlers, working a subsoil infinitely richer than that of Mozambique or Guinea (Bissau). It was therefore only to be expected that the Portuguese Government should do everything possible, whatever the price, to retain Angola.

53. In reply to a question, Mr. Roberto stated that there was a danger that the Rhodesian example might be followed. In a Portuguese newspaper the previous year, he had read a statement by a Portuguese settler in Angola who was disturbed that after almost six years, the Portuguese Government, despite all its assurances, had proved unable to end a worsening conflict which was degenerating into massacres and killings. He had added that if the Portuguese Government was not capable of waging war against the Angolan freedom fighters, the settlers would take things into their own hands and appeal to their Rhodesian brothers. It was by no means impossible that the Angolan settlers, following the example of the French extremists during the Algerian war, would combine with the army, organize an uprising, seize power and then secede and proclaim Angolan independence unilaterally. The gravity of the situation could not be over-emphasized.

54. To the 85,000 Portuguese soldiers stationed in Angola should be added the 300,000-odd Portuguese settlers in the Territory, which meant that there were more than 400,000 white Portuguese now living in Angola. The policy of encouraging white settlement, begun in 1930, had forced the Africans to leave their land and settle 50 or 60 kilometres at least from their villages along the main roads (*estrada*).

Thus prevented from cultivating their plantations, such "displaced persons" had been considered as unemployed and recruited by force to cultivate their own lands for the benefit of the new settlers. He had recently seen a poster encouraging Portuguese soldiers to settle in Angola, the Portuguese Government promising them plots of land in Angola after victory. The illustration showed the soldier-settler with a gun in his right and a machete in his left.

55. Replying to a question at the 514th meeting, Mr. Roberto said that he could mention, among the facts, the distribution of weapons to civilians. A Portuguese newspaper had published "Civil Defence Instructions for the People of all Districts". The Portuguese had a regular army of 85,000 men stationed in Angola and also a provincial Angolan civil defence organization. Weapons were distributed to everyone, including women. The revolutionaries considered those people as *francs tireurs*.

56. One of the prisoners had referred to a development and strategic settlement plan. For the Portuguese, the most effective way of combating subversion and terrorism was to populate heavily the areas inhabited by the Whites, particularly with "soldier-settlers". One of the Portuguese prisoners had fought for three years. At the end of that period, he had been given a plot of land and had become a soldier-settler. The people received not only weapons but also directives. The prisoner in question had said that, in his area, the motto was: "A Black on the road is a dead man", meaning that he would be killed instantly.

57. Mr. Lara Lucio, Executive Secretary of MPLA, said that the influx of Portuguese immigrants and particularly the authorities' campaign to encourage soldiers in the expeditionary forces to settle in Angola had considerably increased the number of settlers. There were now about 300,000. The Portuguese Government granted certain privileges to the soldier-settlers to help give them a good start. The continual increase in the number of settlers, in violation of General Assembly resolution 2184 (XXI), was a factor in the impoverishment of the entire Angolan population, who were still being robbed of the best land and denied access to better-paid employment because of competition from the poor immigrants. The competition encouraged discrimination in wages, since the African worker was often obliged to accept a quarter of the wages paid to a European for the same work.

58. At the 515th meeting, Mr. Lara Lucio said that it was true that emigration from Portugal to Angola was one of the weapons used by Portugal to prolong its domination over that Territory. However, Portuguese workers in Angola did not find the same conditions as in some European countries such as France, Germany and Switzerland. In order to persuade emigrants to settle in Angola, the Portuguese Government was obliged to offer them greater inducements than they would have in Portugal and lure them with the prospects of rapid wealth. It had established settlements (*colonatos*), groups of farmers who chose the best land. The occupants were evicted and their place was taken by families of settlers from Portugal, the Azores or the Cape Verde Islands. The families were lent agricultural equipment and money, so that they would have everything they needed to farm the land. There were over 2,000 families in the largest settlement, which was at Cela.

59. By evicting Africans to give the settlers the best land, the Portuguese Government was committing an act of piracy. In addition, it recruited "soldier-settlers" from the Portuguese expeditionary forces, who were persuaded to settle in Angola and send for their families. That policy, which was jeopardizing the economy of the indigenous population, had admittedly produced some results.

60. Mr. A. P. Matondo, President, PPA, stated at the 516th meeting that in order to strengthen its colonial rule, Portugal had decided to embark upon the decisive phase of the "portugalization" of Angola. Numerous settlers had been established in Angola.

61. At the 526th meeting, Mr. Agostinho Neto, President, MPLA, said that at the present time repressive activities were conducted by the administration, the Policia Internacional de Defesa de Estado (PIDE) and the militia, a paramilitary organization composed of men and women settlers mobilized

for civil defence. All Portuguese and Angolan officials were required to belong to the militia.

Agriculture

62. Mr. Smart Chata, Acting President, UNITA, said at the 524th meeting that the peasants who lived on subsistence farming had to pay tax and were obliged to sell their food to do so. Unfortunately, the money paid for their crops was very little, and the Government did not help them to improve their yields. European farmers, however, were given all facilities by the Government. He drew the attention of all freedom-lovers to the inhuman exploitation by the Portuguese. Taxation was very high, the minimum being £2.10s.0d. It was difficult for unemployed peasants to produce such an amount, but if they did not, they were sent to prison for six months. On release, they had to pay the same amount or face forced labour, but even after the period of forced labour, the same amount of tax was still owing.

Labour conditions

63. At the 515th meeting Mr. Lara Lucio, Executive Secretary, MPLA, said that although there had been some reform in the laws governing forced labour, it continued to be practised in Angola. The procedure was always the same: the local authorities forced the inhabitants to sign up as so-called "volunteers" or contractual workers. They were generally taken on by a recruiting agent, duly authorized by the Luanda Institute of Labour, which supplied workers for companies that were short of manpower. That shameful practice, which was always a source of fabulous profits for the recruiters, was threatening the stability of the family and reducing the workers to slavery. The pittance paid was at the mercy of the employers, who sold essential goods at uncontrolled prices. The minimum wage laws were not observed and Angolan workers still could not form trade unions to press their claims.

64. Mr. A. P. Matondo, President, PPA, stated at the 516th meeting that since 1911 forced labour and slavery had been imposed on the Angolans and the indigenous workers were paid shamefully low wages.

65. Mr. P. Barreiro Lulendo, Secretary-General, IGTA, stated at the same meeting that in 1963 his organization had submitted to the United Nations General Assembly a report on forced labour and Portugal's inhuman attitude towards Angolan workers and the Angolan people in general. However, the resolutions condemning Portugal, adopted by the United Nations in July 1963, had not prevented that country from pursuing its criminal activities.

66. At the 517th meeting Mr. Simão Ladeira-Lumona, National President, CGTA, stated that his organization requested the International Labour Organisation to continue its efforts to compel Portugal to respect Conventions Nos. 87 and 98 with regard to the abolition of forced labour and the colonization of Angolan lands in the economic interests of Portugal.

67. Mr. Smart Chata, Acting President, MPLA, said at the 524th meeting that the method of recruiting labour for the foreign companies was shocking. A company in need of workers contacted the administrative officers; the Government hired labourers on contract for one year, during which time they were given nothing except food. On completion of the contract, the workers returned home, where they expected to receive their full pay, but found they had first to pay the taxes for that period. The Administrative Office then decided how much they should be given so that the poor men received almost nothing, most of their earnings going to the Government.

Guinea (called "Portuguese Guinea")

Financial assistance and investments

68. At the 518th meeting of the Special Committee, held on 1 June 1967, Mr. Pinto-Bull, President, Front de lutte pour l'indépendance nationale de la Guinée dite portugaise (FLING), stated that FLING called on the Western countries to accept and apply the embargo on arms destined for Portugal, in accordance with Security Council Resolution 218 (1965) of 23 November 1965. The assistance which the NATO countries were giving Portugal encouraged the latter to

continue flouting United Nations resolutions and violating the Charter, its principles and the right of peoples freely to choose their own future.

Mozambique

Relations with South Africa and Southern Rhodesia

69. At the 526th meeting, Mr. P. J. Gumane, President, Mozambique Revolutionary Committee (COREMO), stated that in carrying out its oppressive policies, the colonial Government of Portugal was also backed by the fascist Government of South Africa and the white minority rebel Government of Rhodesia, led by Ian Smith, which were also bent on the further enslavement of the African people, their principal aim being to suppress the liberation movements of Africa, and entrench colonialism and imperialism.

Financial assistance and investments

70. Speaking at the 526th meeting, Mr. Gumane said that it would be better to fight the Portuguese for more than fifty years than remain under Portuguese domination for another 465 years. That determination should also be appreciated by the imperialist and neo-colonialist countries which were helping Portugal, materially, financially and otherwise, to perpetuate the war in Mozambique so as to safeguard their investments in southern Africa. With the aid received from the NATO Powers and especially the United States, United Kingdom, France and the Federal Republic of Germany, the Government of Portugal had been able during the past six years to construct twelve new military bases as well as maintain a force of about 46,000 troops in Mozambique. Flying box-cars laden with Portuguese soldiers landed frequently at Lourenço Marques and Beira. Apart from the existing military air bases, civil airfields were being used by the Portuguese air force. Others, some with runways long enough to take jet aircraft and troop carriers, had been and were still being hastily built in the wild inland terrain throughout the country, with the use of African forced labour working from dawn to dusk under the ever-present threat of death. Some 200 bush airstrips had been laid out in the territory, ready for landing troops and other security forces. All troops were armed with the latest automatic rifles, mortars, heavy and light machine-guns and other forms of military equipment supplied to Portugal by its NATO allies. Portuguese farmers working in cottage communities in rural areas could freely buy sub-machine-guns or rifles and revolvers at their local stores and ammunition, too, was readily available to white settlers. In view of Portugal's colonial policy, the aid being supplied to Portugal, mainly by NATO Powers, could only increase its determination further to enslave and exterminate the Africans.

71. Mr. Gumane also stated that big companies in Mozambique belonged to the British, Belgians and Americans, who operated them through the Portuguese Government offices in Mozambique.

72. In reply to a question, he said that soldiers from the Federal Republic of Germany had been sent to Portugal and that some were being used in Mozambique as technicians. It had been reported that Spain also was sending technicians. Ian Smith was in contact with the Portuguese colonialists and there had been exchanges of soldiers between the Portuguese Government and South Africa.

73. At the 532nd meeting of the Special Committee, held on 13 June 1967, Mr. Mariano Matsinhe, Organizing Secretary, the Mozambique Liberation Front (FRELIMO) stated that Portugal, a Member of the United Nations, continued insolently, with the connivance of other Members that claimed to be staunch defenders of peace and liberty, to disregard that Organization's resolutions. FRELIMO was convinced that, without the encouragement of the United States, the Federal Republic of Germany, France, the United Kingdom and other NATO members, Portugal would not dare to show its present intransigence. It was economically a very poor country and without material and moral support it would be physically impossible for it to maintain such a costly war throughout its three colonies of Mozambique, Angola and Guinea (Bissau).

74. At the same meeting, Mr. Eduardo Mondlane, President, FRELIMO, said in reply to questions, that Portugal was

too weak to carry on a war in its colonies without outside support. As a member of the European community, it encouraged countries to send journalists and politicians on so-called fact-finding missions; they subsequently wrote articles and made speeches giving a biased view of the conditions there. The NATO Powers had pointed out that aid provided under the NATO system should not be used south of the Tropic of Cancer. That might technically be correct; Portugal might not be using equipment supplied by NATO in Africa, but the fact that it was able to use it in its own country freed Portuguese equipment for use elsewhere. It also received indirect aid from banks, and European-owned companies based in Portugal were manufacturing weapons which could be freely used. The NATO countries said that weapons should be examined to check the serial numbers, so that a protest could, if necessary, be made to Portugal, but that was almost impossible in guerrilla warfare. Arms might also be manufactured by another country under a NATO patent. There was, in any case, no restriction on the use of NATO-trained personnel. Specialized training was being given in counter-guerrilla techniques and the Portuguese officers who completed those courses were immediately sent to serve in Africa.

75. In describing at the same meeting the extent of the assistance provided to Portugal by its allies, Mr. Matsinhe pointed out that the United States-owned Mozambique Gulf Oil Company was to start boring a new oil well to the south of Inhassoro. The American-owned company Firestone Portuguesa was to invest £1,875,000 in a new tire factory to be built at Beira. The United Kingdom firm Gill and Duffus, in a joint venture with Peirce Leslie and Co., had opened a plant for dehulling cashew nuts on 10 December 1966. The new factory would have an initial capacity of 6,000 tons of raw cashew nuts a year, as reported in *The Times* (London) of 10 December 1966. The British-owned firm Sena Sugar Estates Ltd., had produced 113,868 tons of sugar (or 70 per cent) of the 163,669 tons of Mozambique output for 1965-1966. The Swiss firm Nestlé was reported in the *Diário da Manhã* of 18 January 1967 to be opening a plant at Lourenço Marques with an initial production of 7,500 tons of condensed milk per year and an initial investment of £500,000. Mining investments by two Japanese firms were being planned. The United States-owned Mozambique Gulf Oil Company, in a joint venture with South African firms, was going to build a 359-kilometre pipeline to feed natural gas from Pande (southern Mozambique) to the industrial complex of Witwatersrand. That, it was claimed, would make South Africa a serious competitor with Western industrialized countries. A daily volume of 200 million cubic feet of gas to be supplied at prices four times lower than in South Africa, was contemplated.

76. At the 533rd meeting, held on 14 June 1967, Mr. Mondlane stated that a United Kingdom consortium, including English Electric and AEI, was preparing proposals for the £130 million hydroelectric scheme to be built on the Zambesi in Mozambique. Portugal's NATO allies were a great source of material support to it. Since NATO troops had been removed from France, a new naval base had been built in Portugal and had been inaugurated on 23 February 1967. United Kingdom, United States and Netherlands forces had attended the inaugural ceremonies.

European settlement

77. Mr. Gumane stated at the 526th meeting that about 1,250 Portuguese immigrants arrived in Mozambique each month, in addition to the troops who, on the completion of their two to three years' service in the country, were entitled to become settlers there. The number of Portuguese settlers was increasing so rapidly that many areas which before had been traditionally African were being cleared to make room for them.

78. Mr. Eduardo Mondlane, President, FRELIMO, stated, in reply to a question at the 533rd meeting, that Mozambique had a population of 7 million, of whom about 100,000 were Europeans and between 15,000 and 20,000 were Asians. The Europeans were mainly Portuguese. In addition, there were between 15,000 and 16,000 soldiers who came for a minimum of two years and then returned to Portugal.

79. Portugal might well be trying to change the balance in the racial composition of the population, since it felt insecure because of the number of Africans. The Portuguese had started a project to send as many settlers as possible, but they had been poor people, sent by a poor Government to a poor land. The settlers had been attracted by the rich neighbouring lands in Southern Rhodesia and South Africa and indeed in those countries there were more Portuguese than in Angola and Mozambique put together. The Portuguese had then decided to send out as many soldiers as possible in a last-minute attempt to fill the Territories with Europeans.

80. There was, however, no chance of the Europeans in Mozambique making their own unilateral declaration of independence. The free African world was in contact with that Territory and the Europeans would not dare to do such a thing. However, it was possible that the Western Powers, which had invested so much money in the Portuguese Territories, might encourage the white settlers to declare their independence and provide them with the resources to do so. FRELIMO would, however, strongly oppose such a move.

81. In reply to a further question, raised at the 534th meeting, held on 14 June 1967, Mr. Mondlane said that Portugal was steadily expanding its military establishment in Mozambique in response to the increased activities of the liberation movement. Every three months or so, the Portuguese Government had to vote a supplementary appropriation to meet the rising cost of the war.

82. About a year previously, the number of Portuguese soldiers in Mozambique had been about 16,000; now it was approximately 65,000, although the Portuguese Government admitted to only 45,000. But besides the army, there were some 15,000 police; and there was also a so-called volunteer corps consisting of practically all adult white settlers and any Africans who could be persuaded or coerced to join them. Recently, the term of service of Portuguese soldiers in Mozambique had been increased from two to three or four years, depending on the needs of the situation.

Labour conditions

83. At the 526th meeting, Mr. Gumane said that equality in employment was non-existent and access to higher positions was available first to Whites, then to mulattos and finally to the Blacks. Although the Portuguese colonial Government claimed that there was no forced labour in Mozambique, the fact remained that all government and private enterprises in Mozambique employed forced labour. In the Mozambique railways and other government enterprises, under the law against forced labour, the supply of forced labourers had been interrupted for the purpose of replacing them by voluntary workers with a maximum salary of twenty escudos daily. For two months, a large deficit had emerged in the government accounts. Then the law had been secretly revoked by the Governor-General who had ordered all local administrations to reintroduce the *shibalo*, the recruited workers thereafter being called *shibalo* volunteers and the six escudos they had been receiving daily was increased to eight. The *shibalo* system would continue so long as United Kingdom colonialism and United States neo-colonialism existed in Africa. The British and Americans were responsible for that system in Africa, although they put the blame on Portugal, a small and under-developed European country, a mere pawn in the hands of larger Powers in Western Europe which supported another "white" brother nation in the family of colonial exploiters. Those nations thrive and made Portuguese colonialism thrive with them on the sacrifices and misery of the Mozambican people through unscrupulous investments. More than 250,000 Mozambicans were sold yearly to work in the mines and farms of the exploiters in Southern Rhodesia and South Africa. The Mozambique Convention of 1928 allowed agents of the mining companies of the Witwatersrand Native Labour Association (WNLA) to recruit up to 150,000 Africans annually, and established that 47.5 per cent of the sea traffic to and from the Transvaal should pass through the port of Lourenço Marques. That was highly profitable for the colonial Government of Portugal, but it meant misery, suffering and exploitation to the indigenous African people. Not only was the port of Lourenço Marques one of the best in southern

Africa but the colonial Government also collected taxes and wealth from each worker who brought back his salary to spend in Mozambique. The mortality of mine workers was sometimes as high as 456 per 1,000.

Land alienation

84. At the 534th meeting, Mr. Eduardo Mondlane, President, FRELIMO, stated, in reply to a question, that the Portuguese Government was encouraging private individuals and companies to acquire large tracts of land in fertile areas, including those occupied by Africans. The policy was based on the production of the crops and raw materials required by Portuguese industry, particularly cotton, rice, sisal, wheat and tobacco. If an individual or company wished to use land for growing such crops, then no matter what its present use—unless it was held by European settlers—it would be taken away from the former holders and either sold to the individual or company in question or handed over to them. The criterion was always the estimated benefit to the Portuguese economy as a whole.

85. In the past, certain areas of Mozambique had been reserved for so-called *indigenas*, meaning Africans who lived within a tribal society. Since 1961, however, the system had been abolished and the status of *indigena* was no longer recognized. All land was now placed at the disposal of the Governor-General and the all-European Council, which could reallocate it to anyone who could prove that he would make the land yield a given amount of income per year. It was of course difficult for Africans to provide any such proof, and very many had lost their land as a result. In some areas, the Portuguese authorities were trying to compel the Africans to grow cotton or rice, which they were forced to sell to concessionary companies set up with the approval of the Portuguese Government.

Utilization of resources

86. Mr. Eduardo Mondlane, President, FRELIMO, said, in reply to a question at the 533rd meeting, that the plans and programmes of the white settlers in Mozambique were part and parcel of those of the white settlers in southern Africa as a whole. They were attempting to build a *laager* or stockade, within which they could continue to enjoy their material and other privileges. Various countries in other parts of the world, eager to take advantage of the material resources of southern Africa, were abetting them. Many countries in Western Europe and North America were doing so and, more recently, Japan had joined them. The idea was to maintain an area in southern Africa in which white men would be supreme and enjoy all possible power and advantages. With the assistance of their friends abroad, they hoped to continue the colonial economic system.

87. Until the end of the Second World War, the colonial Powers had been more frightened of one another than of the people they ruled. Portugal, which had maintained that attitude longer than most of its partners, had consistently refused to allow foreign investment in the Territories under its control. Since the liberation movements had begun, that attitude had changed and Portugal had actively encouraged such investment. For example, the railways in Mozambique were largely controlled from South Africa and Southern Rhodesia, which meant that ultimate control resided in the United Kingdom and the United States. All the harbour installations of Lourenço Marques and Beira were foreign-owned. More than half a million workers from Mozambique were employed under contract in South Africa and Southern Rhodesia, while many others were working for foreign employers in Mozambique itself. The agricultural resources of the Territory were also being tapped, by means of plantations and large farms producing food for the white settlers or crops with a high cash value. Such plantations were owned by foreign capital and worked by forced labour. Maritime resources, e.g., the lobster fisheries, were similarly controlled by United Kingdom, United States and Japanese interests.

88. Considerable interest had recently been shown by foreign companies in exploring the mineral resources of the Territory and in assessing the volume of known resources. Surveys of gold, copper, bauxite, oil and natural gas resources were being carried out by firms from the United States, the United

Kingdom, the Federal Republic of Germany and other Western countries. All profits from such resources benefited in the first place the foreign shareholders, in the second the Portuguese Government and what little remained in Mozambique was largely enjoyed by the white settlers.

89. It appeared that a large project for the development of the Zambezi valley was contemplated. It would cost several hundred million pounds and would be financed by various groups from all parts of the West. It would be about twice the size of the Aswan Dam project.

DOCUMENT A/6939

Report of the Fourth Committee

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[5 December 1967]

1. In accordance with the decision taken by the General Assembly in paragraph 20 of resolution 2189 (XXI) of 13 December 1966, an item entitled "Activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in Southern Rhodesia, South West Africa and Territories under Portuguese domination and in all other Territories under colonial domination" was included by the Secretary-General in the provisional agenda of the twenty-second session.¹⁰

2. At its 166th meeting, on 21 September 1967, the General Committee decided to recommend the inclusion of this item in the agenda, with the following revised wording: "Activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in Southern Rhodesia, South West Africa and Territories under Portuguese domination and in all other Territories under colonial domination and efforts to eliminate colonialism, *apartheid* and racial discrimination in southern Africa". At its 167th meeting, on 22 September, the General Committee also decided to recommend to the General Assembly the allocation of this item to the Fourth Committee.

3. At its 1564th plenary meeting, on 23 September 1967, the General Assembly, by adopting the recommendations of the General Committee,¹¹ included the item in its agenda and allocated it to the Fourth Committee for consideration and report (see A/6851/Rev.1).

4. The Fourth Committee considered this item at its 1718th to 1725th, 1730th, 1732nd, 1735th and 1736th meetings, between 14 November and 4 December 1967.

5. At the 1718th meeting, on 14 November 1967, the Rapporteur 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 introduced the report of that Committee relating to the foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in Southern Rhodesia, South West Africa and Territories under Portuguese domination and in all other Territories under colonial domination (A/6868 and Add.1).

6. At the 1719th meeting, on 15 November 1967, the Chairman informed the Committee of the receipt of a letter dated 13 November 1967 addressed to him by the Chairman of the Special Political Committee, transmitting a letter dated 2 November 1967 from

Mr. James Forman, a representative of the Student Nonviolent Coordinating Committee (SNCC), containing a request for hearing concerning agenda item 24 (A/C.4/699). At the 1720th meeting, on 16 November, the Committee decided to grant the request.

7. At the 1721st meeting, on 17 November 1967, Mr. James Forman made a statement and replied to the questions put to him by a member of the Committee. At the same meeting, the Committee decided to circulate the statement made by the petitioner as a Committee document (A/C.4/700).

8. The general debate on the item took place at the 1718th to 1725th meetings, between 14 and 21 November 1967.

9. At the 1730th meeting, on 29 November 1967, the representatives of Senegal and Argentina introduced a draft resolution on behalf of the following Member States: Algeria, Argentina, Barbados, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Democratic Republic of), Dahomey, Ecuador, Ethiopia, Ghana, Guatemala, Guinea, Guyana, India, Indonesia, Iraq, Ivory Coast, Jamaica, Kenya, Kuwait, Liberia, Libya, Madagascar, Mali, Mauritania, Mexico, Nepal, Niger, Nigeria, Pakistan, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Somalia, Sudan, Syria, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, United Republic of Tanzania, Upper Volta, Venezuela, Yemen, Yugoslavia and Zambia (A/C.4/L.875/Rev.1). Subsequently, the following Member States became sponsors: Burundi, Dominican Republic, Jordan, Morocco, Nicaragua, Philippines and Uruguay (A/C.4/L.875/Rev.1/Add.1 and 2).

10. The Fourth Committee voted on the draft resolution (A/C.4/L.875/Rev.1 and Add.1 and 2) at its 1735th meeting, on 1 December 1967, as follows:

Operative paragraph 1 was adopted by a roll-call vote of 84 to 5, with 16 abstentions. The voting was as follows:

In favour: Afghanistan, Algeria, Argentina, Barbados, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Ceylon, Chad, Chile, China, Congo (Democratic Republic of), Cuba, Czechoslovakia, Dahomey, Dominican Republic, Ecuador, Ethiopia, Gambia, Ghana, Guatemala, Guinea, Guyana, Honduras, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Liberia, Libya, Madagascar, Malaysia, Maldives Islands, Mali, Mauritania, Mexico, Mongolia, Morocco, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Somalia, Spain, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United

¹⁰ Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 8, document A/6680/Rev.1.

¹¹ *Ibid.*, document A/6840.

Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia, Zambia.

Against: Australia, Portugal, South Africa, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Austria, Belgium, Canada, Denmark, Finland, France, Greece, Iceland, Ireland, Italy, Japan, Malawi, Netherlands, New Zealand, Norway, Sweden.

The draft resolution as a whole was adopted by a roll-call vote of 86 to 2, with 17 abstentions. The voting was as follows:

In favour: Afghanistan, Algeria, Argentina, Barbados, Bolivia, Brazil, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Ceylon, Chad, Chile, China, Congo (Democratic Republic of), Czechoslovakia, Dahomey, Dominican Republic, Ecuador, Ethiopia, Gambia, Ghana, Greece, Guatemala, Guinea, Guyana, Honduras, Hungary, India, Indonesia, Iran, Iraq, Ireland, Israel, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Lebanon, Liberia, Libya, Madagascar, Malaysia, Maldive Islands, Mali, Mauritania, Mexico, Mongolia, Morocco, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Somalia, Spain, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Republic, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yemen, Yugoslavia, Zambia.

Against: Portugal, South Africa.

Abstaining: Australia, Austria, Belgium, Canada, Cuba, Denmark, Finland, France, Iceland, Italy, Malawi, Netherlands, New Zealand, Norway, Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America.

Recommendation of the Fourth Committee

11. The Fourth Committee therefore recommends to the General Assembly the adoption of the following draft resolution:

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

The General Assembly,

Having 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, South West Africa and Territories under Portuguese domination and in all other Territories under colonial domination and efforts to eliminate colonialism, *apartheid* and racial discrimination in southern Africa,

Having examined the 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 concerning 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, South West Africa and Territories under Portuguese domination and in all other Territories under colonial domination,

Having heard the statement of the petitioner,

Recalling its resolution 1514 (XV) of 14 December 1960, and in particular the eighth preambular paragraph thereof,

Recalling further its resolutions 2105 (XX) of 20 December 1965 and 2189 (XXI) of 13 December 1966, and other relevant resolutions,

Considering that the colonial Powers have the obligation to ensure the political, economic, social and educational advancement of the inhabitants of the Territories under their administration and to protect the population and the natural resources of these Territories against abuses, in conformity with Chapters XI and XII of the Charter of the United Nations,

Convinced that any economic or other activity which impedes the implementation of resolution 1514 (XV) is incompatible with the purposes and principles of the Charter,

1. *Approves* in general the 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 concerning 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, South West Africa and Territories under Portuguese domination and in all other Territories under colonial domination;

2. *Reaffirms* the inalienable right of the peoples of the colonial Territories to self-determination and independence and to the natural resources of their Territories, as well as their right to dispose of these resources in their best interests;

3. *Declares* that the colonial Powers which deprive the colonial peoples of the exercise and the full enjoyment of those rights, or which subordinate them to the economic or financial interests of their own nationals or of nationals of other countries, are violating the obligations they have assumed under Chapters XI and XII of the Charter of the United Nations and are impeding the full and prompt implementation of General Assembly resolution 1514 (XV);

4. *Strongly condemns* the exploitation of the colonial Territories and peoples and the methods practised in the Territories under colonial domination by the foreign financial, economic and other interests which are designed to perpetuate the colonial régimes contrary to the principles embodied in resolution 1514 (XV);

5. *Deplores* the policies of the colonial Powers which permit the exploitation of the natural resources of the Territories under their administration contrary to the interests of the indigenous population and which promote or tolerate unjust and discriminatory work systems and other practices;

6. *Calls upon* all States concerned to fulfil their fundamental obligation to ensure that the concessions granted, the investments authorized and the enterprises permitted to their nationals in the Territories under colonial domination do not run counter to the present or future interests of the indigenous inhabitants of those Territories;