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FILE TITLE: Relations / Internal Situation

SERIES: ZAMBIA

PART: 2

PART BEGINS: September '87

PART ENDS: January '93

CAB ONE:

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PART

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

22 January 1993

ZAMBIA: AID DEBT:
RETROSPECTIVE TERMS ADJUSTMENT (RTA)

Thank you for your letter of 13 January about which we spoke.

The Prime Minister has not had an opportunity to announce our Retrospective Terms Adjustment in Parliament this week and is, of course, away next week. If, therefore, you need to go ahead with an announcement during the course of next week, please feel free to do so.

I am copying this letter to Jeremy Heywood (H.M. Treasury) and Mark Lowcock (Overseas Development Administration).

J. S. WALL

J.S. Smith, Esq.,
Foreign and Commonwealth Office.

10 DOWNING STREET

Prime Minister

No 10 thinks backbenchers to ask the question tomorrow and giving money to foreigners may not appeal on a day of high unemployment figures. But I have asked FCO for material just in case.

~ FI

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. .....

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075314
MDHOAN 7582

SUBJECT
MASTER

Filed on:

UNCLASSIFIED
FM ODA LONDON
TO DESKBY 220600Z LUSAKA
TELNO C 780
OF 211720Z JANUARY 93
INFO ROUTINE BDDSA LILONGWE, UKDEL WASHINGTON, FCO LONDON

FROM CSAD V424

ZAMBIA AID DEPT: RETROSPECTIVE TERMS ADJUSTMENT (RTA)

THE PRIME MINISTER HAS REQUESTED THAT THE FOLLOWING PERSONAL MESSAGE BE PASSED ON TO PRESIDENT CHILUBA.

TEXT BEGINS:

WHEN WE MET IN LONDON LAST FEBRUARY, WE TALKED ABOUT THE PROBLEM OF ZAMBIA'S DEBT BURDEN. I OFFERED TO HELP IF POSSIBLE. I KNOW THAT YOU HAVE SINCE MADE PROGRESS WITH THE COOPERATION OF THE INTERNATIONAL FINANCIAL INSTITUTIONS AND THE PARIS CLUB, AND WITH THE HELP OF BILATERAL DONORS.

WE HAVE CONTINUED TO RESCHEDULE ANNUAL SERVICE PAYMENTS OF SOME PND STG 4 MILLION DUE ON ZAMBIA'S AID DEBT TO BRITAIN, WHICH TOTALS SOME PND STG 55.9 MILLION. THE ARRANGEMENTS FOR THIS EXPIRED FORMALLY AT THE END OF DECEMBER. AS LYNDA CHALKER PROMISED WHEN SHE SAW YOU AND FINANCE MINISTER KASONDE IN SEPTEMBER, WE HAVE BEEN LOOKING AT THE POSSIBILITY OF CANCELLING THE DEBT ALTOGETHER.

WE HAVE THOUGHT CAREFULLY ABOUT ALL THAT YOU AND YOUR COLLEAGUES HAVE SAID TO US ABOUT THIS. WE HAVE IN PARTICULAR TAKEN ACCOUNT OF ZAMBIA'S PROGRESS IN ECONOMIC REFORM OVER THE PAST YEAR AND OF YOUR PLANS, DISCUSSED IN PARIS LAST MONTH, FOR THE FUTURE. AS A RESULT I AM GLAD TO BE ABLE TO TELL YOU THAT, WITH EFFECT FROM 1 APRIL 1993, WE EXPECT TO CANCEL ALL OUTSTANDING CAPITAL AND INTEREST WHICH IS OWED BY THE GOVERNMENT OF ZAMBIA IN RESPECT OF PAST UK AID LOANS. THIS IS KNOWN AS RETROSPECTIVE TERMS ADJUSTMENT. OFFICIALS HERE ARE NOW WORKING ON THE DETAILS OF AN EXCHANGE OF NOTES WHICH, WHEN SIGNED, WILL FORMALISE IT. IN THE MEANTIME, RESCHEDULING WILL BE EXTENDED UNTIL 31 MARCH 1993.

THERE ARE, HOWEVER, TWO CONDITIONS WHICH MUST BE SATISFIED BEFORE THE ARRANGEMENTS FOR RETROSPECTIVE TERMS ADJUSTMENT ARE FINALISED. THE

FIRST IS THAT YOUR GOVERNMENT'S ECONOMIC REFORM PROGRAMME, AS SUPPORTED BY THE IMF AND THE WORLD BANK, REMAINS FIRMLY IN PLACE. WE AND OTHER DONORS ARE PARTICULARLY KEEN TO SEE ACTION NOW TO REDUCE INFLATION AND THE BUDGET DEFICIT. THE SECOND CONDITION, CLOSELY LINKED TO THE FIRST, IS IMF APPROVAL OF CONTINUATION BEYOND 31 MARCH 1993 OF YOUR RIGHTS ACCUMULATION PROGRAMME. GIVEN YOUR CONTINUING COMMITMENT TO THE REFORM PROCESS, REITERATED AT THE RECEMT DONORS' MEETING BY MINISTER KASONDE, I TRUST THAT THESE CONDITIONS POSE NO OBSTACLE TO COMPLETION OF ARRANGEMENTS FOR RETROSPECTIVE TERMS ADJUSTMENT BEFORE 31 MARCH.

THIS PROPOSAL IS A FURTHER EXAMPLE OF OUR CONTINUING PRACTICAL SUPPORT OF SOUND POLICIES FOR ZAMBIA. IMPORTANT PROGRESS HAS BEEN MADE IN 1992. I LOOK FORWARD TO HELPING YOU TO BUILD FURTHER ON IT IN 1993.

TEXT ENDS.

2. THERE WILL BE NO SIGNED ORIGINAL.

3. WE ARE ISSUING A SHORT PRESS RELEASE. THIS WILL BE FAXED TO YOU.

HURD

YYYY

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TO DESKBY 220600Z LUSAKA
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THERE ARE, HOWEVER, TWO CONDITIONS WHICH MUST BE SATISFIED BEFORE THE ARRANGEMENTS FOR RETROSPECTIVE TERMS ADJUSTMENT ARE FINALISED. THE

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

20 January 1993

Dear Stephen,

ZAMBIA AID DEBT;
RESTROSPECTIVE TERMS ADJUSTMENT (RTA)

Thank you for your letter of 13 January which the Prime Minister has seen.

The Prime Minister was content with the draft to President Chiluba with the amendments shown in manuscript on the enclosed copy. I suggest that the letter issues as a telegraphic message. It would be helpful if this could happen today since the Prime Minister has it in mind to announce our offer at Prime Minister's Questions if the opportunity arises. I am pursuing this separately with the ODA.

I am sending a copy of this letter to Jeremy Heywood (HM Treasury).

Yours,

Stephen

J. S. WALL

Stephen Smith Esq.,
Foreign and Commonwealth Office.

DRAFT LETTER FROM PRIME MINISTER

TO: His Excellency President Frederick Chiluba
Government of the Republic of Zambia

When we met in London in February, we talked about the problem of Zambia's debt burden. I offered to help if possible. I know that you have since made progress with the cooperation of the international financial institutions and the Paris Club, and with the help of bilateral donors.

We have continued to reschedule annual service payments of some £4 million due on Zambia's aid debt to Britain, which totals some £55.9 million. The arrangements for this expired formally at the end of December. As Lynda Chalker promised when she saw you and Finance Minister Kasonde in September, we have been looking at the possibility of cancelling the debt altogether.

We have thought carefully about all that you and your colleagues have said to us about this. We have in particular taken account of Zambia's progress in economic reform over the past year and of your plans, discussed in Paris last month, for the future. As a result, I am glad to ~~confirm~~ be able to tell you that, with effect from 1 April 1993, we expect to cancel all outstanding capital and interest which is owed by the Government of Zambia in respect of past UK aid loans. This ~~process,~~ known as Retrospective Terms Adjustment. ~~entails adjustment of the terms on which the money was originally provided.~~ Officials here are now working on the details of an exchange of notes which, when signed, will formalise it. In the meantime, rescheduling will be extended until 31 March 1993.

There are, however, two conditions which must be satisfied before the arrangements for Retrospective Terms Adjustment are finalised. The first is that your

Government's economic reform programme, as supported by the IMF and the World Bank, remains firmly in place. We and other donors are particularly keen to see action now to reduce inflation and the budget deficit. The second condition, closely linked to the first, is IMF approval of continuation beyond 31 March 1993 of your Rights Accumulation Programme. Given your continuing commitment to the reform process, reiterated at the recent donors' meeting by Minister Kasonde, I trust that these conditions pose no obstacle to completion of arrangements for Retrospective Terms Adjustment before 31 March.

I ~~see this~~ Chiv proposal~~, as I hope you will,~~ as a further example of our continuing practical support of sound policies for Zambia. Important progress has been made in 1992. I look forward to helping you to build further on it in 1993.

CERB

Foreign & Commonwealth Office

London SW1A 2AH

13 January 1993

Excellent – a good peg for PMQ's. (Then Grade can follow up with a full Aves statement).

Does Cour approve the approach? Prime Minister ①

Treasury are happy with this. We ought to make something of it.

Stephen 16/1

Dear Stephen,

Zambia: Aid Debt: Retrospective Terms Adjustment (RTA)

Lady Chalker has decided that we should cancel Zambia's aid debt to Britain, totallying £55.9 million. The Foreign Secretary believes that the Prime Minister may wish to give the good news personally to President Chiluba as follow-up to his meeting with the President in February and letter of 9 March, a copy of which is enclosed.

During its first year, President Chiluba's Government has implemented a range of measures under an IMF-monitored economic reform programme. This has been achieved despite exceptional financial and social pressures created by the drought. Donors recognised this, as well as the need for continuing sustained commitment (especially in reducing inflation and the budget deficit), at a meeting in Paris earlier this month.

In response to earlier progress, the IMF approved a second Rights Accumulation Programme in July (the first, agreed in April 1991, having been derailed under the Kaunda Government). This was followed by a fifth Paris Club rescheduling (we had re-scheduled UK aid debt already), which applied Trinidad Terms to much of Zambia's official debt and made other exceptional concessions. The agreement covered around US$1 billion of debt, the UK share of which was about US$200 million, and gave debt relief on 90% of Zambia's obligations.

Our total aid spending on Zambia in 1992 is expected to exceed £55 million - one of ODA's largest bilateral programmes. This includes £40 million in untied balance of payments grants, some of which the Zambians are spending on food imports because of the drought. Aid levels for next year are still under consideration but, if the Economic Reform Programme stays on track, we would hope to maintain substantial support.

There is no prospect in the foreseeable future of Zambia servicing its debt to us, without negating the impact of some of this aid. In GNP per capita terms, Zambia (at US$390) is well below the normal limit (US$545) for Retrospective Terms Adjustment (it was well above the GNP threshold when Retrospective Terms Adjustment was first introduced and applied globally). Thus, insistence on Zambia's formal obligation to service aid debt repayments is no longer consistent with our normal practice.

Lady Chalker proposes to apply Retrospective Terms Adjustment from the start of next financial year, rather than part way through this one. We also want to keep in step with the Paris Club. Paris Club rescheduling beyond next March is expected, but only if the IMF have first approved continuation of the Rights Accumulation Programme (expected before the end of March). Thus, an offer of Retrospective Terms Adjustment from April is dependent on the Economic Reform Programme and Rights Accumulation Programme being in place at that time; this should help to give Zambia an extra incentive to sustain commitment to sound economic policies in the coming months.

The Treasury have been fully consulted and are content. In line with normal Retrospective Terms Adjustment arrangements the interest element, totalling some £3.7 million of the service payments to be foregone over the period 1993/94-2008/9, will be accommodated within overall Aid Programme resources.

/ I enclose a draft letter from the Prime Minister to President Chiluba.

I am copying this letter to Jeremy Heywood (HM Treasury).

Yours ever,

Stephen Smith.

(J S Smith)
Private Secretary

J S Wall Esq
10 Downing Street

p/a UK/Zambia

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

9 March 1992

Dear President Chiluba,

I was very glad to meet you on 14 February. I hope that you had a good visit to Warwick University.

Thank you for arranging for me to have details of Zambia's debts to Britain. I sympathise with your country's position. Once you have agreed an economic reform programme with the IMF/IBRD we will be looking to offer further help which might include writing off Zambia's debt to the Overseas Development Administration and urging the Paris Club to apply Trinidad Terms to Zambia's official bilateral debt.

As you know, I was particularly concerned to hear about the effects of the drought in Southern Africa and its implications for the success of the reform programme which you have embarked on.

We have looked urgently at how we might help you at this critical time and it seems to us that the best means of doing so would be to provide funds to enable you to purchase additional supplies on the commercial market.

Release last week of the £10 million in balance of payments assistance already pledged will I hope have been of help to you. At this time of our financial year, it is very difficult to identify uncommitted aid funds for immediate expenditure, but I am glad to say that we can provide a further £2.5 million for

release on the same basis as the £10 million already agreed and on the understanding that an equivalent sum will be used for the purchase of grain or other essential food imports.

If we can also help in any way with provision of short-term expertise under the technical co-operation programme, we should be glad to consider this.

We shall meanwhile be in touch with our European partners to urge an early Community response to the situation.

I have asked Peter Hinchcliffe to keep me informed on your reform programme. I know the drought has made the prospects less good: I wish you luck. Please let me know if there is more we can do.

Yours Ever,
John Major

His Excellency President Frederick Chiluba

UNCLASSIFIED
FM LUSAKA
TO ROUTINE ODA
TELNO MODEV 604
OF 160935Z OCTOBER 92
INFO ROUTINE BDDSA LILNGWE, FCO, HARARE, DAR ES SALAAM

FOR CSAD AND DRU.

ZAMBIA: DROUGHT UPDATE

1. AID FUNDED MAIZE HAS NOW REACHED ALL PARTS OF ZAMBIA AND IS AVAILABLE FOR SALE AT COST PRICE EXCLUDING TRANSPORT COSTS. THE PROGRAMME TO PREVENT MALNUTRITION (PPM) RUNNING IN CONJUNCTION WITH WFP HAS SO FAR DISTRIBUTED OVER 30,000 TONS OF MAIZE FREE, MAINLY THROUGH FOOD FOR WORK. THE NUMBER OF BENEFICIARIES RECEIVING FREE FOOD IS APPROXIMATELY 400,000 IN SEPTEMBER AND IS EXPECTED TO BE OVER 600,000 IN OCTOBER. THE MAIN PRIORITY NOW IS TO PRE POSITION AND PROTECT STOCKS IN RURAL AREAS BEFORE THE RAINS START IN NOVEMBER WHEN CERTAIN AREAS WILL BE EFFECTIVELY CUT OFF UNTIL APRIL NEXT YEAR.

2. THE CONSUMPTION OF MAIZE IN ZAMBIA IS DIFFICULT MEASURE DUE TO OPEN BORDERS WITH NEIGHBOURING COUNTRIES. HOWEVER ON CURRENT ESTIMATES ZAMBIA NOW HAS SUFFICIENT MAIZE IN COUNTRY FOR OVER THREE MONTHS AND THE FLOW INWARDS IS CONSISTENTLY ABOVE THE CONSUMPTION FIGURE. ACCORDINGLY A VERY HIGH PRIORITY IS CURRENTLY BEEN GIVEN TO IMPORT BASIC FERTILIZERS AS SOON AS THEY REACH PORT AND TO PREPARING THE DISTRIBUTION OF DROUGHT RESISTANT SEED.

3. THERE IS A HIGH RISK OF SERIOUS EPIDEMIC OF WATER BORNE DESEASES DUE TO THE SHORTAGE OF CLEAN WATER IN MANY AREAS EXACERBATED BY THE REDUCED AVAILABILITY OF FOOD. WHO HAS BEEN ASKED TO ASSIST WITH UNICEF IN INTENSIFYING THE IMMUNISATION AND DIARRHOEAL PREVENTION PROGRAMMES.

4. DELIVERIES TO ZAMBIA ON THE NORTHERN CORRIDOR ROUTE HAVE INCREASED SLIGHTLY FROM 630 TO 710/TONS PER DAY AT THE BEGINNING OF OCTOBER. HOWEVER THIS IS STILL WELL BELOW THE CAPACITY EXPECTED. THE DIVISION OF RESPONSIBILITY BETWEEN TAZARA AND ZAMBIA RAILWAYS IS STILL LESS THAN PERFECT BUT VARIOUS MEASURES HAVE BEEN TAKEN TO IMPROVE THE SITUATION AND HOPEFULLY IT WILL CONTINUE TO GET BETTER. TWO ROAD HAULAGE OPERATIONS ARE UNDERWAY, ONE FROM DAR-ES-SALAAM AND ONE FROM BEIRA. THE LATTER SUFFERING ROAD TARIFF PROBLEMS IN MOZAMBIQUE AND

THIS IS BOUND TO AFFECT BOTH COST AND DELIVERY RATES.

5. THE SITUATION IS THEREFORE UNDER CONTROL ALTHOUGH WITH THE ONSET OF THE RAINS THE NEED FOR 4 X 4 TRANSPORT WILL INCREASE SO THAT PPM CAN MAINTAIN THE DISTRIBUTION RATE OF FOOD TO RURAL AREAS.

BYRNE

YYYY

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ECONOMIC ADVISERS
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CSAD/ODA
ECFAD/ODA
ESD/ODA
PS
PS/BARONESS CHALKER
PS/MR LENNOX-BOYD
PS/PUS
MR LANKESTER
MR APPLEYARD
MR ELLIOTT
MR AINSCOW
MR BONE
MR LEVER
MR GREENSTOCK
MISS SPENCER
MR GOODENOUGH
MR HUDSON
MR KERBY
MR WILMSHURST
MR FREEMAN
MR MUIR

ADDITIONAL 19

CABINET OFFICE
CAOFF//MISS NEVILLE-JONES
CAOFF//MR ELDON
PS/PM
DTI//MR BERG OT4/3A
HMT//MR HALLIGAN

ASSESSMENTS STAFF
MODUK//D SEC(O)(C)/5/8
MODUK//DI ROW

BANKE//MR MAYES
ECGD//MR LEEDS

NNNN

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T176/92

SUBJECT
MASTER

Filed on:

fwe SLH
cc FO

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

6 August 1992

Dear Mr. President,

Thank you for your letter of 14 July.

I was grateful for your kind words about our support to Zambia. We welcome the speed with which your government has moved to address Zambia's difficult economic situation, so badly exacerbated by the drought. That is why we have committed £40 million balance of payments support for 1992, in addition to a continuing programme of technical assistance amounting to some £15 million this year. We have also rescheduled payments totalling some £4.1 million due in 1992 on past UK aid loans. We remain ready, providing Zambia's economic reform programme remains in place, to consider cancelling all your outstanding aid debt to the United Kingdom in due course.

We have also given strong support to Zambia in the IMF, the World Bank and the Paris Club. I am particularly pleased that, on 23 July, the Paris Club agreed to give Zambia Trinidad terms. The United Kingdom's share of over $170 million of the $920 million debt affected by the Paris Club agreement meant that we were the largest creditor involved. As you know, we strongly supported Zambia's appeal for treatment beyond that given to earlier Trinidad terms' beneficiaries. The Paris Club agreed the unusual step of deferring arrears on some of Zambia's post cut-off date debt in recognition of your commitment to reform and the problems caused by the drought. The Club also agreed to consider reducing Zambia's entire stock of bilateral official debt after a satisfactory period of economic reform.

I was grateful for your update on the progress being made in implementing your economic reform programme. Lynda Chalker was glad of the opportunity to discuss this further with Ministers Kasonde and Mung'opmba on 24 July. Economic reform, linked to debt relief and aid, offers the only way for Zambia to lay the basis for sustained growth. I very much welcome your strong commitment to the reform programme. It provides the key to maintaining the confidence of the donor community in Zambia's prospects for the future.

Yours sincerely,

John Major

His Excellency President Frederick Chiluba

CCRB

Foreign &
Commonwealth
Office

London SW1A 2AH

31 July 1992

Dear Stephen,

Zambia : Letter from President Chiluba

Thank you for your letter of 21 July about one to the Prime Minister from the President of Zambia. I enclose a draft reply. - copy att

Yours ever,

Stephen Smith.

(J S Smith)
Private Secretary

Stephen Wall Esq
10 Downing Street

DRAFT LETTER FROM THE PRIME MINISTER TO:

His Excellency Frederick
President ~~J T~~ Chiluba
Republic of Zambia

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KW

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

21 July 1992

I attach a copy of a letter the Prime Minister has received from the President of Zambia.

I should be grateful if you could provide a draft reply for Prime Minister signature. It would be helpful if this could reach me by Tuesday 4 August.

J S WALL

J S Smith Esq
Foreign and Commonwealth Office

Fax cover sheet

British
High Commission
Lusaka

Independence Avenue
(P.O. Box 50050)
15 101 Ridgeway
Lusaka

Telephone: 228955
Telex: 41150 (a/b UKREP ZA 41150)
Facsimile: 253421

To JIM IVINS

At CSAD, FCO

Fax 0044 71 270 2554

From BHC, LUSAKA

Telephone

Fax

Date 20/7/92

Time 11-40.

Reference

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Comments Received today. Original will follow by bag tomorrow.

Irene Lannister

Signature PA/DHC

Stock No. CO480

State House
Lusaka, Republic of Zambia

14th July, 1992

The Rt. Hon. John Major
Prime Minister
U.K.

Dear Rt. Hon. John Major,

I thought I should write you personally to thank you most sincerely and to update you on some of the issues regarding our Economic Recovery policies.

You and your country have been pillars of economic support for Zambia for a long time. We thank you, for the support rendered.

As you may know, my Government upon assuming office on ist November, 1991 inherited a staggering debt of $7.2 billion almost $900 per citizen. This debt is equivalent to three times our national income. And there is little, in terms of development, to show for this debt. Over the last 27 years the country slid from a middle - income country to one of the least developed countries today. These commandist socialist economic policies eroded the economy and severely suppressed the private sector and individual business initiative.

In tackling the many economic problems that we are confronted with, debt being one of them, my Government has put in full gear new policies centred on a liberalised economy and private sector development.

Our target is steady re-building of our economy to what it was in 1964 and much better. We are laying a foundation for sustained development process. Our newly worn democracy, which is one of Africa's demonstrations of political maturity, will only be sustained with a fully fledged growing economy, that will demonstrate to our people that individual freedom under our democracy and free enterprise under private sector development are the cornerstones of a better material life.

/....

If our people do not see a better standard of living, they will think democracy is not a better alternative, to the one party dictatorial system which we struggled so much against.

My writing to Your Excellency is to make an appeal to give us this chance of sailing through our economic problems by offering us debt relief, that is, reduction of both debt service and debt stock. We need the debt relief to enable us start afresh. We need the debt relief to ensure that the measures we have taken are implemented to the full. We need debt relief to commit all our resources to development. It is unfortunate that a new democratic Government has to suffer from the wounds inflicted on it by an irresponsible dictatorial Government that reigned before it.

As we go before the Paris Club meeting taking place on 20th - 21st July, I appeal to you, to make us resustate our economy, through debt relief. We are confident we shall pull through the economic doldrums, with your initial support. It is also our sincere hope that in the coming years we shall be less of a burden on your country and your country's tax payers.

I know I have sounded this idea before to you personally and through my public discussions, but I still felt I should put the matter on paper for our continued correspondence.

I wish to let you know also that, difficult as the situation has been, my Government is sailing on with our economic policies. Subsidies on consumption have been removed completely, prices are determined by free market, the exchange rate floats freely and the Privatisation Act is now in place. No Zambian is starving as a result of drought, and our people are waiting with hope and renewed confidence in the economy and in the Government.

The coming years should see us share the joy of having been development partners in the re-shaping of this country. I shall remain open to your ideas and I shall always tap on your wisdom, today and in future.

There are many more issues, I am sure, I shall be sharing with you in future. For now, let me stop here.

Yours sincerely,

Frederick J.T. Chiluba
PRESIDENT OF THE REPUBLIC OF ZAMBIA

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T156/92
SUBJECT
MASTER
Filed on:

Already received cc RB
File
27/VII

State House
Lusaka, Republic of Zambia

14th July, 1992

The Rt. Hon. John Major
Prime Minister
U.K.

Dear Rt. Hon. John Major,

I thought I should write you personally to thank you most sincerely and to update you on some of the issues regarding our Economic Recovery policies.

You and your country have been pillars of economic support for Zambia for a long time. We thank you, for the support rendered.

As you may know, my Government upon assuming office on 1st November, 1991 inherited a staggering debt of $7.2 billion almost $900 per citizen. This debt is equivalent to three times our national income. And there is little, in terms of development, to show for this debt. Over the last 27 years the country slid from a middle - income country to one of the least developed countries today. These commandist socialist economic policies eroded the economy and severely suppressed the private sector and individual business initiative.

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/....

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As we go before the Paris Club meeting taking place on 20th - 21st July, I appeal to you, to make us resustate our economy, through debt relief. We are confident we shall pull through the economic doldrums, with your initial support. It is also our sincere hope that in the coming years we shall be less of a burden on your country and your country's tax payers.

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There are many more issues, I am sure, I shall be sharing with you in future. For now, let me stop here.

Yours sincerely,

Frederick J.T. Chiluba
PRESIDENT OF THE REPUBLIC OF ZAMBIA

UNCLASSIFIED
FM LUSAKA
TO IMMEDIATE ODA
TELNO MODEV 344
OF 291030Z MAY 92
AND TO IMMEDIATE BDDSA LILONGWE, FCO, UKMIS GENEVA
INFO ROUTINE HARARE, DAR ES SALAAM, PRETORIA

FOR CSAD

ZAMBIA DROUGHT

SUMMARY

1. UPDATED BRIEFING FOR DONORS ON ZAMBIA'S POSITION. PRINCIPAL PROBLEM CASH-FLOW.

DETAIL

2. ON 28 MAY GRZ MINISTERS AND AID AGENCY REPRESENTATIVES, IN PREPARATION FOR THE 1-2 JUNE CONFERENCE ON SOUTHERN AFRICAN DROUGHT IN GENEVA, BRIEFED BILATERAL DONORS ON LATEST POSITION IN ZAMBIA. MAIN PRESENTATION WAS BY MINISTER OF AGRICULTURE WHO WILL LEAD THE ZAMBIAN DELEGATION TO GENEVA. SCOTT'S FIGURES ON PRESENT AND FUTURE MAIZE SUPPLY REMAIN AS REPORTED IN MY TELNO MODEV 332. ON IMPORTED SUPPLIES HE SAID THE LAST CONSIGNMENT OF MAIZE TO BRIDGE THE PRE-DROUGHT GAP WAS AT DURBAN. THE FIRST CONSIGNMENT OF DROUGHT-RELATED MAIZE WOULD ARRIVE IN DURBAN ON 31 MAY AND MAIZE HAD STARTED TO ARRIVE THROUGH DAR ES SALAAM. WALVIS BAY WAS NOT YET ON STREAM BUT THE WFP WAS BEGINNING TO TRANSPORT AN EXPERIMENTAL LOAD OF 10,000 TONNES BY ROAD THROUGH THE BEIRA CORRIDOR IN VERY EARLY JUNE. DISTRIBUTION OF IMPORTS WITHIN ZAMBIA WAS THE NEXT TASK TO BE ADDRESSED.

3. THUS, OVERALL TRANSPORTATION OF RELIEF SUPPLIES WAS GOING ACCORDING TO PLAN. BUT SOME DIFFICULTIES REMAIN. SCOTT HAD TWO MAIN CONCERNS. FIRST, THE MAIN BOTSWANA ROUTE REMAINED A BOTTLE NECK. ONLY 1,200 OR 1,300 TONNES A DAY WAS PASSING THROUGH AND THIS MADE IT DIFFICULT TO MEET ZAMBIA'S LIKELY DAILY NEED OF 3,000 TONNES. THE SECOND WAS HIS CONCERN THAT DESPITE THE GOOD PERFORMANCE SO FAR SOUTH AFRICA'S PORTS AND RAIL SYSTEM MIGHT BE OVERWHELMED AS THE FLOW OF SUPPLIES FOR THE WHOLE REGION GOT FULLY UNDERWAY. GIVEN THESE PROBLEMS HE WAS VERY KEEN TO GET AHEAD OF THE GAME BY BUILDING UP A BUFFER STOCK NOW, PROBABLY IN BOPHUTHATSWANA.

4. THIS BROUGHT SCOTT AND HIS COLLEAGUES TO THE MAIN POINT OF THE MEETING. HE, THE DEPUTY MINISTER FOR DEVELOPMENT AND THE GOVERNOR OF THE BANK OF ZAMBIA EACH IN TURN NOTED HOW THE COST OF THESE SUPPLIES HAD AFFECTED ZAMBIA'S EXTERNAL FINANCING GAP AND HOW IT HAD EXACERBATED THE SECOND QUARTER PROBLEM OF FOREIGN EXCHANGE FLOWS. ALL THREE PLEADED FOR FURTHER DONOR PLEDGES AT THE GENEVA CONFERENCE AND THAT DONORS SHOULD IMPLEMENT AS MUCH AS POSSIBLE OF THEIR PLEDGES IN THIS QUARTER.

5. THE GOVERNOR SAID FOREIGN EXCHANGE FLOWS WERE AFFECTED NOT ONLY BY THE SLOW FULFILLMENT OF PLEDGES BUT BY REDUCED COPPER RECEIPTS. THESE HAD BEEN COMING IN AT THE WEEKLY RATES OF US DOLLARS 30M IN MARCH AND APRIL BUT FOR MARKETING REASONS WERE ONLY US DOLLARS 15M IN MAY AND WOULD BE THE SAME IN JUNE. BY CONTRAST HE HAD SPENT US DOLLARS 28M ON MAIZE CONTRACTS THIS WEEK AND HAD TO FIND ANOTHER US DOLLARS 16M NEXT WEEK. BUSSIERES EXPLAINED THAT MAIZE HAD TO BE PAID FOR UP FRONT AND THIS AFFECTED HIS ABILITY TO MEET ERP NEEDS. FOR INSTANCE THE GOL BACKLOG WAS BUILDING UP AGAIN AND HE HAD JUST FAILED TO KEEP THE DEADLINE FOR A PAYMENT SO SMALL AS US DOLLARS 5M TO THE IMF.

6. FINALLY, DONOR REPRESENTATIVES WERE ASKED TO SAY WHAT THEIR GOVERNMENTS WOULD BE PLEDGING AT GENEVA. MOST REFUSED OR WERE UNABLE TO SAY. BUT THE FOLLOWING WAS SAID, (IT WAS NOT ENTIRELY CLEAR HOW MUCH OF THIS WOULD REALLY BE NEW PLEDGING):

JAPAN - A US DOLLARS 110M PACKAGE FOR THE SADACC REGION (US DOLLARS 16M EMERGENCY FOOD AID, US DOLLARS 28M INCREASED FOOD PRODUCTION AID, US DOLLARS 37M NON-PROJECT AID AND US DOLLARS 29M ALREADY DISBURSED).

GERMANY - NEW FOOD AID: 80,000 TONNES OF GRAIN.

DENMARK - IN ADDITION TO WHAT WOULD BE ANNOUNCED IN GENEVA NGOS WOULD BE GIVING 8,000 TONNES OF WHEAT TO ZAMBIA AND ZIMBABWE.

IRELAND - I#100,000

ADDITIONALLY THE US AMBASSADOR ANNOUNCED, OUTSIDE THE GENEVA CONTEXT, THAT THE US RED CROSS WAS RAISING US DOLLARS 5M FOR A DROUGHT RELATED HEALTH AND WELFARE PROGRAMME IN ZAMBIA AND THAT AFRICARE HAD US DOLLARS 5M FOR A SIMILAR PROGRAMME FOR THE REGION.

COMMENT

7. THIS MEETING SHOWED THAT GRZ, TOGETHER WITH THE UN AGENCIES AND UNDER THE FIRM LEADERSHIP OF MINISTER SCOTT AS THE DROUGHT RELIEF COORDINATOR, CONTINUES TO HAVE A FIRM GRIP ON DROUGHT PROBLEMS. BUT THE FOREIGN EXCHANGE CASH FLOW SITUATION IS CREATING GRAVE DIFFICULTIES NOT JUST FOR DROUGHT RELIEF ITSELF BUT FOR TIMELY IMPLEMENTATION OF THE ERP.

8. UKMIS GENEVA PLEASE PASS TO PS/LADY CHALKER.

HINCHCLIFFE

YYYY

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ECFAD/ODA//DR RUNDLE
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PS/PUS
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MR FAIRWEATHER
MR AINSCOW
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MR KERBY
MR WILMHURST

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CAOFF//MR ELDON
ASSESSMENTS STAFF
MODUK//D SEC(O)(C)/5/8
MODUK//DI ROW

PS/PM
DTI//MR BERG OT4/3A
HMT//MR HALLIGAN
BANKE//MR MAYES
ECGD//MR LEEDS

NNNN

c/f/Chicaga

MC

cc FCO

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

16 April 1992

Dear Mrs Chicaga,

Thank you for your letter of 6 April letting me know that the Vice President of Zambia, Hon. L. Mwanawasa MP, will be visiting London during the third and fourth weeks of April.

As I am sure you will understand, this month is particularly busy for the Prime Minister. I am very sorry therefore that he will be unable to receive the Vice President. He has asked the Foreign Secretary to see Mr. Mwanawasa instead and the Foreign Office will be in touch with the High Commission to make arrangements.

Yours sincerely,

Stephen Wall

J. S. WALL

Mrs. M. G. B. Chicaga

MC

Foreign &
Commonwealth
Office

London SW1A 2AH

16 April 1992

Dear Stephen,

Visit of the Vice President of Zambia

Thank you for your letter of 8 April, enclosing a request from the Zambian High Commission for a call on the Prime Minister by the Hon L Mwanawasa MP, Vice President of Zambia.

The Foreign Secretary does not see strong foreign policy reasons for a call. President Chiluba called on the Prime Minister on 14 February, and the Foreign Secretary gave him lunch the previous day. The Prime Minister and President Chiluba later exchanged warm messages. We are providing a good deal of support of many kinds to the new MMD government in Zambia and have pledged programme aid to the tune of £32.5 million in this calendar year.

Vice President Mwanawasa was badly injured in a road traffic accident shortly after his appointment. (He has barely recovered.) His family and entourage claimed this was an assassination attempt. They demanded and were granted a public enquiry, but this quickly degenerated. The Government, greatly embarrassed, turned to the UK for help. We were able to provide officers from Scotland Yard who came to the conclusion that the accident was a simple case of drunken driving.

There is no need for the Prime Minister to see Mr Mwanawasa. The Foreign Secretary would be content to see him instead. I enclose a draft reply to the Acting Zambian High Commissioner.

Yours ever,

(S L Gass)
Private Secretary

J S Wall Esq CMG LVO
10 Downing Street

Draft letter from PS/NO 10

TO: Mrs M G B Chicaga
Acting High Commissioner for the Republic of Zambia
Zambia House
2 Palace Gate
LONDON W8 5NG

Thank you for your letter of 6 April ~~informing~~ telling me how that the Vice President of Zambia, Hon L Mwanawasa MP, will be visiting London during the third and fourth weeks of April.

As I am sure you will understand, this month is particularly busy for the Prime Minister. I ~~regret~~ therefore that he will be unable to receive the Vice President. He has asked the Foreign Secretary to see ~~Hon~~ Mr Mwanawasa instead and the Foreign Office will be in touch with the High Commission ~~about this~~ to make arrangements.

Imp

sbcace

a/f\Zambia

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

8 April 1992

VISIT OF THE VICE PRESIDENT OF ZAMBIA

I enclose a letter from the Acting High Commissioner of Zambia asking if the Prime Minister can see the Vice President who is due here later this month.

I think it unlikely that the Prime Minister will be able to take this on but I should be grateful for your advice.

(J. S. WALL)

Simon Gass, Esq.,
Foreign and Commonwealth Office.

OFFICE OF THE HIGH COMMISSIONER FOR THE REPUBLIC OF ZAMBIA

TEL: 071-589 6655
FAX: 071-581 1353
TELEX: 263544
TELEGRAPHIC ADDRESS
ZAMBIANS, LONDON, W.8.

ZAMBIA HOUSE,
2, PALACE GATE,
LONDON, W8 5NG.

ZHCL/GA/3/32

6 April, 1992

Appointments Secretary
Prime Ministers Office
10 Downing Street
LONDON SW1

Dear Sir,

The Vice President of Zambia, Hon L Mwanawasa MP, will be in London during the third and fourth week of April, and has expressed a wish to call upon the Prime Minister at a date and time convenient to him.

I appreciate you will be busy at this time but it would be valued if a provisional appointment could be offered.

Yours faithfully,

Chigaga.

M G B Chigaga (Mrs)
ACTING HIGH COMMISSIONER

Foreign &
Commonwealth
Office

London SW1A 2AH

18 March 1992

Dear Stephen,

Aid For Zambia

Following the Prime Minister's meeting in February with President Chiluba, he might like to know of plans for further help to the new government.

Release of the £10 million in balance of payments help, pledged last year and then frozen, was agreed during President Chiluba's visit and these funds were disbursed earlier in March. Mrs Chalker announced a further £2.5 million in programme aid to help counter the effects of the drought and this will be released within the next few days.

A donors' Consultative Group meeting is to be held, under World Bank chairmanship, in Paris on 23/24 March. The main purpose will be to discuss the revised economic reform programme, which has now been endorsed by the IMF and World Bank, and the amount of external financing required this year. Documents produced for the meeting indicate a financing gap of some US$1 billion and the additional cost of food imports as a result of the drought is likely to add US$200 million.

Mrs Chalker and the Foreign Secretary have agreed that our delegation at the meeting should support the new economic programme and express HMG's readiness to:

- consider cancellation of Zambia's outstanding aid debt to Britain once the revised programme is in place (service payments due in 1992 have already been rescheduled);

- support application of Trinidad Terms to the remainder of Zambia's bilateral official debt;

- provide further technical assistance for economic reform and drought management; and

- provide £20 million of additional balance of payments support in 1992 (bringing total disbursements this calendar year to £32.5 million), with the prospect of further help later in the year, subject to consideration of whether this would be most usefully provided in the form of programme aid or technical assistance.

These measures are in line with the assurances of continuing support which have been given in Ministerial contacts with the MMD Government, including the Prime Minister's own discussions with President Chiluba.

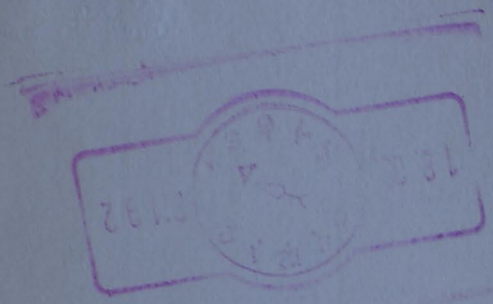
I am copying this letter to Jeremy Heywood at the Treasury.

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

J S Wall Esq
10 Downing Street



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 March 1992

ZAMBIA

I enclose a letter to the Prime Minister from President Chiluba dated 27 February.

Since the Prime Minister has just written to President Chiluba about the drought, I do not think a further early reply is needed. President Chiluba does, however, pick up on the Prime Minister's offer to talk to the Japanese about Zambia's arrears with them. We shall need to let President Chiluba know in due course what action has been taken.

J.S. WALL

Simon Gass, Esq.,
Foreign and Commonwealth Office.

155711
MDADAN 0554

ADVANCE COPY

RESTRICTED
FM LUSAKA
TO IMMEDIATE FCO
TELNO 119
OF 1010002 MARCH 92
AND TO IMMEDIATE BDDSA LILONGWE, ODA

FOR CSAD
ODA FOR CSAD
FCO TELNO 090 (NOT COPIED ELSEWHERE)

ZAMBIAN DROUGHT

1. I DELIVERED THE PRIME MINISTER'S MESSAGE TO PRESIDENT CHILUBA ON 10 MARCH. HE WAS MOST APPRECIATIVE AND SAID THAT HE HAD JUST WRITTEN (PRESUMABLY VIA THE ZAMBIA HIGH COMMISSION) TO THANK THE PRIME MINISTER FOR THE ENCOURAGEMENT THAT HE HAD GIVEN ZAMBIA DURING THE TALKS AT NUMBER 10. OUR LATEST TANGIBLE ASSISTANCE WOULD BE OF ENORMOUS HELP AND HE WAS VERY THANKFUL THAT THE BRITISH GOVERNMENT, OF ALL ZAMBIA'S FRIENDS, WAS DOING SO MUCH.

2. I REITERATED THE PRIME MINISTER'S PERSONAL INTEREST IN DEVELOPMENT IN ZAMBIA AND PARTICULARLY DROUGHT AND DEBT. I SAID THAT IT WAS VERY IMPORTANT THAT THE ZAMBIAN DELEGATION TOOK ADVANTAGE OF THEIR PRESENCE IN EUROPE FOR THE CONSULTATIVE GROUP MEETING IN PARIS TO HAVE AS MANY BILATERALS AS POSSIBLE WITH OTHER DONORS. I UNDERSTOOD THAT IT WAS THE FINANCE MINISTER'S INTENTION TO STOP OFF IN LONDON ON HIS WAY BACK AND I URGED PRESIDENT CHILUBA TO INSTRUCT KASONDE TO TAKE ADVANTAGE OF HIS VISIT TO ASK TO SEE SENIOR OFFICIALS IN BOTH THE TREASURY AND ODA. I KNEW OUR REPRESENTATIVE IN IMF/IBRD WAS TAKING A HELPFUL LINE AT BOARD MEETINGS AND IT WAS VERY MUCH IN ZAMBIA'S INTEREST TO KEEP WHITEHALL UP-TO-DATE WITH DEVELOPMENTS IN THIS COUNTRY. I WOULD OF COURSE BE REPORTING AS FULLY INSTRUCTED BY THE PRIME MINISTER BUT THERE WAS NO SUBSTITUTE FOR FIRST HAND ACCOUNTS FROM SENIOR ZAMBIAN MINISTERS.

3. FCO PLEASE ADVANCE TO PS/NO 10.

HINCHCLIFFE

155711
MDADAN 0554

YYYY

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PS
PS/MRS CHALKER
MR HEMANS

CSAD//HD
CSAD//MR ROBBINS
NEWS//HD
PS/NO 10.

NNNN

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 68/92

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150014
MDHOAN 0972

SUBJECT
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FILED ON:
Zambia: Adt Relations Pt 2

RESTRICTED
FM FCO
TO DESKBY 090700Z LUSAKA
TELNO 90
OF 061828Z MARCH 92

FROM CSAD FCO

ZAMBIA'S DROUGHT

1. PLEASE PASS THE FOLLOWING MESSAGE TO PRESIDENT CHILUBA FROM THE PRIME MINISTER.
BEGINS. I WAS VERY GLAD TO MEET YOU ON 14 FEBRUARY. I HOPE THAT YOU HAD A GOOD VISIT TO WARWICK UNIVERSITY.
THANK YOU FOR ARRANGING FOR ME TO HAVE DETAILS OF ZAMBIA'S DEBTS TO BRITAIN. I SYMPATHISE WITH YOUR COUNTRY'S POSITION. ONCE YOU HAVE AGREED AN ECONOMIC REFORM PROGRAMME WITH THE IMF/IBRD WE WILL BE LOOKING TO OFFER FURTHER HELP WHICH MIGHT INCLUDE WRITING OFF ZAMBIA'S DEBT TO THE OVERSEAS DEVELOPMENT ADMINISTRATION AND URGING THE PARIS CLUB TO APPLY TRINIDAD TERMS TO ZAMBIA'S OFFICIAL BILATERAL DEBT.
AS YOU KNOW, I WAS PARTICULARLY CONCERNED TO HEAR ABOUT THE EFFECTS OF THE DROUGHT IN SOUTHERN AFRICA AND ITS IMPLICATIONS FOR THE SUCCESS OF THE REFORM PROGRAMME WHICH YOU HAVE EMBARKED ON.
WE HAVE LOOKED URGENTLY AT HOW WE MIGHT HELP YOU AT THIS CRITICAL TIME AND IT SEEMS TO US THAT THE BEST MEANS OF DOING SO WOULD BE TO PROVIDE FUNDS TO ENABLE YOU TO PURCHASE ADDITIONAL SUPPLIES ON THE COMMERCIAL MARKET.
RELEASE LAST WEEK OF THE PDS STG 10 MILLION IN BALANCE OF PAYMENTS ASSISTANCE ALREADY PLEDGED WILL I HOPE HAVE BEEN OF HELP TO YOU.
AT THIS TIME OF OUR FINANCIAL YEAR, IT IS VERY DIFFICULT TO IDENTIFY UNCOMMITTED AID FUNDS FOR IMMEDIATE EXPENDITURE, BUT I AM GLAD TO SAY THAT WE CAN PROVIDE A FURTHER PDS STG 2.5 MILLION FOR RELEASE ON THE SAME BASIS AS THE PDS STG 10 MILLION ALREADY AGREED AND ON THE UNDERSTANDING THAT AN EQUIVALENT SUM WILL BE USED FOR THE PURCHASE OF GRAIN OR OTHER ESSENTIAL FOOD IMPORTS.
IF WE CAN ALSO HELP IN ANY WAY WITH PROVISION OF SHORT-TERM EXPERTISE UNDER THE TECHNICAL COOPERATION PROGRAMME, WE SHOULD BE GLAD TO CONSIDER THIS.
WE SHALL MEANWHILE BE IN TOUCH WITH OUR EUROPEAN PARTNERS TO URGE AN EARLY COMMUNITY RESPONSE TO THE SITUATION.
I HAVE ASKED PETER HINCHCLIFFE TO KEEP ME INFORMED ON YOUR

REFORM PROGRAMME. I KNOW THE DROUGHT HAS MADE THE PROSPECTS LESS GOOD: I WISH YOU LUCK. PLEASE LET ME KNOW IF THERE IS MORE WE CAN DO. ENDS.
3. SIGNED ORIGINAL FOLLOWS BY BAG.

HURD

YYYY

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SOUTHERN AFRICA
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MR HEYWOOD, HMT

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cc FCO
ODA
HMTT

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

9 March 1992

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. .....

Dear President Chiluba,

I was very glad to meet you on 14 February. I hope that you had a good visit to Warwick University.

Thank you for arranging for me to have details of Zambia's debts to Britain. I sympathise with your country's position. Once you have agreed an economic reform programme with the IMF/IBRD we will be looking to offer further help which might include writing off Zambia's debt to the Overseas Development Administration and urging the Paris Club to apply Trinidad Terms to Zambia's official bilateral debt.

As you know, I was particularly concerned to hear about the effects of the drought in Southern Africa and its implications for the success of the reform programme which you have embarked on.

We have looked urgently at how we might help you at this critical time and it seems to us that the best means of doing so would be to provide funds to enable you to purchase additional supplies on the commercial market.

Release last week of the £10 million in balance of payments assistance already pledged will I hope have been of help to you. At this time of our financial year, it is very difficult to identify uncommitted aid funds for immediate expenditure, but I am glad to say that we can provide a further £2.5 million for

DAS/MRM

release on the same basis as the £10 million already agreed and on the understanding that an equivalent sum will be used for the purchase of grain or other essential food imports.

If we can also help in any way with provision of short-term expertise under the technical co-operation programme, we should be glad to consider this.

We shall meanwhile be in touch with our European partners to urge an early Community response to the situation.

I have asked Peter Hinchcliffe to keep me informed on your reform programme. I know the drought has made the prospects less good: I wish you luck. Please let me know if there is more we can do.

Yours sincerely,

John Major

His Excellency President Frederick Chiluba

File

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

5 March 1992

Dear Simon,

ZAMBIA: DROUGHT

Thank you for your letter of 4 March. I gave you the Prime Minister's agreement to the announcement of further aid for Zimbabwe and Zambia by telephone yesterday.

The Prime Minister is content with the draft letter to President Chiluba subject to the deletion of the word "deeply" in the third line. The message can therefore issue by telegram. The signed original will follow.

I am copying this letter to Suma Chakrabarti (Overseas Development Administration) and Jeremy Heywood (HM Treasury).

Yours,
Stephen

J.S. Wall

Simon Gass Esq
Foreign and Commonwealth Office

AA

Foreign &
Commonwealth
Office

London SW1A 2AH

5 March 1992

[redacted]

ZAMBIA : MESSAGE FROM KENNETH KAUNDA TO THE PRIME MINISTER

I enclose a letter dated 20 February from Dr Kaunda replying to the Prime Minister's message of 2 November (also enclosed) following Dr Kaunda's defeat in the Zambian elections. It does not require a reply.

Dr Kaunda has announced that he will resign from the leadership of the United National Independence Party at the next Party Congress, due in April.

(S L Gass)
Private Secretary

J S Wall Esq
10 Downing Street

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ACT 2000

Foreign & Commonwealth Office

London SW1A 2AH

4 March 1992

Prime Minister ①

Ja agreed that Ms Chalker could announce this at Harare. Agree message to Chiluba?

Stephen 4/3

Dear Stephen,

Zambia: Drought

Thank you for your letter of 20 February, copy attached, in which you recorded that the Prime Minister wanted detailed recommendations on how we might respond to the drought in Zambia.

After a meeting of donors in Brussels last week, the situation in Southern Africa as a whole is somewhat clearer. Following a late start to the rainy season and low rainfall in many areas up to the end of last year, there was practically no rain in the affected areas of the region in January and February. As a result, the FAO estimate that aggregate crop yields will be some 25% below average and that cereal import requirements will exceed 6 million tonnes, as against less than 2 million normally.

According to the FAO, South Africa (along with Zimbabwe, normally a regional food exporter) is worst affected, with an import requirement over the coming year of some 3 million tonnes. Zimbabwe and Mozambique are meanwhile likely to require a million tonnes each, Zambia 500,000 tonnes, Angola 270,000 tonnes each. Malawi may be able to meet its domestic needs, but will certainly need further help in the second half of the year in meeting the needs of Mozambican refugees.

Not all of the additional import requirement will have to be met from food aid: most countries of the region have traditionally met at least part of their needs through commercial imports. However, the balance of payments effects of increased imports (and reduced exports in some cases) will be severe and will, in particular, threaten the financing of the economic reform programmes in Zimbabwe and Zambia.

Against this background, Mrs Chalker and the Foreign Secretary believe that we should respond, from within existing aid resources, with a package of measures comprising:

- Additional balance of payments support of £2.5 million for Zambia (on the same lines as the £10 million released last week but subject to assurances that an equivalent sum would be used for the import of grain or other essential foodstuffs). This aid would be available for disbursement within this financial year. For next year we expect to pledge a substantial sum in balance of payments support.

- A similar sum for Zimbabwe (in food supply terms worse hit by the drought even than Zambia). Arrangements for disbursement would not be complete before the end of March and so the money would be available as soon as possible in financial year 1992/93. This sum would be additional to the £15 million of balance of payments support which we already had in mind for disbursement next year. However, while that support would be dependent, in part at least, on the outcome of the debate on land acquisition, the additional £2.5 million is prompted solely by the need to respond to the financial consequences of the growing food crisis and, as in the case of Zambia, will be subject to assurances that an equivalent sum would be used for food imports.

- 10,000 tonnes of food aid for Mozambique and 5,000 tonnes for Mozambican refugees in Malawi (together valued at £3.9 million and already agreed by Mrs Chalker in the context of the 1992/93 bilateral food aid programme, but not yet announed).

- The offer of help with the logistical and distribution management problems which are likely to arise.

No other donor has yet announced a response to the drought in Southern Africa. We thus have the opportunity to take a clear lead in the donor community. A written PQ and press release are being arranged. Mrs Chalker is writing to Commissioner Marin to urge a prompt and sympathetic response from the Community.

I meanwhile enclose a draft letter which the Prime Minister might care to send to President Chiluba.

Yours ever,

(S L Gass)
Private Secretary

J S Wall Esq
10 Downing Street

DRAFT LETTER FROM PRIME MINISTER

TO: President F C Chiluba
State House
LUSAKA
Zambia

I was very glad to meet you on 14 February. I hope that you had a good visit to Warwick University.

Thank you for arranging for me to have details of Zambia's debts to Britain. I sympathise ~~deeply~~ with your country's position. Once you have agreed an economic reform programme with the IMF/IBRD we will be looking to offer further help which might include writing off Zambia's debt to the Overseas Development Administration and urging the Paris Club to apply Trinidad Terms to Zambia's official bilateral debt.

As you know, I was particularly concerned to hear about the effects of the drought in Southern Africa and its implications for the success of the reform programme which you have embarked on.

We have looked urgently at how we might help you at this critical time and it seems to us that the best means of doing so would be to provide funds to enable you to purchase additional supplies on the commercial market.

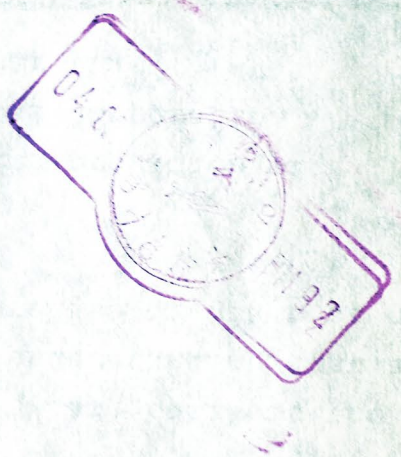
Release last week of the £10 million in balance of payments assistance already pledged will I hope have been of help to you. At this time of our financial year, it is very difficult to identify uncommitted aid funds for immediate expenditure, but I am glad to say that we can provide a

further £2.5 million for release on the same basis as the £10 million already agreed and on the understanding that an equivalent sum will be used for the purchase of grain or other essential food imports.

If we can also help in any way with provision of short-term expertise under the technical cooperation programme, we should be glad to consider this.

We shall meanwhile be in touch with our European partners to urge an early Community response to the situation.

I have asked Peter Hinchcliffe to keep me informed on your reform programme. I know the drought has made the prospects less good: I wish you luck. Please let me know if there is more we can do.



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T58i/92

R1243

STATE HOUSE
LUSAKA
THE REPUBLIC OF ZAMBIA

27th February, 1992

Dear Mr. Prime Minister,

I want to thank you most sincerely for receiving me at No. 10 Downing Street on 14th February, 1992 despite your very heavy schedule.

Our signing of the £10 million aid grant will greatly assist in our restructuring programme. I was very impressed by the sympathetic and understanding manner in which you listened to the numerous problems I raised.

The question of drought is very serious. Unfortunately it is not something we anticipated and as a result, it has become an additional burden on an economy which is already in distress.

It will certainly be very helpful if you would kindly talk to the Japanese about our arrears which would free about $78 million.

Debt relief and development assistance are of very paramount importance and the leading role of your government during the Consultative Group Meeting in Paris on 23rd and 24th March will greatly assist.

We shall work closely with your High Commissioner to Zambia Peter Hinchcliffe to follow-up various issues which I discussed with you and the Foreign Secretary Rt. Hon. Douglas Hurd.

I wish you God's Blessings.

Yours sincerely,

SUBJECT
MASTER
OPS
FILED ON:

Frederick J.T. Chiluba
PRESIDENT OF THE REPUBLIC OF ZAMBIA

The Rt. Hon. John Major, MP
Prime Minister of Great Britain
and Northern Ireland
10 Downing Street
LONDON

TELEGRAMS: UNIP

TELEPHONES:
GENERAL INQUIRIES 227689
PRESIDENT 224928
SECRETARY-GENERAL 225549
ADMINISTRATIVE SEC. 222146

UNITED NATIONAL INDEPENDENCE PARTY

Office of the President of UNIP

FREEDOM HOUSE
P.O. BOX 30302
10101 LUSAKA
REPUBLIC OF ZAMBIA

In reply please quote:

No. .....

20th February, 1992.

The Rt. Hon. John Major,
Prime Minister of Great Britain,
10 Downing Street,
LONDON.

My dear John,

Rather belatedly but certainly with a very thankful heart, I refer to your very kind message of 2nd November, 1991 and for which please accept my very sincere thanks. Delay in replying to it is due to circumstances very much beyond my control.

John, I find your message very touching indeed as I have just indicated above. But it must be said that the impact the message had and still has on me is certainly due to its source. What do I mean? You command a lot of my love and respect due to the fact that I know very few leaders with a difficult and humble beginning such as yours and mine who have had the courage to use that background to build a better society for their fellowmen. I did refer to this in my welcoming remarks in Harare. Indeed, only two weeks ago I was listening to the BBC and once again I heard you refer to this.

In your very kind message you refer to my humble contribution with regards to the various difficult negotiations we have had in countries surrounding Zambia. I thought I should, therefore, inform you that, God willing, I will be visiting South Africa for the first time towards the end of this month. I have been invited and indeed honoured to deliver a key note address at a conference which is discussing multi-party democracy. It is planned that I meet the political leadership as well as those in commerce and indeed the Church.

I look forward to learning a great deal more about how our colleagues are moving towards a solution of that very intractable problem.

Please remember me to your family.

Yours sincerely,

Kenneth.

Kenneth D. Kaunda
PRESIDENT OF UNIP

OUT TELEGRAM

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9
10 MESSAGE FROM THE PRIME MINISTER TO DR KAUNDA
11
12 1. The following is the text of a message from the Prime
13 Minister to Dr Kaunda. Grateful if you would deliver it as soon
14 as possible. MIFT contains text of a message to Mr Chiluba.
15 BEGINS
16 Your many friends in Britain have watched with admiration the
17 statesmanship you have shown in handling Zambia's elections.
18 Although the result must be a bitter disappointment to you, it
19 is also a tribute to your leadership and your ability to manage
20 the transition to multi-party democracy.
21 I would like to express my admiration for all you have done
22 over the years to promote peace and greater understanding within
23 Southern Africa. In all the crucial negotiations: Zimbabwe,
24 Mozambique, Angola, Namibia and South Africa itself, you have
25 played a crucial role in seeking a way through to a peaceful
26 outcome. Your long years of association with Britain will
27 ensure that the British people will always regard you with warm
28 affection. I am sure you will take justified pride in all you
29 have achieved as father of the Zambian nation. I hope that we

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can continue to count on your wisdom.
With best wishes,
ENDS

HURD

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MR FAIRWEATHER

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File

MJ

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

20 February 1992

Dear Simon,

ZAMBIAN DROUGHT

The Prime Minister has seen Lusaka tel no. 82 about the gravity of the drought in Zambia.

As you know, the Prime Minister told President Chiluba last week that we would help cope with the drought. The Prime Minister looks forward to receiving detailed recommendations.

I am copying this letter to Suma Chakrabarti (Overseas Development Administration) and Jeremy Heywood (HM Treasury).

Yours,
Stephen

J.S. Wall

Simon Gass Esq
Foreign and Commonwealth Office

AA

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FROM CHRISTOPHER

ZAMBIAN DROUGHT

SUMMARY

1. SOUTHERN PROVINCE MAIZE CROP ALMOST COMPLETELY DESTROYED. ANTICIPATED IMPORT REQUIREMENT 620,000 TONNES AT COST OF AROUND US DOLLARS 170 MILLION.

DETAIL

2. I SAW GUY SCOTT (MINISTER OF AGRICULTURE) OVER THE WEEKEND. HE HAD JUST RETURNED FROM INSPECTING THE MAIZE IN SOUTHERN PROVINCE. HE WAS IN SOMBRE MOOD.

3. ONE MONTH AGO HE HAD BEEN CONFIDENTLY PREDICTING THAT HIS PRODUCER ORIENTED PRICING POLICY (THE DOLLAR IMPORT PARITY PRICE) WOULD PRODUCE A SURPLUS, THE FIRST FOR SOME YEARS. THE PROSPECT OF ZAMBIA EXPORTING MAIZE TO ZIMBABWE, FROM WHOM THEY HAD ALWAYS IMPORTED UNDER KAUNDA, WAS AN ATTRACTIVE ONE FOR THE MMD AFTER JUST THREE MONTHS IN OFFICE. AND THIS DESPITE THE FACT THAT THEY HAD DISCOVERED, ON TAKING OFFICE TWO WEEKS BEFORE PLANTING BEGAN THAT THE FORMER REGIME HAD ORDERED NO FERTILISER FOR THIS YEAR'S CROP THROUGH LACK OF FUNDS. IN RECORD TIME THEY HAD MANAGED TO PROCURE FERTILISER FROM SOUTH AFRICA AND DISTRIBUTE IT THROUGHOUT THE COUNTRY (DESPITE THE DE-RAILMENT OF 13 TRAINS ON THE LIVINGSTONE/NDOLA LINE DUE TO LACK OF RAILWAY LINE MAINTENANCE).

4. INSTEAD, FOR LACK OF A SINGLE RAIN FALL IN THE PAST THREE WEEKS, THEY WERE FACED WITH DISASTER. THE CROP THROUGHOUT SOUTHERN PROVINCE WAS VIRTUALLY A WRITE-OFF AND OTHER AREAS WERE BADLY AFFECTED (PROVINCIAL BREAKDOWN OF CURRENT MAIZE FORECASTS BY BAG TO ODA AND BDDSA). SCOTT (WHO HAS BEEN APPOINTED DROUGHT CO-ORDINATOR BY

124[illegible]
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CHILUBA) PREDICTED A MARKETABLE CROP OF BETWEEN 2-4 MILLION BAGS (6 MILLION LAST YEAR), AN IMPORT REQUIREMENT OF 620,000 TONNES. WITH REQUIREMENTS OF TWICE THIS ANTICIPATED FROM SOUTH AFRICA AND ZIMBABWE, THE MARKET IN MAIZE FUTURES WAS ALREADY RISING. HE ESTIMATED THE COST TO ZAMBIA AT US DOLLARS 170 MILLION. THERE WAS NO WAY THAT ZAMBIA COULD MEET THIS FROM ITS OWN RESOURCES WITH ANY HOPE OF MAINTAINING THE STRUCTURAL ADJUSTMENT PROGRAMME. THE HARDSHIP INVOLVED WOULD BE UNBEARABLE.

5. HE REVEALED THAT THE GOVERNMENT'S HOPE, IN THE EVENT OF A REASONABLE HARVEST WITH A MODEST EXPORT SURPLUS, HAD BEEN TO END ALL SUBSIDIES BY JUNE AND THEN TO FLOAT THE KWACHA. INSTEAD HE WOULD BE REDUCED TO THE QUOTE RAILWAY MANAGEMENT UNQUOTE OF IMPORTED EMERGENCY FOOD AID. HE WOULD HAVE NO ALTERNATIVE BUT TO FREE THE PRICE OF LOCALLY PRODUCED WHITE MAIZE (WHICH WOULD BECOME A LUXURY ITEM) AND SEEK MASSIVE DONOR ASSISTANCE.

COMMENT.

6. THE LACK OF RAIN OVER THE PAST THREE WEEKS HAS TAKEN ON THE DIMENSIONS OF TRAGEDY FOR THE MMD GOVERNMENT. EVEN NOW RAIN WOULD SAVE SOME CROPS, ALTHOUGH PROBABLY NOT SOUTHERN PROVINCE. THEY HAVE BEEN KNOCKED OFF BALANCE AT JUST THE MOMENT WHEN THEY COULD LEAST AFFORD IT, AND WHEN, GIVEN THE STEPS THEY HAVE ALREADY TAKEN, THEY RECKONED THEY DESERVED A LITTLE LUCK. FOOD PRICES WILL AGAIN INCREASE, SEVERELY STRAINING THE ENDURANCE OF THE POPULATION WHICH HAS SO FAR SUFFERED IN SILENCE THE DOUBLING OF PRICES PRODUCED BY THE PARTIAL REMOVAL OF SUBSIDIES. IT IS SMALL CONSOLATION TO KNOW THAT, BUT FOR THE HIGH LEVEL OF PLANTING RESULTING FROM THE PRICE INCENTIVES, THE SITUATION WOULD BE FAR WORSE.

7. PLEASE PASS TO NO. 10.

HINCHCLIFFE

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ADDITIONAL 5

PS NO 10.
ASSESSMENTS STAFF

NNNN

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

14 February 1992

UNITED KINGDOM/ZAMBIA PROGRAMME AID GRANT 1992

I have the honour to inform you, with reference to the recent discussions between our Governments concerning development assistance, that it is the intention of the Government of the United Kingdom of Great Britain and Northern Ireland to make available to the Government of the Republic of Zambia by way of a Grant a sum not exceeding £10,000,000 (ten million pounds sterling) (hereinafter referred to as "the Grant"). The Grant will be for the purchase of certain goods and services as may be agreed between our two governments and to meet certain charges and commissions for work involved in administering the Grant payable to the Crown Agents for Oversea Governments and Administrations (hereinafter referred to as the "Crown Agents").

2. Save to the extent to which my Government notify your Government otherwise in writing, the Grant will be disbursed by the Crown Agents into a United Kingdom bank account to be agreed with the Bank of Zambia (BoZ). Payment(s) will be subject to my Government being satisfied that negotiations towards a new International Monetary Fund (hereinafter referred to as the "IMF") monitored structural adjustment programme are continuing to make satisfactory progress and that adequate monitoring and tracking arrangements are in place to ensure proper accountability for the Grant funds.

3. Disbursement will also be subject to receipt from the BoZ, not less than 10 days before the requested drawing date, of documentation to the satisfaction of my Government to include drawing requests signed by a senior BoZ authorised official (to be agreed between BoZ and my Government) with supporting documentation (also to be agreed between BoZ and my Government). This documentation should demonstrate evidence of value-for-money and appropriate procurement practices, to the satisfaction of my Government, in respect of the goods to be financed from the Grant.

4. Before payment(s) can be made, your Government will advise my Government of the authorised signatories at the Bank of Zambia for drawings from the Grant in accordance with the arrangements set out in paragraphs 2 and 3 above.

5. The goods purchased from this Grant will be sold to end users in line with normal commercial prices and practice at the exchange rate prevailing at the time of the sale. The Kwacha proceeds from the sale (the Counterpart Funds) will be paid to Central Government revenue within four weeks of delivery of the goods to Zambia. In the event of my Government agreeing to retrospective financing from the Grant (ie reimbursement of costs incurred in respect of goods supplied and paid for before the date of signature of this Note), our two Governments will agree in writing prior to release of Grant funds on detailed arrangements for Counterpart Funds.

6. The goods purchased from this Grant will be sold to end users in line with normal commercial prices and practice at the exchange rate prevailing at the time of the sale. The Kwacha proceeds from the sale (the Counterpart Funds) will be paid to Central Government revenue within four weeks of delivery of the goods to Zambia, or as otherwise agreed in writing between our two Governments.

7. Within 12 months of the final drawing from the Grant, your Government will provide my Government with proof of discharge of all Grant funds through timely receipt of annual audited statements, clearly identifying the Grant funds and certified that expenditure was incurred and counterpart funds paid in accordance with the terms and conditions of the Grant. If appropriate and/or if required, copies of the final invoices against which payments have been made will also be provided.

8. The Grant will not be used to meet the cost of any taxes, fees, import or customs duties imposed directly or indirectly by your Government on goods and services provided, or for equipment and supplies for the purposes of defence production, luxury goods and alcoholic beverages, tobacco, drugs which are not on the WHO Essential Drug List, hazardous chemicals (for example pesticides), and substances controlled under the Montreal Protocol (CfCs).

9. Goods to be financed from the Grant will be shipped and insured in accordance with normal commercial competitive practice and not directed to ships or companies of any particular flag or country.

10. Unless my Government otherwise accept, the period for the disbursement of this Grant expires on 31 March 1992.

11. Your Government hereby appoint the Crown Agents as your Agents in the United Kingdom to manage the financial arrangements set out in this Note. Crown Agents are therefore requested by your Government to open a Special Account. The Special Account will be styled the United Kingdom/Zambia Programme Aid Grant 1992 Account (hereinafter referred to as "the Account").

12. In consideration of the Crown Agents accepting appointment as your Agents, your Government will indemnify and keep indemnified the Crown Agents against third party claims and liabilities incurred in the proper performance of their duties under the above mentioned aid arrangement.

13. Your Government will permit my Government's authorised personnel to examine on arrival any goods purchased from the Grant or the documents relating to any such goods and services, and afterwards will furnish such personnel with any information relating to the use of the goods and services that they may reasonably require.

14. My Government reserve the right to review procurement procedures and practices to ensure that value for money is being obtained. Your Government will ensure that bodies or personnel used for the purposes of procuring goods or services paid for under this arrangement extend to my Government's personnel sufficient access to permit a proper examination and assessment of their efficiency, including examination and assessment of written procurement procedures, evaluation of bids, contract award, tender board decisions, and of other relevant documents, as well as of their day-to-day working practices.

15. My Government have the right to make percentage checks on the cost of goods and services supplied, and the physical condition and origin of items supplied. The cost of such checks will be met from the Grant.

16. Your Government agrees to permit my Government's authorised personnel to examine documents and records relating to the transactions and to provide such information as may be necessary in order to facilitate my Government's consideration of the documents submitted under paragraph 3 of this document.

17. Your Government will provide such finance additional to the Grant as may be required to complete the approved purchases, to enable the goods purchased to be put to their intended use, and to enable the services purchased to be performed as intended; and will ensure the provision of such finance during the same period as the Grant.

18. Unless otherwise accepted by our two Governments, your Government will ensure that all goods and all services of a continuing nature, payment for which has been financed from the Grant, will be employed for the purposes for which, and by the user or users for whom, they were supplied for as long as their being so employed remains feasible. In the event of such goods or services not being or ceasing to be so employed, my Government will have the right to recover forthwith from your Government the value of the goods and services concerned.

19. If any changes occur which in the opinion of my Government impair significantly the developmental value of the Grant, our two Governments will normally consult on measures to resolve the problem and possible courses of action. In the event of such

changes my Government reserve the right to modify or terminate the Grant.

20. In the event of translation the English Language text of this document will prevail.

21. If the arrangements set out above are acceptable to the Government of the Republic of Zambia I have the honour to suggest that this Note, and your reply to that effect, will place on record the understanding of the Government of the Republic of Zambia and the Government of the United Kingdom in this matter which will come into operation on the date of your reply and will be referred to as the "United Kingdom/Zambia Programme Aid Grant 1992".

22. I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

The Hon Frederick J T Chiluba

OFFICE OF THE MINISTER
MINISTRY OF FINANCE
P.O. BOX 50062
LUSAKA

12th February, 1992

Rt. Honourable John Major MP
Prime Minister of the United Kingdom
of Great Britain and Northern Ireland
UNITED KINGDOM

Dear Prime Minister,

I have the honour to acknowledge receipt of Your Note of today referring to discussions between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and representatives of the Government of the Republic of Zambia, and setting out arrangements for the rescheduling of payments due in relation to certain United Kingdom/Zambia loans and debt rescheduling arrangements.

I have the honour to confirm that the contents of Your Note, together with its Annexes, are acceptable to the Government of the Republic of Zambia and that your Note together with its Annexes and this reply place on record the understanding of our two Governments in this matter which will be known as the "United Kingdom/Zambia Debt Rescheduling Arrangement 1992" and which will come into operation today.

I have the honour to convey to Your Honour the assurances of my highest consideration.

Yours sincerely,

E.G. KASONDE MP
MINISTER OF FINANCE

/mmm

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

14 February 1992

UNITED KINGDOM/ZAMBIA DEBT RESCHEDULING ARRANGEMENT 1992

I have the honour to refer to recent discussions between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Zambia concerning the rescheduling of payments due under the following loans (hereinafter referred to as the "Aid Loans", to include such amendments as have been made from time to time to the loan arrangements) and debt rescheduling arrangements:-

i) 25 June 1973 United Kingdom/Zambia Development Loan 1973

ii) 11 May 1978 United Kingdom/Zambia Loan 1978

iii) 8 August 1978 United Kingdom/Zambia Loan 1978 (No 2)

iv) 24 January 1980 United Kingdom/Zambia Loan 1980

v) 8 July 1983 United Kingdom/Zambia Programme Aid Loan 1983

vi) 16 July 1984 United Kingdom/Zambia Programme Aid Loan 1984

vii) 31 July 1985 United Kingdom/Zambia Debt Rescheduling Arrangement 1983/84

viii) 25 June 1986 United Kingdom/Zambia Debt Rescheduling Arrangement 1986

2. My Government proposes that the repayment schedule of the Aid Loans and debt rescheduling arrangements in respect of those payments of principal and interest due from 1 January to 31 December 1992 (inclusive) as specified in Annex A to this Note, will be revised as follows:

> The total principal and interest will be repaid by the Government of Zambia in pounds sterling in London to the Government of the United Kingdom in twenty-two equal and consecutive semi-annual payments, the first payment to be made on 1 January 2007 (end of the grace period) and the final payment to be made on 1 July 2017 (end of repayment period).

The Government of Zambia will not be required to pay interest to the Government of the United Kingdom on the deferred amounts or on the deferred balances.

3. The sums to be paid in accordance with paragraph 2 above are specified in Annex B to this Note. In all other respects the terms and conditions of the Aid Loans and debt rescheduling arrangements will continue to apply. In particular, interest payments due under the terms of the Aid Loans and debt rescheduling arrangements will be calculated as if repayments of principal falling due up to and including 31 December 1992 had been paid in full.

4. If the foregoing proposals are acceptable to the Government of Zambia, I have the honour to propose that this Note together with its Annexes and your reply to that effect will place on record the understanding of our two Governments in this matter which will come into operation on the date of your reply and will be referred to as the "United Kingdom/Zambia Debt Rescheduling Arrangement 1992".

5. I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

The Rt Hon Emmanuel G Kasonde

ZAMBIA DEBT RESCHEDULING 1992

DEFERRED INTEREST £697,337.01 DEFERRED PRINCIPAL £3,393,849.90 TOTAL DEFERRED £4,091,186.91

DUE DATE	DEFERRED INTEREST	DEFERRED PRINCIPAL	TOTAL DEFERRED	TOTAL DEFERRED OUTSTANDING
				4,091,186.91
1-1-2007	31,697.13	154,265.90	185,963.03	3,905,223.88
1-7-2007	31,697.13	154,265.90	185,963.03	3,719,260.85
1-1-2008	31,697.13	154,265.90	185,963.03	3,533,297.82
1-7-2008	31,697.13	154,265.90	185,963.03	3,347,334.79
1-1-2009	31,697.13	154,265.90	185,963.03	3,161,371.76
1-7-2009	31,697.13	154,265.90	185,963.03	2,975,408.73
1-1-2010	31,697.13	154,265.90	185,963.03	2,789,445.70
1-7-2010	31,697.13	154,265.90	185,963.03	2,603,482.67
1-1-2011	31,697.13	154,265.90	185,963.03	2,417,519.64
1-7-2011	31,697.13	154,265.90	185,963.03	2,231,556.61
1-1-2012	31,697,13	154,265,90	185,963.03	2,045,593.58
1-7-2012	31,697.13	154,265.90	185,963.03	1,859,630.55
1-1-2013	31,697.13	154,265.90	185,963.03	1,673,667.52
1-7-2013	31,697.13	154,265.90	185,963.03	1,487,704.49
1-1-2014	31,697.13	154,265.90	185,963.03	1,301,741.46
1-7-2014	31,697.13	154,265.90	185,963.03	1,115,778.43
1-1-2015	31,697.13	154,265.90	185,963.03	929,815.40

DUE DATE	DEFFERRED INTEREST	DEFERRED PRINCIPAL	TOTAL DEFERRED	TOTAL DEFERRED OUTSPAN
1-7-2015	31,697.13	154,265.90	185,963.03	743,852.37
1-1-2016	31,697.13	154,265.90	185,963.03	557,889.34
1-7-2016	31,697.13	154,265.90	185,963.03	371,926.31
1-1-2017	31,697.13	154,265.90	185,963.03	185,963.28
1-7-2017	31,697.28	154,266.00	185,963.28	-
	697,337.01	**3,393,849.90**	**4,091,186.91**	

ZAMBIA DEBT RESCHEDULING 1992

DEFERRED INTEREST £697,337.01 **DEFERRED PRINCIPAL £3,393,849.90** **TOTAL DEFERRED £4,091,186.91**

DUE DATE	DEFERRED INTEREST	DEFERRED PRINCIPAL	TOTAL DEFERRED	TOTAL DEFERRED OUTSTANDING
				4,091,186.91
1-1-2007	31,697.13	154,265.90	185,963.03	3,905,223.88
1-7-2007	31,697.13	154,265.90	185,963.03	3,719,260.85
1-1-2008	31,697.13	154,265.90	185,963.03	3,533,297.82
1-7-2008	31,697.13	154,265.90	185,963.03	3,347,334.79
1-1-2009	31,697.13	154,265.90	185,963.03	3,161,371.76
1-7-2009	31,697.13	154,265.90	185,963.03	2,975,408.73
1-1-2010	31,697.13	154,265.90	185,963.03	2,789,445.70
1-7-2010	31,697.13	154,265.90	185,963.03	2,603,482.67
1-1-2011	31,697.13	154,265.90	185,963.03	2,417,519.64
1-7-2011	31,697.13	154,265.90	185,963.03	2,231,556.61
1-1-2012	31,697,13	154,265,90	185,963.03	2,045,593.58
1-7-2012	31,697.13	154,265.90	185,963.03	1,859,630.55
1-1-2013	31,697.13	154,265.90	185,963.03	1,673,667.52
1-7-2013	31,697.13	154,265.90	185,963.03	1,487,704.49
1-1-2014	31,697.13	154,265.90	185,963.03	1,301,741.46
1-7-2014	31,697.13	154,265.90	185,963.03	1,115,778.43
1-1-2015	31,697.13	154,265.90	185,963.03	929,815.40

DUE DATE	DEFFERRED INTEREST	DEFERRED PRINCIPAL	TOTAL DEFERRED	TOTAL DEFERRED OUTSPAN
1-7-2015	31,697.13	154,265.90	185,963.03	743,852.37
1-1-2016	31,697.13	154,265.90	185,963.03	557,889.34
1-7-2016	31,697.13	154,265.90	185,963.03	371,926.31
1-1-2017	31,697.13	154,265.90	185,963.03	185,963.28
1-7-2017	31,697.28	154,266.00	185,963.28	-
	697,337.01	**3,393,849.90**	**4,091,186.91**	

STATE HOUSE
LUSAKA
THE REPUBLIC OF ZAMBIA

14th February 1992

Rt Honourable John Major, MP
Prime Minister of the
United Kingdom of Great Britain
and Northern Ireland

Dear Prime Minister

RE: UNITED KINGDOM/ZAMBIA PROGRAMME AID GRANT 1992

I have the honour to refer to your note of today, concerning a grant to my Government of £10,000,000 (Ten Million Pounds Sterling).

I confirm that the contents of the note are acceptable to the Government of the Republic of Zambia, and your note and this reply shall place on record the understanding of our two Governments in this matter. I also understand that Crown Agents in their role as our financial managing agents will now write to my Government in connection with the practical implementation of this arrangement which will come into operation today, and will be known as the United Kingdom/Zambia Programme Aid Grant 1992.

I avail myself of this opportunity to renew to your Honour the assurances of my highest consideration.

Yours sincerely

Frederick J T Chiluba
PRESIDENT OF THE REPUBLIC OF ZAMBIA

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MDLIAN 4648

PS TO PRIME MINISTER
NO 10 DOWNING ST

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FM LUSAKA
TO ROUTINE FCO
TELNO 001
OF 020900Z JANUARY 92

EX-PRESIDENT KAUNDA TO QUIT POLITICS

1. SPEAKING IN AN INTERVIEW WITH THE LOCAL REUTERS STRINGER, EX-PRESIDENT KAUNDA SAID THAT HE WILL STEP DOWN AS LEADER OF UNIP AND LEAVE POLITICS AT THE PARTY'S NATIONAL CONGRESS WHICH IS DUE TO BE HELD LATER THIS MONTH. IN FUTURE, HE WILL DEVOTE HIS TIME TO HIS PEACE FOUNDATION AND TO LOCAL CHARITIES.

2. KAUNDA'S RESIGNATION WAS EXPECTED. HE HAS BEEN UNDER STRONG PRESSURE TO STEP ASIDE FROM SOME ELEMENTS WITHIN UNIP WHO HOLD HIM PERSONALLY RESPONSIBLE FOR THE PARTY'S DEFEAT IN THE OCTOBER ELECTIONS. THE INFIGHTING TO FIND A SUCCESSOR IS ALREADY UNDERWAY. NAMES CURRENTLY BEING BANDIED AROUND INCLUDE KEBBY MUSOKATWANE (PARTY SECRETARY GENERAL) AND ENOCH KAVINDALE WHO REPRESENT THE ''OLD GUARD'' AND ''REFORMIST'' WINGS OF THE PARTY RESPECTIVELY. BUT THE ELECTION OF EITHER CANDIDATE COULD SPLIT OR FURTHER WEAKEN THE PARTY AND IT IS POSSIBLE THAT A COMPROMISE CANDIDATE, ENJOYING THE SUPPORT OF THE EASTERN PROVINCE WILL EMERGE.

3. WHOEVER IS ELECTED FACES AN UPHILL BATTLE. THE PARTY IS BANKRUPT AND THE ORGANISATION AND STUCTURE IN LARGE PARTS OF THE COUNTRY HAS BEEN REDUCED TO A SHAMBLES BY DEFECTIONS TO THE MMD.

BYRNE

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FM LUSAKA
TO ROUTINE FCO
TELNO 619
OF 1710OOZ DECEMBER 91
AND TO ROUTINE ODA, NAIROBI

MY TELNO 618: CALL ON PRESIDENT CHILUBA: EX PRESIDENT KAUNDA

1. FOR THE FIRST TIME IN MY EXPERIENCE PRESIDENT CHILUBA COMPLAINED ABOUT THE ACTIVITIES OF FORMER PRESIDENT KAUNDA. HE HAD TWO GRIPES:

A) THE FORMER PRESIDENT HAD REMOVED ALL OF SIR EVELYN HONE'S (THE LAST GOVERNOR OF NORTHERN RHODESIA) PERSONAL LIBRARY BEQUEATHED TO ZAMBIA FROM STATE HOUSE, PLUS A BOOK COLLECTION BUILT UP SINCE INDEPENDENCE WHICH HAD BEEN AN EXTENSIVE COLLECTION OF ENGLISH LITERATURE, POLITICAL SCIENCE, REFERENCE BOOKS, AFRICAN HISTORY AND TRAVEL. KAUNDA HAD TOLD CHILUBA THAT HE WAS DOING SO AS THE BOOKS WERE HIS OWN PROPERTY WHICH CHILUBA DOUBTED. HE WOULD LIKE TO BUILD UP AND MODERNISE THE LIBRARY FOR THE USE OF HIMSELF AND HIS MINISTERS AND WONDERED IF WE COULD HELP IN ANY WAY. HE ALSO ASKED ABOUT THE PROVISION OF NEWSPAPERS AND PERIODICALS WHERE I TOLD HIM WE CAN HELP OUT.

B) HE WAS ANGRY AT DR KAUNDA'S ACTIONS OUTSIDE ZAMBIA, PARTICULARLY IN KENYA. KAUNDA WAS APPARENTLY ACTIVELY CAMPAIGNING AGAINST MULTIPARTY DEMOCRACY AND TELLING THE KENYANS THAT PRESIDENT MOI WAS GOOD FOR THEM EXCLAM. HE WAS STATING (AND CHILUBA HAD NO QUARREL WITH THIS) THAT WHAT WAS GOOD FOR ZAMBIA WAS NOT NECESSARILY RIGHT FOR KENYA. HE IMAGINED THAT THE KENYANS WERE FINDING THIS AND THE SUPPORT FOR PRESIDENT MOI AS AN INTOLERABLE INTRUSION IN THEIR INTERNAL AFFAIRS AND HE HOPED THAT KAUNDA WOULD SHUT UP. MUCH MORE IRRITATING WAS THE FORMER PRESIDENT'S REMARK MADE TO THE PRESS (NOT DEPORTED HERE) THAT HE WAS GOING TO SUE THE MMD FOR RIGGING THE ELECTION. CHILUBA WONDERED ALOUD HOW ON EARTH AN OPPOSITION PARTY COULD DO THIS EXCLAM. KAUNDA SHOULD COME HOME AND RETIRE TO HIS FARM. HIS ACTIONS ARE ENDANGERING THE REPUTATION OF ZAMBIA AND WOULD NOT HELP HIM IN HIS ATTEMPTS TO REBUILD UNIP. IN FACT, THE BEST THING HE COULD DO FOR UNIP WAS TO RETIRE FROM POLITICS.

HINCHCLIFFE

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cl/foreign/Zambia.

cc HO.
PC.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

6 December 1991

ZAMBIA: CHEBEKHULU

Thank you for your letter of 3 December. The Prime Minister is content with the course of action you propose.

I am copying this letter (with the previous correspondence) to Colin Walters in the Home Office so that he is aware of the Prime Minister's interest in the well-being of Mr Chebekhulu.

(J.S. WALL)

Simon Gass, Esq.,
Foreign and Commonwealth Office.

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RESTRICTED

Foreign & Commonwealth Office

London SW1A 2AH

3 December 1991

Dear Stephen,

ZAMBIA: CHEBEKHULU

Thank you for your letter of 26 November. On the points which the Prime Minister has raised:

(a) we understand that Mr Chebekhulu probably would be allowed to give evidence at the appeal hearing. But this is unlikely to take place for at least 18 months, and the full legal process could take years to complete;

(b) there have been only two articles (copies enclosed) in recent weeks in the South African press about Chebekhulu. In the one published on 23 November, Chebekhulu refers to an assurance by a British official (probably Mrs Nicholson) that he would be able to come to the UK;

(c) there can be no guarantee of Chebekhulu 's security if he stays in Zambia. The greatest degree of security for him would be if he remained in prison, but the newspaper article makes it clear that he would be unhappy to do so. Given the length of time before Mrs Mandela's appeal hearing, keeping Chebekhulu in jail against his will is hardly sensible.

The UNHCR are considering whether to approach a number of countries about the possibility of refuge for Chebekhulu on humanitarian grounds. This might well include a formal application for resettlement in the UK. We have told UNHCR that if they have continuing difficulties in placing Chebekhulu we would not wish to discourage an

/application

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application for asylum, but that such an application would have to be considered against our normal criteria. Patrick Fairweather made the same point to the Zambian Foreign Minister when he called on him on 29 November.

We are assuming that Chebekhulu's intentions would be to remain in a third country until called to give evidence at the appeal which he would then do under close South African Government protection. He would presumably not then wish to remain in South Africa, fearing ANC reprisals.

We expect Mr Mandela and the ANC would be displeased by a decision to give Chebekhulu asylum in the UK, not least because Chebekhulu claims that he has had a sexual relationship with Mrs Mandela. It must however be unlikely that Mr Mandela would hold such a decision against us to the point of prejudicing relations particularly if asylum were granted at the request of the UNHCR.

The Foreign Secretary's view is therefore that we should now leave it in the hands of the UNHCR. If Chebekhulu does nonetheless apply the normal Home Office procedures should take their course. We gather that such an application might well succeed.

In view of the asylum aspects I am copying this letter to Colin Walters (Home Office).

Yours ever,

(S L Gass)
Private Secretary

Stephen Wall Esq
10 Downing Street

tion was also seriously questioned in a five-part cable television series on the Arts and Entertainment Network that ended this month. The series included taped interviews with people who claimed gramme based on access it obtained to the KGB's files on alleged Kennedy assassin Lee Harvey Oswald. It says that top KGB officials say privately they believe Oswald was incapable of city that killed a president, the assassination has once again become a hot topic.

"D" Magazine in its November issue celebrated the 150th anniversary of the city's founding by we would do if it was ever solved," said Patrick Clark of Atlanta, who for more than 20 years has devoted himself to solving the murder. — Sapa-Reuter-AP.

elt . . .

ynamite

such as storing explosives and detonators separately, rendered explosive cargo harmless.

Iata regulations did not require airlines to inform their passengers what was carried in the holds of their aircraft, he added.

British Airways cargo manager, South Africa, Ian Morgan said Iata laid down restrictions on the quantity and type of "explosives" that could be carried.

Dangerous goods were checked at point of take-off and when their aircraft landed in England.

Winnie trial man speaks

LUSAKA — Katiza Cebekhulu, Winnie Mandela's co-accused who is currently in jail in Zambia, insists he had a meeting with President Chiluba, who (he says) promised to have him released.

Mr Cebekhulu said in an affidavit quoted by a weekly newspaper that the meeting took place on November 4, two days after the Zambian leader was sworn into office.

Mr Cebekhulu said he was taken to Government House in Lusaka, where he met President Chiluba. The Zambian leader, Mr Cebekhulu said in an affidavit, asked him if he wanted to go home.

However, President Chiluba has denied ever

AFRICA NEWS SERVICE

meeting Mr Cebekhulu.

Zambian Foreign Minister Vernon Mwaanga said Mr Cebekhulu's utterances should be treated "with the utmost caution".

However, Mr Cebekhulu told human rights lawyer John Sangwa that the president had promised to secure his release.

Part of Mr Cebekhulu's statement, reported in the Weekly Post, says: "I was talking to President Chiluba in the guest house. He asked me, 'Katiza, do you want to go back to your country or don't you?'

"I said I wanted to go back, but I was scared of the ANC, because they would kill me."

Mr Cebekhulu is reported to have also said that a British official had promised to facilitate his release to another country.

"I told her I wanted to go to another country because if I went to South Africa I would not be safe. So she said I would be going to London," Mr Cebekhulu said.

He could not understand why he was still in jail, he added.

"On November 13 an officer who was present when I talked to President Chiluba told me to pack my things because I was leaving."

Mr Cebekhulu is likely to be handed over to the United Nations.

return

phuthatswana police, said he would arrive at the village in a foreign gov[illegible] diplomatic car.

"Mangope will be taking a chance if he tries to arrest me. The country pledging to assist me with diplomatic immunity does not recognise Bophuthatswana."

He said the foreign [illegible] who would

40 members of ANC held by Bop police

AT LEAST 40 members of the ANC were detained by Bophuthatswana police in Mmabatho this week, the ANC said yesterday.

According to a statement issued in Mafikeng, the 40 were rounded up

Bid to halt force feeding of fasters

LAWYERS for the Mafikeng Anti-Repression Forum (Maref) were yesterday trying to get an urgent court interdict restraining doctors and the Bophuthatswana authorities from force-feeding political prisoners on hunger strike.

ABBEY MAKOE

The move was prompt-

serving a 13-year jail term for incursions into the homeland. He enters his 50th day without food.

He has instructed doctors at the hospital not to put him in a drip if he loses consciousness.

(JOHANNESBURG) SATURDAY STAR, 23 NOVEMBER 1991

Accused keen to testify against Winnie

KATIZA CEBEKHULU, the co-accused in the Winnie Mandela trial detained in Lusaka, could be released within the next few days — and he is eager to return home to testify against the African National Congress welfare chief.

He claims to have startling evidence against Mandela, including information about her involvement in his own flight to Zambia. He also claims to have been present when Mandela planned another incident that did not feature in her trial, but would prove explosive if revealed.

Cebekhulu's homecoming could be precipitated by the new Zambian administration that appears to want to get him off their hands. Since the South African Department of Foreign Affairs is in contact with them over extradition, it seems increasingly likely that he could be sent back soon.

"If they give me security, I will gla[d] return to South Africa to testify ag[ainst] Winnie," he said in an interview from the Lusaka Central Prison last week.

P[resident] Frederick Chiluba has promised to release Cebekhulu, who has been held without charge since March, provided his security outside prison can be guaranteed. Since he assumed office Chiluba has been looking for a neutral country to which he can safely send the 21-year-old detainee.

Britain and the United States are among several countries that Chiluba's government has approached. None, however, is willing to accept the responsibility of ensuring his safety.

Chiluba is understood to have met Cebekhulu on November 4, two days after he was sworn in, and promised to have him released.

"I would like to return home but I am afraid that the ANC could get me,"

Explosive new evidence may come to light if Katiza Cebekhulu, co-accused in the Winnie Mandela trial, is released from prison in Zambia and returns home to testify.

By JOWIE MWIINGA in Lusaka

Cebekhulu told John Sangwa, a human rights lawyer who visited him at Lusaka Central Prison last week.

Cebekhulu, who said evidence presented in the Mandela kidnap and assault trial so far was only the tip of the iceberg, is convinced the ANC would do "anything" to prevent him from testifying in the case.

He holds Mandela responsible for all his tribulations since he was flown to Zambia by the movement early this year. Mandela, he says, lured him into leaving South Africa with the promise of material gain.

"She promised me everything — a car, a house, money — everything," he says. The ANC was furnished with details of Cebekhulu's allegations yesterday morning but by late yesterday afternoon it had declined to comment.

After a few weeks in Zambia, however, it became apparent that the ANC had tricked him and was in no hurry to fulfil its promises.

Frustrated, he escaped from a farmhouse outside Lusaka where he was being kept, but was arrested by police soon afterwards.

Security policemen then put him in the city's Fairview Hotel where he spoke to the press, effectively destroying the myth that he was dead.

This angered the security police, who had gone to great pains to keep his presence in Zambia a secret. Shortly afterwards he was detained at Kamwala Remand Prison.

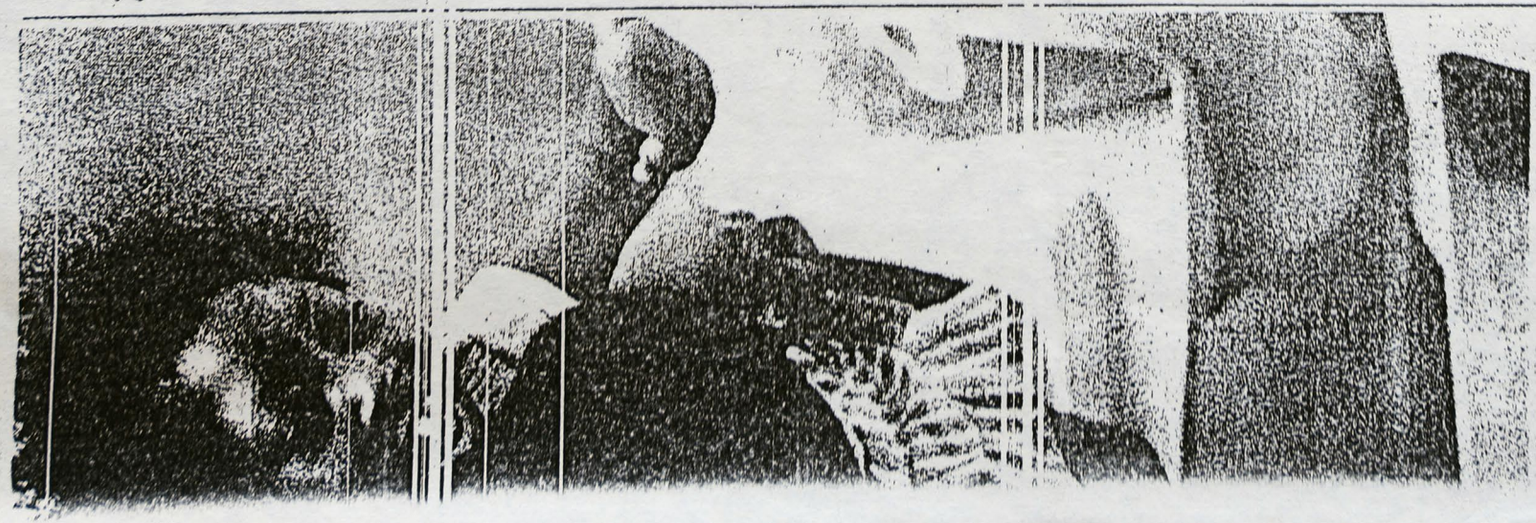
The press, however, managed to reach him in prison and reported his detention, prompting his transfer to another prison.

Efforts to keep his detention a secret have proved futile, as Cebekhulu has spoken to at least two more journalists from Lusaka Central.

Press reports on his detention have proved to be a source of persistent embarrassment to the government. While ex-President Kenneth Kaunda's government did not respond to pressure to release him or at least justify his detention, the new government is anxious to get him out of the country.

Until a neutral country offers him asylum, however, Cebekhulu may have to languish in Lusaka cells for his own safety.

A representative of the South African Department of Foreign Affairs said the government was aware of Cebekhulu's presence in Zambia. He said the department was "in touch with the Zambian government regarding the situation" but could not say whether extradition proceedings had been instituted.



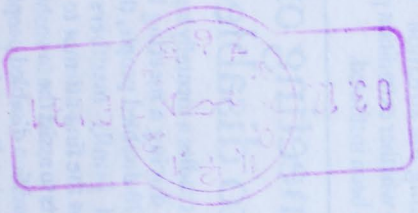
First meeting of Soweto disabled

A MOTHER cradles a mentally handicapped girl during a meeting last weekend of 170 disabled people, their parents and family members in Soweto. It was the first attempt to co-ordinate efforts to assist the township's quarter-of-a-million disabled people.

This staggering figure is the combined result of township violence, infections that could have been cured, conditions that could have been prevented, as well as the usual disabilities that strike any society.

According to occupational therapist Ruth Beecham, project co-ordinator of

ZAMBIA: Refs Pt 2



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

26 November 1991

Dear Simon,

ZAMBIA: CHEBEKHULU

Thank you for your letter of 25 November.

Emma Nicholson MP had a further word about Katiza Chebekhulu with the Prime Minister last night. She told him that Mr. Chebekhulu wants to give evidence at Mrs. Mandela's trial and has told his story to a South African newspaper which was due to be printed tomorrow (Wednesday).

The Prime Minister does not think we can wash our hands off Chebekhulu. It may be that, until he gives evidence, he is safer in Lusaka than elsewhere, but the Prime Minister would like to be satisfied that his security can be guaranteed if he stays in Lusaka. The Prime Minister does not rule out asylum for Chebekhulu, conceivably after he has given evidence, provided his security can be guaranteed in Lusaka in the meantime.

The Prime Minister would, in any case, be grateful if this issue could be looked at again in the light of his comments. He would be grateful for further, early, advice.

Yours,

J. S. WALL

Simon Gass, Esq.,
Foreign and Commonwealth Office.

Foreign &
Commonwealth
Office
London SW1A 2AH

25 November 1991

Dear Stephen,

Zambia: Chebekhulu

In your letter of 12 November you asked for a background note on Katiza Chebekhulu, whose case has been brought to the Prime Minister's attention by Emma Nicholson MP.

Chebekhulu, a South African in his early twenties, was a key witness in the Winnie Mandela murder trial. He was kidnapped by the ANC before he was able to testify and transported to Zambia. He was imprisoned in Lusaka in May this year, apparently after having told his story to a local Zambian newspaper.

Emma Nicholson, who was a member of the Commonwealth team monitoring the Zambian elections, raised Chebekhulu's case with President Chiluba who ordered an investigation and invited Ms Nicholson to meet Chebekhulu personally. Chebekhulu claimed that he had witnessed the murder of Stompie Moeketsi at Mrs Mandela's house and in her presence. When pressed he said that he would be willing to return to South Africa as a witness if his safety could be secured. However he clearly feared for his safety, both in Zambia and in South Africa, and expressed a wish to go to the USA.

/Chebekhulu's

A09ACQ/1

Chebekhulu's presence in Zambia is an embarrassment for President Chiluba. The South African authorities may well bring pressure to bear for his return to South Africa, while the ANC wish to keep him out. Chiluba asked Miss Nicholson to take on responsibility for Chebekhulu on behalf of the British government.

On her return Ms Nicholson called on Robin Christopher, Head of CSAD, to seek Chebekhulu's admission to this country. We were initially disinclined to take Chebekhulu since he had no known links with the UK, we would not be able to support him and ensure his safety here (given the large ANC presence in London), and he had not expressed a wish to come here. President Chiluba agreed, instead, that we should talk to the Americans about the case. Ms Nicholson called on the American Ambassador, and was left with the impression that the Americans would offer Chebekhulu a home. However the American Embassy have informed us categorically that they have no interest in him and believe he should remain in Lusaka.

Since then President Chiluba has announced publicly that he has handed the matter over to the UNHCR. The UNHCR office in Lusaka has approached our High Commission informally to seek our help, and we understand that Chebekhulu is now saying that he would prefer to come to the UK. We have told Ms Nicholson that the Americans are not interested in Chebekhulu, and that Chiluba has now placed the matter in the hands of the UNHCR, but that we will continue to take an interest in his fate.

/Our interest

Our interest is in responding positively to President Chiluba's approach insofar as we can (e.g. with advice), and in Chebekhulu's personal safety on human rights grounds. But the Foreign Secretary is absolutely clear that he is not a candidate for asylum here, particularly since he is in no danger from the Government of South Africa, the country to which he belongs.

Yours ever,

(S L Gass)
Private Secretary

Stephen Wall Esq
10 Downing Street

A09ACQ/3

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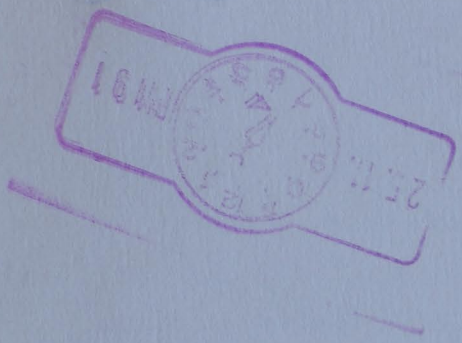

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

12 November 1991

ZAMBIA

I enclose a letter to the Prime Minister from the President of Zambia which was handed over by Emma Nicholson, M.P., this afternoon.

Emma Nicholson also referred to the Mandela witness whose case she had raised with President Chiluba. She was very keen that some responsibility should be taken for the witness, and that he should not simply be left to his fate.

You have since told me that the UN High Commission for Refugees have, at President Chiluba's request, taken responsibility for him. You were going to arrange for Emma Nicholson to be told this.

Because of Emma Nicholson's account, the Prime Minister has shown interest in this case, and I should be grateful for a note about it.

J.S. WALL

Simon Gass, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

Foreign & Commonwealth Office

London SW1A 2AH

5 November 1991

Prime Minister

for you to draw on if you wish in speaking to the Queen.

Dear Stephen,

Zambian Presidential and Parliamentary Elections

I enclose an assessment (Lusaka telno 520) of the recent Zambian elections from our High Commissioner for Lusaka, Mr Peter Hinchcliffe.

The main points about the election are:

- The results, not so far complete, indicate an 80% vote for Frederick Chiluba in the Presidential election and 127 parliamentary seats out of 150 for his Movement for Multi Party Democracy (MMD). Kaunda's United National Independence Party (UNIP) won 23 seats. The low turn out of less than 50% may have been partly the result of difficulties in updating the electoral register.

- The elections were held in a peaceful, good-humoured but serious atmosphere. Fears before the election of violence, intimidation, fraud, inadequate preparation, were not born out. The Zambian Electoral Commission did well, acting firmly when necessary. Police were even-handed. The outside observers were of great assistance - the main ones being a group sponsored by President Carter and the Commonwealth Observers Group, which included two UK MPs, Emma Nicholson and Lord Tordoff.

- A dignified farewell speech from Kaunda and a message of reconciliation from Chiluba encouraging Kaunda to remain in public life have paved the way for a peaceful transfer of power.

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- The MMD must now move from a one-issue movement to a government. It is a broad coalition of trades union representatives, academics, and businessmen, which includes two white candidates. Allegations of past drug smuggling hang over two of its leaders.

- Chiluba's main tasks will be to restore the economy (including grasping unpleasant nettles such as withdrawing subsidies of food prices) in order to reach agreement with the IMF for a structural adjustment programme (suspended by Kaunda in the months preceding the elections); satisfy the high expectations raised by the elections; and instil in Zambia the tradition of multi-party democracy and the concept of legitimate opposition.

- As an anecdotal measure of the strength of the vote against Dr Kaunda the Prime Minister may be interested to know that during the election we telephoned the wife of Guy Scott, a white farmer, who was standing as an MMD candidate (and is a possible Minister of Agriculture in Chiluba's government. She told us that Mr Scott was leading his black UNIP opponent by 18,000 to 700.

- UK involvement:

  - the Prime Minister sent warm messages to Mr Chiluba and Dr Kaunda, commending the latter for his statesmanship in conducting the elections. (We understand this was very well received by Dr Kaunda.)

  - Our programme of technical co-operation with Zambia (£13 million) continues. In addition £25m was set aside this year for programme aid of which £10m was formally pledged. This has not so far been disbursed

/and

and decisions await the outcome of Zambia/IMF discussions. It is important that the UK support the move to pluralism in Africa and that the results of these elections in Zambia are seen as positive.

Our High Commissioner has recommended (Lusaka telno 523) that HM The Queen send a message to Kaunda in view of his long association with the Commonwealth. We will be handling this proposal separately.

Yours ever,

(S L Gass)
Private Secretary

Stephen Wall Esq
10 Downing Street

P02AHA/3

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TO DESKBY 050900Z FCO
TELNO 520
OF 050700Z NOVEMBER 91
AND TO PRIORITY BDDSA LILONGWE, HARARE, PRETORIA, DAR ES SALAAM
AND TO PRIORITY LILONGWE, ODA, ACTOR

ZAMBIAN PRESIDENTIAL AND PARLIAMENTARY ELECTIONS: AN ASSESSMENT OF THEM, THE RESULTS AND THE FUTURE

THE RESULTS

1. THE FULL OFFICIAL RESULTS OF THE ZAMBIAN PRESIDENTIAL AND GENERAL ELECTIONS HELD ON 31 OCTOBER, IN WHICH THERE WAS AN APPARENT TURNOUT OF LESS THAN 50%, HAVE YET TO BE PUBLISHED. BUT IT APPEARS THAT ROUGHLY 80% OF THE VOTE IN THE PRESIDENTIAL ELECTION WENT TO FREDERICK CHILUBA. THE MOVEMENT FOR MULTI PARTY DEMOCRACY (MMD) IS LIKELY TO HAVE WON 127 SEATS AND THE FORMER RULING UNITED NATIONAL INDEPENDENCE PARTY (UNIP) 23 SEATS IN THE PARLIAMENTARY ELECTION.

THE ELECTIONS

2. BEFORE AND DURING THE ELECTION CAMPAIGN MANY FEARS WERE EXPRESSED ABOUT THE DANGERS OF INADEQUATE ELECTORAL PROCEDURES ALLOWING UNIP TO WIN THE ELECTIONS WHATEVER THE WILL OF THE ELECTORATE. FEARS INCLUDED THREATS OF VIOLENCE AND OTHER FORMS OF INTIMIDATION, USE OF GOVENMENT RESOURCES BY UNIP, INADEQUATE ELECTORAL ROLLS, RESTRAINTS ON ACCESS TO THE POLLING STATIONS, SECURITY OF BALLOT BOXES AND PROPER CONTROL OF POLL COUNTS. THESE POTENTIAL PROBLEMS WERE EXACERBATED BY A PERCEIVED WEAKENESS OF THE ELECTORAL COMMISSION WHICH WAS CHARGED WITH RUNNING THE ELECTIONS. THE WEAKNESS WAS ATTRIBUTED LARGELY TO GROSS UNDER-RESOURCING OF THE COMMISSION. MUCH HOPE WAS PLACED ON THE PRESENCE OF FOREIGN AND INTERNAL MONITORING GROUPS AND OF DIPLOMATIC MISSIONS IN ENCOURAGING AND BOLSTERING THE EFFORTS OF THE COMMISSION.

3. IN THE EVENT THESE FEARS VERY LARGELY DID NOT MATERIALISE. THE ELECTORAL COMMISSION DID MUCH BETTER THAN EXPECTED IN ESTABLISHING THE ELECTORAL ARRANGEMENTS AND IN CONDEMNING UNACCEPTABLE CAMPAIGNING TACTICS. THEN, DURING THE CAMPAIGN, ISOLATED INCIDENTS OF VIOLENCE AND INTIMIDATION - BY BOTH PARTIES - WERE GENERALLY IMMEDIATELY STAMPED ON BY THE POLICE. THE EVEN FEWER ATTEMPTS AT INTIMIDATION ON POLLING DAY WERE EASILY THWARTED BY ELECTION OFFICERS OR MONITORS. THE EFFORTS OF BOTH ELECTION OFFICERS AND MONITORS, TOGETHER WITH

THOSE OF ELECTION AGENTS, MEANT THE INTEGRITY OF BALLOT BOXES AND OF POLL COUNTS WAS LARGELY SAFEGUARDED.

4. BUT FEARS ABOUT THE INADEQUACY OF THE ELECTORAL REGISTERS AND OF THE DIFFICULTY OF ESTABLISHING AT THE POLLING STATION THE RIGHT TO VOTE PROVED JUSTIFIED. 2.9 MILLION PEOPLE WERE ON THE (CENTRAL) ELECTORAL REGISTER, OUT OF PERHAPS 3.4 MILLION ADULT ZAMBIANS. BUT IT IS NOW BELIEVED FAILURE TO WEED THOSE NOW DEAD AND TO TRANSFER THOSE WHO HAD MOVED (SINCE THE REGISTER WAS LAST FULLY REVISED IN 1988) AND SUBSTANTIAL COMPUTER ERRORS IN TRANSFERRING NAMES FROM THE CENTRAL REGISTER TO INDIVIDUAL POLLING DISTRICT ROLLS MEANT THAT FAR FEWER THAN 2.9 MILLION PEOPLE WERE ON THE ROLLS THAT MATTERED. MOREOVER MANY PEOPLE ON THE ROLLS WERE UNABLE TO PRODUCE THEIR VOTING CARD (ISSUED FOR THE LAST ELECTIONS), OR THE ALTERNATIVE IDENTIFICATION ARRANGED BY THE ELECTORAL COMMISSION, TO THE POLLING OFFICER. MANY OBSERVERS BELIEVE THAT THE NET EFFECT OF THIS WAS THAT THE APPARENT TURNOUT OF UNDER 50% OF THE REGISTERED ELECTORATE WAS IN FACT AS MUCH AS 70-75% OF THE ELECTORATE ACTUALLY ABLE TO VOTE.

5. THE ELECTIONS THEMSELVES WERE HELD IN A PEACEFUL, GOODHUMOURED BUT NOTABLY SERIOUS ATMOSPHERE. THIS WAS HELPED BY PARTICULARLY SENSITIVE POLICING AT THE POLLING STATIONS AND BY THE PRESENCE OF LOCAL AND FOREIGN MONITORING GROUPS. BOTH PRESIDENT KAUNDA AND PRESIDENT CHILUBA MADE KEY EVE OF POLL SPEECHES URGING THEIR SUPPORTERS TO SHOW RESTRAINT. POST-ELECTION, THE ATMOSPHERE WAS FURTHER IMPROVED BY THE DIGNIFIED MANNER IN WHICH KAUNDA ACCEPTED DEFEAT AND BY SPEECHES BY CHILUBA URGING TOLERANCE AND RECONCILIATION AND CALLING FOR KAUNDA TO BE TREATED BY ZAMBIANS WITH THE RESPECT DUE TO A FORMER, AND IN HIS CASE FOUNDER, PRESIDENT.

WHAT NOW FOR MMD ...

6. THE MMD HAS A HUGE PARLIAMENTARY MAJORITY. MOREOVER ITS PRESENCE IN PARLIAMENT COULD BE INCREASED BY UP TO A FURTHER 8 PERSONS NOMINATED BY THE PRESIDENT. PEOPLE HAVE ALREADY EXPRESSED THE FEAR THAT ZAMBIA RISKS GOING FROM A DE JURE TO A DE FACTO ONE PARTY STATE. HOWEVER, THIS RISK MAY BE MORE APPARENT THAN REAL SINCE THE MMD'S BIGGEST PROBLEM IS THAT IT IS NOT AN HOMOGENOUS PARTY. IT IS, AS ITS NAME SUGGESTS, A ONE ISSUE MOVEMENT FORMED TO REMOVE UNIP FROM GOVERNMENT. IT CONTAINS MANY DISPARATE GROUPS BUT IS DOMINATED BY THOSE WHO ORIGINATE IN THE TRADE UNION MOVEMENT AND THE ACADEMIC WORLD AND THOSE FROM THE BUSINESS COMMUNITY. CHILUBA WILL HAVE TO SELECT HIS CABINET WITH CARE TO REWARD HIS OWN SUPPORTERS, PACIFY OTHER FACTIONS IN THE MMD, AND TO CONVINCE THE ELECTORATE THAT HE AND HIS PARTY REALLY DO REPRESENT A CLEAN BREAK WITH THE PAST. THIS LAST

POINT MAY BE PARTICULARLY DIFFICULT IN THE FACE OF ALLEGATIONS ABOUT INVOLVEMENT OF SENIOR MEMBERS OF MMD IN DRUG SMUGGLING AND IN THE DUBIOUS ACTIVITIES OF OTHERS IN THEIR PREVIOUS UNIP INCARNATIONS. WE SHOULD BE ABLE TO ASSESS THE RESULTS OF HIS ATTEMPTS TO BALANCE ALL THIS WHEN CHILUBA ANNOUNCES HIS TEAM LATER THIS WEEK.

... AND FOR UNIP?

7. IN A FAREWELL ADDRESS TO THE NATION ON 2 NOVEMBER, KAUNDA TOLD UNIP SUPPORTERS THAT AFTER A SHORT STAY AT HIS FARM IN NORTHERN PROVINCE, HE INTENDS TO RETURN TO LUSAKA TO BEGIN RESTORING UNIP TO POSITION FROM WHICH IT CAN WIN THE NEXT ELECTIONS. HOWEVER, ALREADY SOME LEADING MEMBERS OF UNIP ARE SUGGESTING THAT THE PARTY WAS DRAGGED DOWN TO DEFEAT BY KAUNDA CLINGING TO THE LEADERSHIP. IT IS NOT CLEAR THAT KAUNDA CAN BE CERTAIN OF MUCH OF A ROLE IN UNIP FOR ANY LENGTH OF TIME. BUT MORE IMPORTANTLY THERE MUST BE SERIOUS DOUBT AS TO WHETHER UNIP CAN RECOVER AT ALL FROM ITS DEFEAT. IT IS CLEAR THAT THE PARTY IS CRUSHED AND THOROUGHLY DEMORALISED BY THE SCALE OF THE DEFEAT. IT IS REPORTED THAT MANY UNIP SUPPORTERS, DISILLUSIONED BY DEFEAT, ARE RUSHING TO JOIN MMD. ALSO, THE PARLIAMENTARY PARTY HAS ALL BUT THREE OF ITS SEATS FROM ONE PROVINCE AND IS IN DANGER OF BEING REGARDED AS A REGIONAL, OR EVEN A TRIBAL, PARTY. ONE POSSIBLE OUTCOME IS THAT DURING THE NEXT YEAR OR SO A UNIP RUMP AND BREAKAWAY FACTIONS OF MMD MIGHT JOIN TOGETHER TO FORM A STABLE AND CREDIBLE ALTERNATIVE TO MMD, ESPECIALLY IF CHILUBA'S POLICIES PROVE UNPOPULAR. ANOTHER SHORTER TERM POSSIBILITY IS THAT CHILUBA MIGHT SEEK TO STRENGTHEN THE OPPOSITION IN PARLIAMENT BY USING THE LARGER PART OF HIS NOMINATIONS TO SEAT UNIP LEADERS: HOWEVER, HIS NEED TO BALANCE VARIOUS INTERESTS WITHIN MMD AND TO REWARD SUPPORTERS ALMOST CERTAINLY WILL RULE OUT THIS POSSIBILITY.

WHAT DOES THE NEW GOVERNMENT FACE?

8. THE MMD GOVERNMENT CHILUBA IS FORMING THIS WEEK WILL FACE PROBLEMS IN THREE AREAS. FIRST, AND MOST IMPORTANTLY, THE ECONOMY OF ZAMBIA IS IN A MESS. A NUMBER OF ADVERSE FACTORS, NOT ALL OF THEM SELF-INFLICTED, COMBINED WITH INAPPROPRIATE POLICIES, WITH INEFFECTIVE, INEFFICIENT AND INCREASINGLY CORRUPT GOVERNMENT AND WITH AN IMPLODING INFRASTRUCTURE HAVE TURNED ZAMBIA, WHICH AT INDEPENDENCE WAS A COUNTRY OF SUBSTANTIAL RESOURCES POISED TO EMBARK ON SUSTAINED AND SUSTAINABLE DEVELOPMENT, INTO ONE OF AFRICA'S POOREST COUNTRIES, WITH A DECLINING ECONOMY AND A POPULATION GROWTH RATE EASILY OUTSTRIPPING GROWTH IN GNP. THESE FUNDAMENTAL PROBLEMS OF THE ECONOMY ARE EXACERBATED BY AN EMPTY EXCHEQUER, ALMOST NO FOREIGN EXCHANGE RESERVES AND ACCELERATING INFLATION FUNDED BY AN UNINHIBITED GROWTH IN MONEY SUPPLY DURING THE SIX MONTHS RUNNING UP TO THE ELECTIONS.

9. THE SECOND GROUP OF PROBLEMS ARE SOCIO-ECONOMIC. THE INCOMING GOVERNMENT'S IMMEDIATE PROBLEM WILL BE TO MEET THE VERY HIGH EXPECTATIONS OF THE PEOPLE, MANY OF WHOM EXPECT PRICES TO BE DECREASED, ROADS, SCHOOLS AND HOSPITALS MIRACULOUSLY TO BE REPAIRED AND CHEAP MAIZE TO APPEAR IN ABUNDANCE. CHILUBA IN HIS INAUGURAL ADDRESS ON 2 NOVEMBER REPEATED THE WARNING HE MADE SEVERAL TIMES DURING HIS CAMPAIGNING THAT THESE EXPECTATIONS CANNOT BE MET IN THE SHORT TERM. BUT THE MMD GOVERNMENT WILL NEED TO ADDRESS QUICKLY SOME OF THE SOCIAL PROBLEMS WHICH BEAR DOWN SO HEAVILY ON THE MASS OF ZAMBIANS IF SOCIAL UNREST AND EVEN CIVIL DISTURBANCE ARE TO BE AVOIDED. MOREOVER SOME OF THE VERY NECESSARY ECONOMIC POLICIES, THAT IS PUBLIC SECTOR REFORM AND DISMANTLING OF THE ENORMOUS PARASTATAL SECTOR, WILL, BY INCREASING UNEMPLOYMENT (OR PERHAPS RATHER BY ENDING MUCH UNDEREMPLOYMENT), WORSEN SOCIAL PROBLEMS FOR MANY ZAMBIANS. SOME MEASURE OF ALLEVIATORY SOCIAL POLICIES, WHICH INEVITABLY WILL BE COSTLY, WILL BE NECESSARY TO ASSUAGE BOTH PRESENT SOCIO-ECONOMIC PROBLEMS AND THOSE ABOUT TO BE CREATED BY MACRO-ECONOMIC REFORMS.

10. THIRDLY, IN THE LONGER TERM, THE NEW GOVERNMENT FACES IMPORTANT SOCIO-POLITICAL PROBLEMS. THE RETURN OF PLURALISM TO ZAMBIA HAS BEEN AN UNCERTAIN PROCESS AND FUNCTIONING DEMOCRACY REMAINS FRAGILE HERE. IF MMD IS GENUINE IN ITS ADVOCACY OF REAL DEMOCRACY THE GOVERNMENT NEEDS TO DEAL WITH SEVERAL MATTERS. FIRST, SOMEHOW UNIP HAS TO BECOME CAPABLE OF EFFECTIVE OPPOSITION APPLYING CORRECTIVE CHECKS AND BALANCES. SECONDLY, MANY PUBLIC INSTITUTIONS NEED TO BE REBUILT. IMPORTANT HERE ARE LOCAL GOVERNMENT, THE EDUCATION SYSTEM, A HEALTH SERVICE AND THE CENTRAL CIVIL SERVICE. THIRDLY THE RULE OF LAW AND UNIVERSAL RESPECT FOR HUMAN RIGHTS NEED TO BE REESTABLISHED. FOR THESE THE POLICE FORCE NEEDS A THOROUGH GOING REFORM AND THE JUDICIARY (WHICH HAS RETAINED A GREATER CREDIBILITY AND A GREATER DEGREE OF SELF-RESPECT THAN MANY OTHER INSTITUTIONS) NEEDS STRENGTHENING. BUT UNDERLYING THESE THREE MATTERS IS THE IMPORTANCE OF FIRMLY ROOTING IN ZAMBIA SOCIETY HABITS OF TOLERANCE OF DIVERSITY, PARTICULARLY OF LEGITIMATE DISAGREEMENT AND OPPOSITION. AN MMD GOVERNMENT WILL HAVE A DIFFICULT EDUCATIVE TASK HERE. BUT CHILUBA HAS MADE A GOOD BEGINNING IN HIS CALLS FOR TOLERANCE BETWEEEN HIS PARTY AND UNIP AND FOR RESPECT FOR KAUNDA.

WHAT WILL BE EXPECTED OF BRITAIN?

11. IN HIS INAUGURAL SPEECH, CHILUBA URGED ZAMBIANS TO BE MORE SELF RELIANT AND TO BREAK OUT OF THE AID-DEPENDENCY CULTURE. HE ADVOCATED THE NEED FOR NECESSITY FOR HARD WORK RATHER THAN FINE WORDS. BUT HE CLEARLY, AND CORRECTLY, DOES NOT THINK ZAMBIA CAN DO WITHOUT EXTERNAL

ASSISTANCE. HIS PARTY CLAIMS THAT IT INTENDS TO CREATE AN ENVIRONMENT WHICH WILL PROMOTE ECONOMIC GROWTH AND MAKE ZAMBIA AN ATTRACTIVE INVESTMENT OPPORTUNITY AND TO THIS END WILL EXPECT TO ADOPT AND TO IMPLEMENT ECONOMIC POLICIES ENDORSED BY THE IMF. HOWEVER THE CHILUBA GOVERNMENT WILL NEED, AND WILL EXPECT TO GET, SUBSTANTIAL DONOR ASSISTANCE IN IMPLEMENTING ITS POLICIES. WE ALREADY HELP, THROUGH TECHNICAL COOPERATION, IN THE IMPORTANT AREAS OF PUBLIC SECTOR REFORM AND PRIVATISATION. THIS CAN AND SHOULD BE INCREASED. WE ALSO NEED, ONCE WE ARE SURE THAT THE NEW GOVERNMENT'S DEEDS ARE MATCHING ITS FINE WORDS, TO RESUME PROGRAMME AID. WE CAN ALSO HELP ZAMBIA ENORMOUSLY BY HAVING THE TRINIDAD TERMS APPLIED TO ITS DEBT ONCE AN IMF PROGRAMME IS IN PLACE AGAIN.

12. ZAMBIA CAN CLAIM THAT WE AND OTHER DONORS ENCOURAGED IT TO PURSUE POLITICAL PLURALISM AND THE ROAD TO GOOD GOVERNANCE. ZAMBIA MUST NOT BE ALLOWED TO SAY THAT DESPITE OUR ENCOURAGEMENT WE ARE ONLY PREPARED TO APPLAUD FROM THE SIDELINES, THAT WE ARE NOT PREPARED TO OFFER SUBSTANTIAL PRACTICAL HELP. THIS IS IMPORTANT NOT BECAUSE OF ANY INHERENT GREAT IMPORTANCE OF ZAMBIA FOR BRITAIN BUT BECAUSE IF THE PROCESS OF MOVING TO PLURALISM IS TO BE REPEATED IN OTHER PARTS OF AFRICA, IT MUST BE SHOWN TO HAVE PRODUCED RESULTS IN ZAMBIA.

HINCHCLIFFE

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TELNO 523
OF 051000Z NOVEMBER 91

FOR CSAD AND PROTOCOL DEPARTMENT

ZAMBIAN ELECTIONS: DEFEAT OF PRESIDENT KAUNDA: MESSAGE FROM HM THE QUEEN

1. GIVEN PRESIDENT KAUNDA'S FORMER POSITION AS THE SECOND MOST SENIOR (IN TERMS OF LENGTH OF SERVICE) OF OTHER COMMONWEALTH HEADS OF GOVERNMENT AND BEARING IN MIND HIS STATESMAN LIKE AND DIGNIFIED EXIT FROM THE ZAMBIAN LEADERSHIP FOLLOWING HIS DEFEAT IN THE RECENT PRESIDENTIAL AND PARLIAMENTARY ELECTIONS, I RECOMMEND THAT IT WOULD BE MOST APPROPRIATE FOR HM THE QUEEN TO SEND A MESSAGE TO THE FORMER PRESIDENT. IF THIS IS AGREED MAY I SUGGEST SOMETHING ALONG THE FOLLOWING LINES:

2. QUOTE. I WAS MOST IMPRESSED BY THE POLITICAL MATURITY OF THE ZAMBIAN PEOPLE AS DISPLAYED DURING THE RECENT PRESIDENTIAL AND PARLIAMENTARY ELECTIONS. THEIR EFFICIENT CONDUCT AND PEACEFUL OUTCOME OWES MUCH TO YOUR STATESMANSHIP AND LEADERSHIP AND I MUST ALSO PAY A TRIBUTE TO THE WAY THAT YOU HAVE PRESIDED OVER THE TRANSFORMATION OF ZAMBIA TO MULTI-PARTY DEMOCRACY.

I KNOW THAT YOU WILL BE GREATLY DISAPPOINTED BY THE RESULT OF THESE ELECTIONS BUT AS YOU YOURSELF SAID IN YOUR FAREWELL BROADCAST TO THE ZAMBIAN PEOPLE '' YOU WIN SOME, YOU LOSE SOME''. AS FATHER OF THE ZAMBIAN NATION AND AS SOMEONE WHO HAS PLAYED A HIGHLY CONSTRUCTIVE ROLE IN HELPING TO RESOLVE THE PROBLEMS OF SOUTHERN AFRICA, YOUR PLACE IN HISTORY IS SECURE. MOREOVER YOU HAVE BEEN A LONGSTANDING AND MOST VALUED MEMBER OF THE COMMONWEALTH FAMILY AND WE SHALL ALL MISS YOUR PARTICIPATION AT HEADS OF GOVERNMENT MEETINGS. I HAVE NO DOUBT HOWEVER THAT AS A RESPECTED SENIOR STATESMAN YOU WILL CONTINUE TO MAKE A VALUABLE CONTRIBUTION NOT ONLY TO YOUR COUNTRY BUT TO THE INTERNATIONAL COMMUNITY AT LARGE AND IN THE MEANTIME I TRUST YOU WILL ENJCY A BREAK FROM THE BURDENS OF HIGH OFFICE. UNQUOTE.

3. I HOPE THAT I SHALL BE ABLE TO DELIVER SUCH A MESSAGE PERSONALLY.

HINCHCLIFFE

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PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T265Aii/91

SUBJECT
MASTER
OPS
FILED ON:

State House

Lusaka, Republic of Zambia

4th November, 1991

The Rt. Hon. John Major, M.P.,
British Prime Minister,
No. 10 Downing Street,
LONDON.

Dear Mr. Prime Minister,

I was humbled by your warm message of congratulations on my election as Second President of the Republic of Zambia following the Victory of my Party (Movement for Multi-Party Democracy) in the Presidential and Parliamentary elections held on 31st October, 1991.

As you very rightly said, the elections were peaceful and above all, the Independent Foreign Observers led by Former United States President Jimmy Carter have certified them as free and fair. The Commonwealth Observers also played a very important role in ensuring a success of this important democratic process.

Our people demonstrated great maturity throughout this process and it is my hope that we shall immediately get down to the more serious business of reconstructing the economy which is in a very sorry state.

My Government will soon establish contact with your Government to raise some urgent matters which are intended to support this democratic process.

Zambia and Britain have had a special relationship for many years and I look forward to working closely with you and I too, share the hope that we shall meet soon.

/...

Accept Mr. Prime Minister, the assurances of my highest consideration.

F.J.T. Chiluba
PRESIDENT OF THE REPUBLIC OF ZAMBIA

File

10 DOWNING STREET

Resident Clerk

Message to Chilcot fine and carries.

Revised message typed and endorsed. PR fine.

Suggested revisions to the Press Line. If we have the conclusions of the Observers [illegible] I think, I think we should probably say something anyway now that he has acceded. Stephen Y/C

OUT TELEGRAM

Classification	Caveat	Precedence
UNCLASSIFIED		IMMEDIATE

ZCZC
UNCLASSIFIED

FM FCO
TO IMMEDIATE LUSAKA
TELNO
OF 1180OZ NOVEMBER 91

~~MESSAGE FROM THE PRIME MINISTER TO MR CHILUBA~~

1. The following is the text of a message from the Prime Minister to Mr Chiluba which you should deliver as soon as possible:

I should like to offer my warmest congratulations on your success in the elections in Zambia, and my very best wishes to you in leading Zambia in the years ahead.

The peaceful holding of elections, which have been judged as free and fair by independent foreign observers, is a tribute to your country, the first to fulfil the pledges entered into at the recent Commonwealth Heads of Government meeting in Harare.

Britain and Zambia have close and long standing ties and mutual interests in seeing a return to economic growth and democratic government throughout Southern Africa. I look forward to working closely with you in pursuit of these aims, and hope that we will be able to meet soon.

End of message

Catchword: HURD			
File number	Dept: CSAD	Drafted by (Block capitals): R CHRISTOPHER	Telephone no: 270 2551
Authorised for despatch by:	Initials:	Date/time:	
For COD use only	Comcen reference:	Telegram number:	Processed by:

DRAFT PRESS LINE ON ZAMBIAN ELECTIONS

The ~~assessment of the foreign observer teams from the Commonwealth and the United States that the Zambian~~ conduct of the elections ~~have been conducted on a free and fair basis~~ is ~~enormously encouraging for the development of just~~ and honest government in the Commonwealth, for which Heads of Governments called at their recent meeting in Harare.

The Prime Minister has sent messages to Mr Chiluba congratulating him on his victory in the Presidential election, and on the success of the Movement for Multi-party Democracy in winning the Parliamentary elections. The Prime Minister has also sent a message to Mr Kaunda ~~expressing the hope that he will remain in public life, and commending the conduct of the elections.~~

The British Government looks forward to working closely with Zambia's new government in tackling the difficult economic problems which the country faces, and on other issues of mutual concern.

MESSAGE FROM THE PRIME MINISTER TO DR. KAUNDA

Your many friends in Britain have watched with admiration the statesmanship you have shown in handling Zambia's elections. Although the result must be a bitter disappointment to you, it is also a tribute to your leadership and your ability to manage the transition to multi-party democracy.

I would like to express my admiration for all you have done over the years to promote peace and greater understanding within Southern Africa. In all the crucial negotiations: Zimbabwe, Mozambique, Angola, Namibia and South Africa itself you have played a crucial role in seeking a way through to a peaceful outcome. Your long years of association with Britain will ensure that the British people will always regard you with warm affection. I am sure you will take justified pride in all you have achieved as father of the Zambian nation. I ~~am sure~~ hope that we can continue to count on your wisdom.

With best wishes,

c:/wpdocs/foreign/kaunda (sr)

Foreign &
Commonwealth
Office

London SW1A 2AH

4 September 1991

Dear Dominic,

Letter from the Commonwealth Secretary General

Thank you for your letter of 13 August enclosing one dated 12 August which the Prime Minister has received from the Commonwealth Secretary General, Chief Anyaoku. I apologise for the delay in replying.

Chief Anyaoku's letter aims to bring the Prime Minister up to date with the proposed Commonwealth Observer Group for general elections in Zambia and the need (in his view) for special appeals by the Commonwealth Secretariat for such purposes until an electoral facility can be established. In our view this letter does not require a reply.

Yours ever,

(S L Gass)
Private Secretary

Dominic Morris Esq
10 Downing Street

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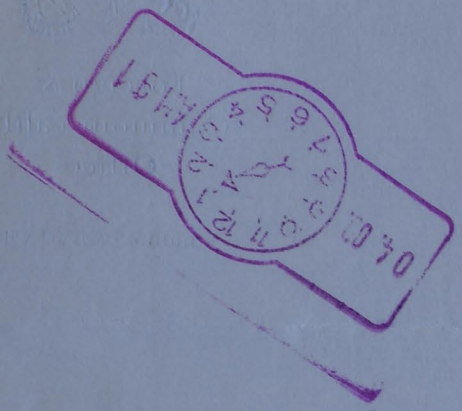


PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T228/91

SUBJECT
MASTER
OPS
FILED ON:

VB
CE FCO

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

2 September 1991

Dear Mr. President,

Thank you for your letter of 10 July about the Pan African Commonwealth Expedition, COMEX 15. I am afraid it took rather a long time to reach me - hence the delay in replying.

I am very much in favour of promoting increased contact between the young people of the Commonwealth, and was glad to hear of your close personal involvement. I am pleased that BBC Radio Scotland has been able to assist in compiling a collection of songs to help publicise the expedition. They may also be able to help in promotion of the record itself, as may the other regional and national radio networks in Britain. A further useful contact might be the Head of the African Service of the BBC World Service at Bush House in London.

I wish you and the organisers every success for COMEX 15.

Yours sincerely,
John Major

His Excellency Dr. Kenneth D. Kaunda

KW/KK

cc PC

Foreign &
Commonwealth
Office

London SW1A 2AH

29 August 1991

Dear Stephen,

Letter from President Kaunda:
Pan African Commonwealth Expedition

I enclose a letter of 10 July from President Kaunda of Zambia to the Prime Minister and a draft reply. The letter took a month to reach us.

Since 1965 a private British-based organisation, the Green Pennant Council, has been running adventure expeditions for young people with the aim of promoting Commonwealth Cooperation and understanding. The FCO contributed £2,000 towards the cost of COMEX, Zambia in 1985. However subsequent requests for HMG funding in 1986 and 1989 were turned down by FCO Ministers and the Prime Minister.

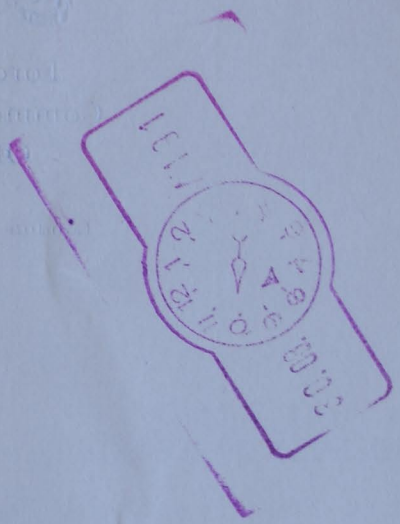
Since 1989 we have had no contact with the Green Pennant Council but we have no reason to believe that the case for providing financial assistance has changed.

The draft letter from the Prime Minister therefore makes no reference to financial help (to which Kaunda himself only refers to in passing), and restricts itself to offering words of encouragement.

Yours ever,

(S L Gass)
Private Secretary

J S Wall Esq
10 Downing Street



A typ

FROM: The Prime Minister

TO: Dr Kenneth D Kaunda
President of the Republic of Zambia

Thank you for your letter of 10 July about the Pan African Commonwealth Expedition, COMEX 15. I am afraid it took rather a long time to reach me. Hence my delay in replying.

I am very much in favour of promoting increased contact between the young people of the Commonwealth, and was glad to hear of your close personal involvement. I am pleased that BBC Radio Scotland has been able to assist in compiling a collection of songs to help publicise the expedition. They may also be able to help in promotion of the record itself, as may the other regional and national radio networks in Britain. A further useful contact might be the Head of the African Service of the BBC World Service at Bush House in London.

I wish you and the organisers every success for COMEX 15.

P12ABJ/1

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

13 August 1991

I attach a copy of a letter the Prime Minister has received from The Commonwealth Secretary General, Chief Anyaoku.

I should be grateful if you could provide advice and, if appropriate, a suitable draft reply for the Prime Minister's signature. It would be helpful if this could reach me by Tuesday 27 August.

DOMINIC MORRIS

Simon Gass, Esq.
Foreign and Commonwealth Office

CCPC

OFFICE OF THE COMMONWEALTH SECRETARY-GENERAL
MARLBOROUGH HOUSE · PALL MALL · LONDON SW1Y 5HX

12 August 1991

Dear Prime Minister,

Thank you for your letter of 2 August concerning the proposed Commonwealth Observer Group for general elections in Zambia in October. Your Government's prompt and generous commitment in principle to make a significant contribution to meeting the costs of this exercise will greatly assist our efforts to put together the funds required for the mission to proceed.

As you know, I fully share your sentiments about the critical importance of good government, including the value of free and fair elections in a democratic society, and the integral role which the Secretariat can play in the promotion of such objectives. These issues will obviously feature prominently on the agenda for Harare in October.

In that regard, I have already circulated to all Heads of Government draft guidelines for the establishment of an electoral facility and have proposed that the planning and operation of any election observer missions in the meanwhile be according to the guidelines put forward.

Until these have been considered, approved and instituted on a permanent basis, the Secretariat is not in a position to make a regular budgetary provision for observer missions and related activities as an approved and standing activity. Besides, the Secretariat's approved budget for the current financial year was based on estimates of the cost of established activities and in fact represents a less than zero real growth in the budget over the previous year. That is why I have had to rely on special appeals for each exercise including, most recently, Zambia, with the aim of meeting the full costs of the mission by voluntary funding from member governments.

The Rt. Hon. John Major, MP
Prime Minister of Great Britain
and Northern Ireland

I have, as requested, asked my officials to liaise directly with the relevant officers in the British Government, regarding such details of the Zambia exercise as we are able properly to give at this stage.

With deep respect and warm regards

Yours Sincerely

Emeka A.

Emeka Anyaoku

The Rt. Hon. John Major, MP
Prime Minister of Great Britain
and Northern Ireland
Downing Street
London
SW1

SCH
CeO

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

2 August 1991

Dear Fredrick,

Thank you for your letter of 9 July asking about possible United Kingdom financial support for a proposed mission to observe the Zambian General Elections in October.

The British Government attaches the highest importance to the principles of good government, including free and fair democratic elections. There are now welcome signs of a return to democracy in a number of African countries - and I am encouraged that Zambia is planning to hold multi-party elections in October. I also welcome President Kaunda's request to you for Commonwealth observers.

Britain believes that election support activities are an integral part of the Secretariat's efforts to encourage good government and democracy and we would not normally expect requests for extra budgetary funding. I therefore hope that you will be able to identify resources which can be released to fund the Zambia team, at least in part. However, on this occasion, the UK Government are prepared in principle to contribute up to 30 per cent of the costs of your mission, within the estimate you have provided.

Before confirming this offer we would welcome from you more details of the proposed composition of the team, its financing arrangements and the terms under which it will operate in Zambia. We would also be grateful for an assurance that the security

arrangements for the members of the team will be adequate, and that they will have unrestricted access to all necessary persons and parts of the country to enable them to carry out their task properly. I should be grateful if you would arrange for your officials to supply this information to Mr. Charles Myhill, Head of Central and Southern Africa Department, Overseas Development Administration, 94 Victoria Street, London SW1E 5JL (telephone 071-917 0435).

Yours sincerely,

John M.

Chief Emeka C. Anyaoku, CON

cc PC

Foreign &
Commonwealth
Office

London SW1A 2AH

31 July 1991

Dear Stephen,

Commonwealth Monitoring of Zambian Elections

We have already forwarded to you a letter of 9 July from the Commonwealth Secretary General to Heads of Government (further copy attached) seeking an early indication from Governments of likely levels of financial support for Commonwealth monitoring of elections in Zambia. These are due before the end of October.

As part of our efforts to promote good government in the developing world, we believe we should respond positively to the Secretary General's request. There will be much temptation for President Kaunda's UNIP party to rig the election - the first multi-party elections in Zambia for 27 years. A Commonwealth monitoring team would be a deterrent for such activity, and would be cost effective compared with a UN operation. The Secretary General estimates that a team of 12 obervers plus support staff would cost in the region of £120,000.

We believe that in spite of our view that the Secretariat should have included contingency provisions in its budget for such forseeable expenses we should offer 30% of the total (ie £36,000). We would be ready - if there is a shortfall in funding - to increase this to 50% of the total, but do not recommend that the Secretariat be told of this possibility now. The UK contribution would be funded from the bilateral aid progamme for Zambia.

I enclose a draft reply from the Prime Minister to the Commonwealth Secretary General.

Yours ever,
Christopher Prentice.

(C N R Prentice)
Private Secretary

Stephen Wall Esq CMG LVO
10 Downing Street

DRAFT LETTER FROM THE PRIME MINISTER

TO: Chief Emeka Anyaoku, CON
Commonwealth Secretary General
Marlborough House
Pall Mall
London
SW1Y 5HX

Thank you for your letter of 9 July asking about possible UK financial support for a proposed mission to observe the Zambian General elections in October.

The British Government attaches the highest importance to the principles of good government, including free and fair democratic elections. There are now welcome signs of a return to democracy in a number of African countries - and I am encouraged that Zambia is planning to hold multi-party elections in October. I also welcome President Kaunda's request to you for Commonwealth observers.

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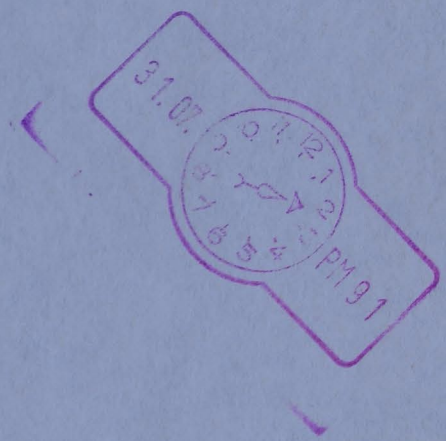
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PM91

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T190c/91

SUBJECT
MASTER
OPS
FILED ON:

State House

Lusaka, Republic of Zambia

10th July, 1991.

Dear Prime Minister,

Now that hostilities in the Gulf have ended, we would like to return to the African initiative for a Pan African Commonwealth Expedition - Comex 15 - and the Green Pennant Awards, in celebration of the 25th Anniversary of Comex 1, to coincide with the Commonwealth Heads of Government Meeting (CHOGM) in Harare in October this year. Comex 1 took place in 1965 at the behest of the late Jawaharlal Nehru and was mounted from Britain with broad Commonwealth participation under the patronage of His Royal Highness the Duke of Edinburgh.

At the conclusion of the 250 strong 13th Commonwealth Expedition, representing 10 Commonwealth countries, I was very pleased to present the Green Pennant Awards - identifying the spirit of adventure with crossing the barriers that divide people - at State House in Lusaka and commented at the time that Comex had demonstrated successfully that "the brotherhood of man is not an impossible dream".

The success of Comex 13 and the many visits and discussions that have taken place since, as part of Comex 14, have not only convinced the Zambian Government of the value of Comex as a unique vehicle for promoting Commonwealth friendship, preserved in the person of Her Majesty the Queen as Head of the Commonwealth, but encourages us in organising this Pan African Commonwealth Expedition - Comex 15 - as the African continent's contribution towards that friendship.

/...

Rt. Hon. John Major
Prime Minister of the United Kingdom
10 Downing Street
LONDON

As a prelude to Comex 15, an album of "The Story of Comex in Song" is being produced as a means of promoting Comex 15 and I have agreed to take part personally. Information on this, as well as the background to Comex and a booklet of the songs, have already been circulated. The album will be introduced with the theme tune "Little Green Flags" on the bagpipes from Edinburgh Castle, the sarod and tabla from India, and the Heritage Singers from Zambia with contributions from Barbados, India, Singapore, Scotland and two non-Commonwealth friends who have participated in Comex, namely the United States of America and the city of Zagreb, Yugoslavia.

We would very much appreciate an active interest in the album of "The Story of Comex in Song" which, broadcast over national radio networks, could attract wide interest in, and support for what we are proposing. To give a lead in this direction, the Zambia National Broadcasting Corporation is co-operating with the BBC Radio Scotland who are very kindly helping to produce an album of high quality. It is to be hoped that other countries will consider offering similar help.

The largest Comex was 500 strong - the same figure is proposed for the Pan African Comex 15. The suggested itinerary, route plan and allocation of songs are attached and participating countries are requested to send contingents of five to fifty members each. Names of local contacts to help with planning are available from Zambian High Commissions abroad.

The Pan African Comex 15 is a unique venture for the Commonwealth in Africa and we are anxious that it should succeed. We would, therefore, be most grateful for an early and positive response so that the final itinerary and other details on a cost sharing basis may be drawn up and circulated without further delay.

Yours sincerely,

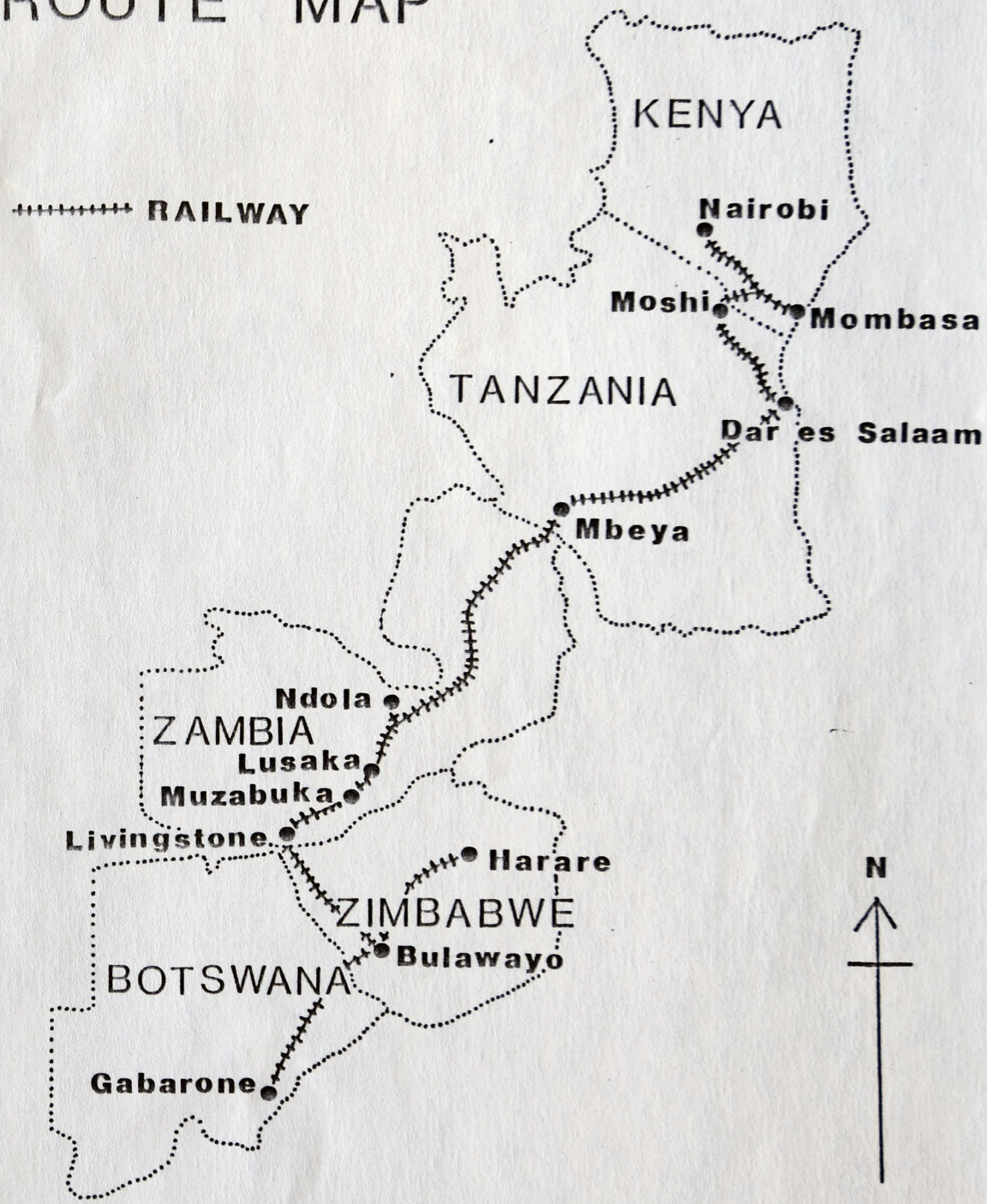
160.

Kenneth David Kaunda
PRESIDENT OF THE REPUBLIC OF ZAMBIA

THE STORY OF COMEX IN SONG 1965 - 1990

Country	Proposed allocation of songs
Barbados	Do it in Style Life's Merry-go-Round
India	Gaon Ki Jyoti (in Hindi) Tabla Wallah Ah! Ho! There Must be a Reason
Singapore	Rasa Sayang No Problem la Bole Juga
United Kingdom	The Living Kenaki Silver Train My Friend Together Unafraid Little Green Flags
Yugoslavia	Tiha Noci Faith, Hope and Charity Another Day
United States	Life is Empty Without Love On Wings of Love
Zambia	Tiyende Pamodzi Baba Noma How Many Let's Sing a Song River of Destiny The Minstrels' Song Coming Home What Would happen to Us

PAN-AFRICAN COMEX 15
OCTOBER-NOVEMBER 1991
ROUTE MAP



OFFICE OF THE COMMONWEALTH SECRETARY-GENERAL
MARLBOROUGH HOUSE · PALL MALL · LONDON SW1Y 5HX

COG/20/A-1

CONFIDENTIAL
9 July 1991

I should be grateful if you would forward the following message to your Head of Government by the speediest means possible.

BEGINS

I am writing to inform you of the request I have received from President Kaunda of Zambia for me to organise a mission to observe the forthcoming general elections in Zambia, planned for early October 1991. The request has been made in the context of the discussion by Heads of Government at their 1989 Kuala Lumpur Meeting and follows the examples of similar exercises carried out in Bangladesh and Malaysia and planned for Guyana.

While indicating my willingness in principle to organise such an exercise, I have advised the Government of Zambia that this would be subject to the necessary funds being available from Commonwealth Governments. Given the proposed date of the elections, I would like as early as possible to send a planning team to Lusaka to clarify the modalities of the exercise, including its acceptability to the major parties expected to contest the elections.

In the meantime, I wanted to seek an early indication from governments of likely levels of financial support for mounting an observer mission to Zambia. On the basis of first estimates for a mission of, say, twelve observers and nine Secretariat support staff, we expect that the total cost of such an exercise would be in the region of £120,000. This would cover travel, accommodation, subsistence and miscellaneous costs.

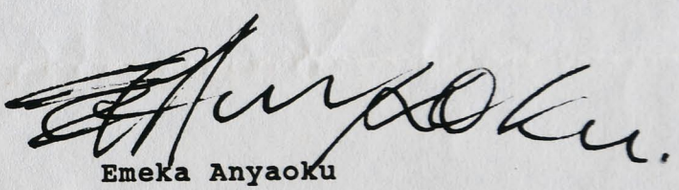
.../2

In view of the busy round of important Commonwealth meetings ahead, and the likelihood that the Guyana elections would also be in the second half of this year, there is considerable urgency for the Secretariat to be able to put arrangements in place. I would therefore greatly appreciate your early response.

With deep respect,

Emeka Anyaoku

ENDS



Emeka Anyaoku

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T165/91
subject cc Master
cc OPS

fcs Dts
(A: Foreign Kaunda)
cc FCO

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

17 June 1991

Dear Mr. President,

Thank you for your letter of 21 May advising me of your intention (which I understand has not yet been announced) to freeze the price of mealie-meal over the coming six months. I was grateful for this notice of your decision.

I am sorry that postponement of the Commonwealth High Level Group meeting means that we shall not have a chance to meet. This was one of a number of issues I had looked forward to discussing with you.

As you were kind enough to say in your letter, Mr President, Britain has given its full support to the efforts of your Government to set Zambia on the road to economic recovery and we are anxious to see these efforts succeed. I fully understand your concern to avoid disruption of the election process, but I am bound to say that we share the strong concern which has been expressed by representatives of the World Bank, the International Monetary Fund and by other donors about the effects on the reform programme of so major a departure from the policy proposals put forward by your Government and endorsed by the Consultative Group in March.

Although the price freeze is intended to be a temporary measure only, there is in our view a very real danger that it will fatally undermine the viability of the reform programme, perceptions of your Government's commitment to it and the

TW/Dts.

willingness and ability of bilateral donors, in the light of their own domestic pressures, to continue their support. It could therefore precipitate an even more difficult situation in Zambia than the one you are trying to avoid.

I understand from our High Commissioner at Lusaka that, in briefing donor representatives, you have emphasised your Government's readiness to seek means of closing the substantial budgetary gap which the measure would create and to continue working with the Bank and Fund. I welcome that assurance, but I would urge you to postpone the announcement and implementation of the price freeze until the Bank and Fund have been able to discuss with your authorities the implications of this measure and possible means of meeting your concerns without irreparable damage to the programme.

I hope you will accept, Mr President, that the views expressed in this letter arise from a genuine concern that the courage and determination of the Government and people of Zambia in pursuing the reform programme this far should not have been in vain.

Yours sincerely,

John Major.

His Excellency Dr. Kenneth D. Kaunda

Foreign &
Commonwealth
Office

London SW1A 2AH

13 June 1991

Dear Stephen

Zambia: President Kaunda's Letter to the Prime Minister

Thank you for your letter of 5 June about President Kaunda's letter to the Prime Minister (copy enclosed) telling us of his intention to freeze the price of mealie-meal (the local food staple) for six months. Similar letters were sent to other heads of government, but no public announcement has yet been made. We have been coordinating closely with representatives of donors and international financial institutions in Lusaka and there has been a uniformly sharp reaction to the Zambian decision. A draft reply is enclosed.

President Kaunda says he needs to avoid public unrest in the run-up to the elections in the autumn. The move is a major departure from the policy programme endorsed by the international financial institutions and bilateral donors earlier this year. It confirms fears that the reform programme would be vulnerable to electoral pressures this year and reflects the weakness of economic grasp at senior level. The fiscal and monetary implications of the decision to continue subsidy of the mealie-meal price, even though temporary, are severe and could bring about the collapse of Zambia's economic reform programme. Liberalisation of the maize price regime is also vital to ensuring adequacy of supply.

The programme is already fragile. Despite some progress over the past year towards structural reform through price decontrol, foreign exchange and trade liberalisation, efforts to achieve macro-economic stabilisation have been less successful and fiscal, monetary, inflation and balance of payments targets were missed in the third and fourth quarters of 1990. Corrective measures were approved by the World Bank Board in March and lending to Zambia was resumed.

Our immediate objective should be to persuade President Kaunda to postpone announcement and implementation of the decision. An early reply to his letter is desirable for this reason. We should explore with the Bank and Fund alternative means of meeting his concerns without irreparable damage to the reform programme. This might be achieved, for example, by rephasing maize price liberalisation, combined with saving elsewhere in the budget to offset the cost of subsidy.

/We might

We might also encourage Kaunda to try to depoliticise the issue by seeking to persuade the main opposition party (the Mass Movement for Democracy) to accept a self-denying ordinance not to make political capital out of the reform programme. Neither side will take easily to such an idea but our High Commissioner agrees that it is worth a try, particularly if we offer not only to speak to the MMD but also to persuade other donors to do the same.

We pledged a sum of £30 million in programme (balance of payments) aid last year in support of the reform programme and a further £10 million this year (with an indication that more would be available if the programme remained on track). Release of the £10 million has been held up by Zambian failure to put satisfactory monitoring and accounting arrangements in place. The maize price decision introduces a major new element of uncertainty about the future of the reform programme and continued donor support for it.

I am copying this letter and enclosures to Jeremy Heywood (HM Treasury) and to Suma Chakrabarti (ODA).

Yours ever,

(S L Gass)
Private Secretary

J S Wall Esq
10 Downing Street

A: Foreign

DRAFT LETTER FROM THE PRIME MINISTER TO: Mr Kaunda (CAT)

His Excellency Dr Kenneth D Kaunda
President of the Republic of Zambia
State House
LUSAKA

14/6 14/6

Thank you for your letter of 21 May advising me of your intention (which I understand has not yet been announced) to freeze the price of mealie-meal over the coming six months. I was grateful for this notice of your decision.

I am sorry that postponement of the Commonwealth High Level Group meeting means that we shall not have a chance to meet. This was one of a number of issues I had ~~hoped~~ to discuss with you.

As you were kind enough to say in your letter, Mr President, Britain has given its full support to the efforts of your Government to set Zambia on the road to economic recovery and we are anxious to see these efforts succeed. I fully understand your concern to avoid disruption of the election process, but I am bound to say that we share the strong concern which has been expressed by representatives of the World Bank, the International Monetary Fund and by other donors about the effects on the reform programme of so major a departure from the policy proposals put forward by your Government and endorsed by the Consultative Group in March.

Although the price freeze is intended to be a temporary measure only, there is in our view a very real danger that it will fatally undermine the viability of the reform programme, perceptions of your Government's commitment to it and the willingness and ability of bilateral donors, in the light of their own domestic pressures, to continue their support. It could therefore precipitate an even more difficult situation in Zambia than the one you are trying to avoid.

I understand from our High Commissioner at Lusaka that, in briefing donor representatives, you have emphasised your Government's readiness to seek means of closing the substantial budgetary gap which the measure would create and to continue working with the Bank and Fund. I welcome that assurance, but I would urge you to postpone the annoucement and implementation of the price freeze until the Bank and Fund have been able to discuss with your authorities the implications of this measure and possible means of meeting your concerns without irreparable damage to the programme.

I hope you will accept, Mr President, that the views expressed in this letter arise from a genuine concern that the courage and determination of the Government and people of Zambia in pursuing the reform programme this far should not have been in vain.

State House
Lusaka, Republic of Zambia

21st May, 1991.

My Dear Prime Minister,

I have decided to write to you, Mr. Prime Minister, on a very urgent and important matter on which I need your assistance and understanding.

Zambia, as you are aware, is currently engaged in implementing a very difficult Economic Restructuring Programme which has the full backing and support of the IMF, World Bank, international donor community and your country in particular. Indeed, we could not have embarked upon such a programme without this overwhelming external support for which we are most grateful.

It has been generally recognised that the Economic Restructuring Programme we have embarked upon is a long and painful process given the serious economic problem we face in Zambia. It is a fact that the programme does impose great hardships on the people, especially the most vulnerable section of our society.

In an effort to mitigate the adverse effects of the population, especially the urban poor, we have introduced schemes such as the coupon system which subsidises the price of mealie meal, our staple food. For the same purpose, we have designed a Social Action Programme which is receiving the support of the international donor community and for which we are again most grateful.

Despite these hardships and sacrifices by our people, we are totally committed to the implementation of our Economic Restructuring Programme. Both the IMF

/...

Rt. Hon. John Major, MP.,
Prime Minister of Great Britain and
Northern Ireland,
10 Downing Street,
LONDON.

and the World Bank, and indeed your own representative in the country can confirm the difficult decisions and measures my Government has taken in support of the Programme. We are committed to th e Programme because there is no other way out of the serious economic problems we face.

The Programme includes such measures as the general liberalisation of the economy, elimination of price controls and subsidies, privatisation and the adoption of sound fiscal and monetary policies. With regard to subsidies, I wish to point out that at one time the list of price controlled commodities consisted of 36 items which today has been reduced to only one item, namely, mealie-meal. Even though the price of mealie-meal is subsidised, it is still out of reach of the population, particularly the urban poor. This makes mealie meal pricing such a sensitive matter in Zambia.

In December 1986, the price of mealie meal was increased when we decided to reduce the subsidy in order to support the Budget. There was acute public resistance, with widespread rioting which led to loss of life and destruction of property. Similarly, in June last year we had a repeat of very serious rioting following an increase in the price of mealie-meal. Once again, there was loss of life and destruction of property. This time the situation was made worse by an attempted military take over. We thank God that it failed.

As you are aware Mr. Prime Minister, we have reintroduced plural politics in Zambia and a number of new political parties have been formed in the country. A new constitution will soon be submitted to Parliament in preparation for the Presidential and General Elections to be held by October this year. We are anxious and I am sure that all our friends and well wishers want us to have peaceful, free and fair elections. However, this is only possible if we can maintain stability in the country.

Accordingly, I have decided that there should be no increase in the price of mealie-meal, the staple food of our people, over the next six months. Thereafter, the prices will be reviewed taking into account the level of subsidies and resources available to support them. This is the crucial matter on which I seek Your Excellency's support and understanding. Meanwhile, the marketing of crops has been liberalised and the producer price of

/...

maize has been increased as an incentive to farmers. Within the constraints of the current Budget, the Government will look for funds to maintain the prices of mealie-meal at the current levels.

The above action will enable us to maintain peace and stability over the next six months of momentous changes in the political life of our country. It will ensure that the Economic Restructuring Programme to which we are so committed is not derailed and that gains we have already made in the implementation of the Programme are sustained.

I have written to Your Excellency about this matter conscious of the support we have already received from your Government and people. To ensure success in the implementation of the Economic Restructuring Programme and a smooth transition to political pluralism, I will continue to need your help and understanding. I know that I can count on you, Mr. Prime Minister.

Please accept my very warm regards and prayers as you serve your nation.

God bless.

Yours sincerely,

Kenneth D. Kaunda
PRESIDENT OF THE REPUBLIC OF ZAMBIA

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

5 June 1991

ZAMBIA: MESSAGE FROM PRESIDENT KAUNDA TO THE PRIME MINISTER

Thank you for your letter of 3 June enclosing a message from President Kaunda.

The Prime Minister looks forward to getting your advice. He agrees with the strategy of concerting our response with other donors and the IFIs - particularly if we have to give President Kaunda a fairly tough response on substance.

I am copying this letter to Jeremy Heywood (HM Treasury).

J. S. WALL

Simon Gass, Esq.,
Foreign and Commonwealth Office

010

EE/PC

Foreign &
Commonwealth
Office

London SW1A 2AH

3 June 1991

Prime Minister ②

Advance warning that NK will be creeping on your shoulder next week. I hope we take a tough line with him. Why should we subsidise his reelection? Stephen 3/6

Dear Stephen

Zambia: Message from President Kaunda to the Prime Minister

The enclosed letter from President Kaunda to the Prime Minister was conveyed by the Zambian Foreign Minister, General Benjamin Mibenge (on an unexpected special mission around various donor capitals) to Lord Caithness, on 23 May.

President Kaunda asks for the Prime Minister's support for a major slippage in Zambia's economic reform programme (a freeze on the price of mealie-meal) in order to maintain stability in the run-up to general elections, due by October.

Similar letters have been sent to Heads of all major donor governments and to the World Bank and IMF. We are considering advice on a response in consultation with other donors and the IFIs. We will let you have this before the Prime Minister's meeting with President Kaunda on 10 June.

Yours ever,

(S L Gass)
Private Secretary

J S Wall Esq
10 Downing Street

RESTRICTED

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MDHIAN 8228

RESTRICTED
FM LUSAKA
TO IMMEDIATE FCO
TELNO 216
OF 241000Z MAY 1991
AND TO IMMEDIATE BDDSA LILONGWE, UKDEL IMF/IBRD WASHINGTON, ODA

YOUR TELNO 137: MESSAGE FROM KAUNDA TO THE PRIME MINISTER

SUMMARY

1. KAUNDA POSES US A DIFFICULT PROBLEM. ON THE ONE HAND HE INVITES US TO SUPPORT HIM ELECTORALLY AND TO ALLOW UNDERMINING OF THE ECONOMIC RECOVERY PROGRAMME. ON THE OTHER THERE IS A REAL DANGER TO ZAMBIA'S STABILITY. IF WE ARE TO HELP KAUNDA AT ALL WE SHOULD EXTRACT APPROPRIATE QUID PRO QUOS. WE SHOULD ACT ONLY IN STEP WITH OTHER DONORS AND WITH THE IFIS.

DETAIL

2. THIS IS AN UNEXPECTEDLY FAST BALL FROM KAUNDA. MY IMMEDIATE REACTION (I HAVE NOT YET SEEN THE TEXT OF THE MESSAGE) IS THAT THERE ARE TWO MAIN POINTS IN CONSIDERING HOW TO RESPOND:
(A) IF WE WERE TO ACCEPT WE MIGHT BE OPEN TO ACCUSATIONS OF INTERFERING IN THE ZAMBIAN ELECTORAL PROCESS. FROM THE VIEW POINT OF MMD (AND I SUSPECT THAT THIS DEMARCHE WILL LEAK OUT FAIRLY SOON), WE WOULD BE CONNIVING AT BUYING POPULARITY FOR THE PRESIDENT IN ORDER TO HELP HIM WIN THE ELECTION :
(B) ON THE OTHER HAND, WE ALL HAVE AN INTEREST IN THE STABILITY OF ZAMBIA WHICH MAY ALREADY BE JEOPARDISED BY THE ELECTION PROCESS AND WOULD BE FURTHER ENDANGERED SHOULD THERE BE MARKED INCREASE IN THE PRICE OF STAPLE FOOD DURING THE NEXT FEW WEEKS.

3. ON BALANCE THE ARGUMENT FOR STABILITY I.E FOR ACCEPTING KAUNDA'S PROPOSAL SEEMS MARGINALLY THE STRONGER ONE DESPITE THE POSSIBLE HICCUP IN THE PROCESS OF ECONOMIC REFORM. BUT BEFORE WE DO GO DOWN THIS ROAD, I SUGGEST THAT WE CONSIDER EXTRACTING SOME QUID PRO QUOS FROM THE PRESIDENT: FIRST THAT HE AGREE THAT UNIP WITH IMMEDIATE EFFECT CEASES TO BE SUPPORTED FROM PUBLIC FUNDS AND THE SAVINGS PUT TOWARDS MORE CONSTRUCTIVE ECONOMIC USES. SECOND, AND PERHAPS MORE DIFFICULT, THAT THERE IS FULL CONSULTATION BETWEEN UNIP AND MMD ON THE PRICE FREEZE. IT IS OBVIOUSLY IN THE INTERESTS OF BOTH PARTIES THAT THE ELECTION CAMPAIGN IS CONDUCTED WITHOUT THE LIKLIHOOD OF

POPULAR DISSENT CAUSED BY FURTHER RAISES IN THE MAIZE PRICE. IT IS HOWEVER HIGHLY QUESTIONABLE WHETHER THE MMD WILL SEE IT IN THIS LIGHT AS THERE MAIN FEAR WOULD BE THAT SHOULD THEY WIN THE ELECTION (AND THEY PROFESS TO BE VERY CONFIDENT OF THIS), IT WOULD BE THEY WHO WOULD HAVE THE PROBLEM WITH COPING WITH POPULAR DISCONTENT AS BY THAT TIME, AND ASSUMING THE REMOVAL OF SUBSIDIES, A SUBSTANTIAL PRICE INCREASE WOULD BE INEVITABLE. THIRD, THAT KAUNDA AGREE TO MAKE IMMEDIATE PROGRESS ON OTHER PARTS OF THE ERP, EG PUBLIC AND PRIVATE SECTOR REFORM.

COMMENT

4. THIS IS VERY MUCH A PRELIMINARY COMMENT. IT IS OF COURSE IMPORTANT THAT WE DO NOT ACT UNILATERALLY AND THAT WE HAVE FULL CONSULTATION WITH THE OTHER DONORS AND WITH THE IFIS.

HINCHCLIFFE

YYYY

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COMMENT:

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FM FCO
TO DESKBY 241030Z LUSAKA
TELNO 137
OF 231825Z MAY 91
AND TO DESKBY 241030Z BDDSA LILONGWE, UKDEL IMF/IBRD WASHINGTON
AND TO IMMEDIATE ACTOR

YOUR TELNO 214/215 : MESSAGE FROM KAUNDA TO THE PRIME MINISTER

SUMMARY
1. KAUNDA ASKS US TO HELP HIM BUY POPULARITY WITH LOW MAIZE PRICES BEFORE THE ELECTIONS, TO BE PAID FOR AFTER HE HAS WON.

DETAIL
2. THE PM WAS NOT AVAILABLE TO RECEIVE MIBENGE ON EITHER 23 OR 24 MAY. MIBENGE SAW LORD CAITHNESS ON 23 MAY AND HANDED OVER A LETTER FROM KAUNDA TO THE PM. (COPIES TO FOLLOW BY FAX). LORD CAITHNESS UNDERTOOK TO CONVEY THE LETTER TO NO 10 BUT DID NOT OTHERWISE COMMENT. THE MESSAGE ASKS FOR DONOR AGREEMENT TO POSTPONING INCREASES IN MAIZE MEAL PRICES. MIBENGE MADE CLEAR THAT A SIMILAR MESSAGE WAS GOING TO OTHER DONORS AND THE IFIS.

3. EXPLAINING THE MESSAGE, MIBENGE SAID THAT GRZ WAS COMMITTED TO PEACEFUL, POLITICAL CHANGE BUT WAS CONCIOUS OF THE FACT THAT IN 1986 AND 1990 THERE WERE RIOTS IN RESPONSE TO MAIZE MEAL PRICE RISES. IF MEALIE PRICES WERE RAISED IN JUNE AS EXPECTED UNDER THE SAP, THE POLITICAL PROCESS WOULD BE SERIOUSLY DESTABILIZED. GRZ HOPED FOR DONOR SUPPORT IN POSTPONING THE PRICE RISE UNTIL AFTER THE ELECTION. GRZ REMAINED FULLY COMMITTED TO THE REFORM PROGRAMME AND INTENDED TO PAY FOR THE MAIZE SUBSIDY BY MAKING CUTS IN OTHER AREAS: RATIONALISATION OF THE MAIZE COUPON SYSTEM, CUTTING OUT OF THE COSTLY MIDDLEMAN (NAMBOARD) IN MAIZE MARKETING, REDUCTION OF CIVIL SERVICE BY 15 PER CENT (FOLLOWING PRESENT CONSULTANCY), CLOSURE OF 2 OR 3 FOREIGN MISSIONS, SALE OF 10 PARASTATALS (PERHAPS MORE), END TO FUNDING OF UNIP AFTER ELECTIONS.

COMMENT
4. ALL OF THESE 'SAVINGS' ARE OF COURSE ALREADY PART OF THE SAP AND WILL BRING IN NO NEW MONEY EVEN IF THEY ARE REALISED MORE QUICKLY THAN CURRENTLY APPEARS LIKELY. WE SHALL CONSIDER OUR ADVICE ON A REPLY AGAINST THE BACKGROUND OF THE ZAMBIAN REQUEST FOR RAPID DISBURSEMENT OF AID THIS QUARTER AND IN CONJUNCTION WITH OTHER DONORS AND THE IFIS.

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MAIN 135
MONETARY

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DIS RET MES FM LUSAK TO FCOLN OF 230900Z MAY TELNO 00215
[DIS RET MES] [ ] I/T MSG [01] OF 01 DIST ONLY [ ] D
COMMENT:

SECRET
FM LUSAKA
TO DESKBY 231000Z FCO
TELNO 215
OF 230900Z MAY 1991

LUSAKA TELNO 214: ZAMBIA: VISIT OF MIBENGE

1. WE HAVE NOW HEARD ON OTHER CHANNELS THAT MIBENGE IS ALSO BEING SENT TO WASHINGTON AND PARIS BY KAUNDA AND THAT THE MINISTER OF COMMERCE HAS BEEN SENT TO THE NORDIC COUNTRIES AND GERMANY WITH A SIMILAR MESSAGE. THIS INDICATES THAT THE MESSAGE FOR THE PRIME MINISTER MAY WELL BE RELATED TO ZAMBIA'S ECONOMIC RECOVERY PROGRAMME AND NOT TO SOUTH AFRICA.

HINCHCLIFFE

YYYY

ADVANCE	11	
PS/MRS CHALKER		1
PS/PUS		1
MR LANCASTER		1
MR FAIRWEATHER		1
MR HEMANS		1
MR HUDSON		1
HD/CSAD		1
HD/CSAD/ODA		1
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PS/NO 10.		1
MAIN	41	
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MR LANCASTER		1
MR FAIRWEATHER		1
MR HEMANS		1
MR HUDSON, ODA		1
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[WHAYMAN]

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DIS RET MES FM LUSAK TO FCOLN OF 230730Z MAY TELNO 00214
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COMMENT:

RESTRICTED
FM LUSAKA
TO FLASH FCO
TELNO 214
OF 230730Z MAY 1991
INFO IMMEDIATE CAPE TOWN

ZAMBIA: SUDDEN VISIT OF MINISTER OF FOREIGN AFFAIRS TO LONDON

SUMMARY

1. FOREIGN MINISTER MIBENGE TRAVELLED TO LONDON LAST NIGHT. HE WISHES

TO DELIVER A MESSAGE TO THE PRIME MINISTER FROM KAUNDA.

DETAIL

2. WE HAVE JUST NOW RECEIVED A NOTE FROM THE MFA, DATED YESTERDAY, ASKING US TO INFORM YOU THAT MIBENGE WAS TRAVELLING TO LONDON LAST NIGHT QUOTE TO DELIVER A SPECIAL MESSAGE UNQUOTE FROM KAUNDA TO THE PRIME MINISTER. THE NOTE INVISAGES A MEETING ON 24 MAY AND IT IS THE MINISTERS INTENTION TO LEAVE LONDON ON 26 MAY.

3. WE HAVE NO INDICATION OF THE SUBJECT OF THE MESSAGE. HOWEVER IT MAY WELL BE CONCERNED WITH SOUTH AFRICA: BUTHELEZI HAD TALKS HERE YESTERDAY WITH KAUNDA.

4. WE UNDERSTAND THE ZAMBIAN HIGH COMMISSION WAS INFORMED OF THE VISIT YESTERDAY EVENING.

HINCHCLIFFE

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ADVANCE	11	
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PS/PUS		1
MR LANCASTER		1
MR FAIRWEATHER		1
MR HEMANS		1
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PS/MRS CHALKER		1
PS/PUS		1
MR LANCASTER		1
MR FAIRWEATHER		1
MR HEMANS		1

MR HUDSON, ODA 1
ADDITIONAL 4
PS/NO 10. 4
[MUNRO]

OVC:00 MSS:02 MIS:00 PTR:00 DEF:29 SYSMES:00 280711Z

SUBJECT
MASTER
OPS
~~FILED ON~~:

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T146A/91

State House
Lusaka, Republic of Zambia

21st May, 1991.

My Dear Prime Minister,

I have decided to write to you, Mr. Prime Minister, on a very urgent and important matter on which I need your assistance and understanding.

Zambia, as you are aware, is currently engaged in implementing a very difficult Economic Restructuring Programme which has the full backing and support of the IMF, World Bank, international donor community and your country in particular. Indeed, we could not have embarked upon such a programme without this overwhelming external support for which we are most grateful.

It has been generally recognised that the Economic Restructuring Programme we have embarked upon is a long and painful process given the serious economic problem we face in Zambia. It is a fact that the programme does impose great hardships on the people, especially the most vulnerable section of our society.

In an effort to mitigate the adverse effects of the population, especially the urban poor, we have introduced schemes such as the coupon system which subsidises the price of mealie meal, our staple food. For the same purpose, we have designed a Social Action Programme which is receiving the support of the international donor community and for which we are again most grateful.

Despite these hardships and sacrifices by our people, we are totally committed to the implementation of our Economic Restructuring Programme. Both the IMF

/...

Rt. Hon. John Major, MP.,
Prime Minister of Great Britain and
Northern Ireland,
10 Downing Street,
LONDON.

and the World Bank, and indeed your own representative in the country can confirm the difficult decisions and measures my Government has taken in support of the Programme. We are committed to the Programme because there is no other way out of the serious economic problems we face.

The Programme includes such measures as the general liberalisation of the economy, elimination of price controls and subsidies, privatisation and the adoption of sound fiscal and monetary policies. With regard to subsidies, I wish to point out that at one time the list of price controlled commodities consisted of 36 items which today has been reduced to only one item, namely, mealie-meal. Even though the price of mealie-meal is subsidised, it is still out of reach of the population, particularly the urban poor. This makes mealie meal pricing such a sensitive matter in Zambia.

In December 1986, the price of mealie meal was increased when we decided to reduce the subsidy in order to support the Budget. There was acute public resistance, with widespread rioting which led to loss of life and destruction of property. Similarly, in June last year we had a repeat of very serious rioting following an increase in the price of mealie-meal. Once again, there was loss of life and destruction of property. This time the situation was made worse by an attempted military take over. We thank God that it failed.

As you are aware Mr. Prime Minister, we have reintroduced plural politics in Zambia and a number of new political parties have been formed in the country. A new constitution will soon be submitted to Parliament in preparation for the Presidential and General Elections to be held by October this year. We are anxious and I am sure that all our friends and well wishers want us to have peaceful, free and fair elections. However, this is only possible if we can maintain stability in the country.

Accordingly, I have decided that there should be no increase in the price of mealie-meal, the staple food of our people, over the next six months. Thereafter, the prices will be reviewed taking into account the level of subsidies and resources available to support them. This is the crucial matter on which I seek Your Excellency's support and understanding. Meanwhile, the marketing of crops has been liberalised and the producer price of

/...

maize has been increased as an incentive to farmers. Within the constraints of the current Budget, the Government will look for funds to maintain the prices of mealie-meal at the current levels.

The above action will enable us to maintain peace and stability over the next six months of momentous changes in the political life of our country. It will ensure that the Economic Restructuring Programme to which we are so committed is not derailed and that gains we have already made in the implementation of the Programme are sustained.

I have written to Your Excellency about this matter conscious of the support we have already received from your Government and people. To ensure success in the implementation of the Economic Restructuring Programme and a smooth transition to political pluralism, I will continue to need your help and understanding. I know that I can count on you, Mr. Prime Minister.

Please accept my very warm regards and prayers as you serve your nation.

God bless.

Yours sincerely,

Kenneth D. Kaunda
PRESIDENT OF THE REPUBLIC OF ZAMBIA

CDP - to note

Foreign and Commonwealth Office

London SW1A 2AH

4 January 1991

Dear Charles,

Message of Congratulations from President Kaunda

Your letter of 23 December asked for a draft reply from the Prime Minister to President Kaunda. In fact we had already sent you the message from the President and the Prime Minister replied on 12 December.

Yours ever,

(S L Gass)
Private Secretary

Sir Charles Powell KCMG
10 Downing Street

SUBJECT

cc MASTER
OPS

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 10/90

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

12 December 1990

Dear Mr. President,

Thank you for your kind message of congratulations and good wishes on my new appointment.

I am conscious of the enormous challenges which face us all, in Europe, Southern Africa, and the rest of the world following the dramatic changes of 1990. I am grateful for your vigorous expression of support and for your kind invitation to visit Zambia. I greatly value the close and long-standing links between Britain and her fellow Commonwealth members and look forward to renewing these ties at the Commonwealth Heads of Government Meeting in Harare next year.

Yours sincerely,
John Major

His Excellency Dr. Kenneth David Kaunda

K 10/12

Foreign and Commonwealth Office

London SW1A 2AH

7 December 1990

Dear Charles,

Messages of Congratulation

As requested in your recent letters, I enclose draft replies to messages of congratulation received by the Prime Minister from the following:

General Moussa Traore, President of the Republic of Mali

General Gnassingbe Eyadema, President of the Republic of Togo

The Rt Hon Michael Manley MP, Prime Minister of Jamaica

HE Dr Carlos Saul Menem, President of the Argentine Republic

HE Dr K D Kaunda, President of the Republic of Zambia

Yours ever,

(S L Gass)
Private Secretary

C D Powell Esq
10 Downing Street

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

4 December 1990

I attach a message of congratulation the Prime Minister has received from Kenneth Kaunda, the President of the Republic of Zambia.

I should be grateful if you could provide a draft reply for the Prime Minister's signature as soon as possible.

(C. D. POWELL)

Simon Gass, Esq.,
Foreign and Commonwealth Office.

HIGH COMMISSION FOR THE REPUBLIC OF ZAMBIA

ZAMBIA HOUSE,
2, PALACE GATE,
LONDON, W.8.

NOTE No. 1015

The High Commission for the Republic of Zambia presents its compliments to the Foreign and Commonwealth Office and has the honour to enclose a letter from His Excellency Dr K D Kaunda, President of the Republic of Zambia to the Rt Hon John Major MP, Prime Minister.

The High Commission for the Republic of Zambia avails itself of this opportunity to renew to the Foreign and Commonwealth Office the assurances of its highest consideration.

HIGH COMMISSION FOR THE REPUBLIC OF ZAMBIA

LONDON
30 November 1990

The Foreign and Commonwealth Office

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. TIB/90.
SUBJECT CC MASTER
OPS

State House
Lusaka, Republic of Zambia

29th November, 1990.

My Dear Prime Minister,

Allow me, first of all, to say, on behalf of the people of Zambia, their Party and its Government and, indeed, on my own behalf, hearty congratulations on that tremendous success at the Conservative Party's poll for its leadership.

I do not intend to refer to the challenges that you face insofar as your own country is concerned, but allow me to refer to the problems of Southern Africa for which your country holds historical responsibilities. Owing to British ingenuity, some of these have now manifested themselves into a very worthwhile organisation called the Commonwealth of Nations. Within this organisation and indeed bilaterally, I want you to know that we in Zambia stand ready to share our dues and responsibilities to the rest of mankind.

Mr. Prime Minister, you take over from a leader who has distinguished herself in an exemplary manner in the so-called man's world. I want to refer especially to the role she played, and which I hope and pray you will continue to play, in breaking down the walls that separate God's people of the East from those of the West. Many important events have taken place in this world and in this century especially, but nothing has been more dangerous to this world than the rise and fall of the ideological wall that stood between the East and the West.

/...

Rt. Hon. John Major, MP,
Prime Minister of Great Britain and
Northern Ireland,
10 Downing Street,
LONDON.

Finally, there is no doubt at all in my mind that your preoccupations will be mainly in your own country and Europe, but please remember Africa has very devastating economic problems which we hope and pray will be one of the top subjects on your agenda.

I cannot end without extending an invitation to a British Prime Minister whose message to his countrymen and women is building a classless society. Please come and see us at your earliest.

I wish you God's blessings in all that you think, say and do as you guide the destiny of your great country.

Yours sincerely,

Kenneth D. Kaunda
PRESIDENT OF THE REPUBLIC OF ZAMBIA

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TELNO 448
OF 271530Z SEPTEMBER 90
AND TO IMMEDIATE ODA, LILONGWE, HARARE, LUANDA, MAPUTO
AND TO IMMEDIATE PRETORIA

LUSAKA TO FCO TELNO 447: UNIP NATIONAL COUNCIL

SUMMARY

1. UNIP NATIONAL COUNCIL ENDORSES RECOMMENDATIONS FOR CONSTITUTIONAL CHANGE, INCLUDING THE END OF THE ONE-PARTY SYSTEM, AND PRESIDENT KAUNDA AS ITS CANDIDATE IN A PRESIDENTIAL ELECTION TO BE HELD CONCURRENTLY WITH A PARLIAMENTARY ELECTION NEXT YEAR. KAUNDA WARNS PARTY FAITHFUL THAT THE RECOMMENDATIONS WILL LEAD TO GENUINE CHANGE AND TO UNIP HAVING TO JUSTIFY ITS CONTINUATION TO THE ELECTORATE AS ZAMBIA'S GOVERNMENT.

DETAIL

2. ON 27 SEPTEMBER THE NATIONAL COUNCIL FINISHED ITS BUSINESS THREE DAYS EARLY. ITS RESOLUTIONS HAVE NOT BEEN PUBLISHED, BUT IN AN OPEN CLOSING SESSION, SECRETARY GENERAL, GREY ZULU, SAID THAT THE RECOMMENDATIONS MADE BY KAUNDA AT THE OPENING SESSION HAD BEEN ADOPTED AND THAT KAUNDA WOULD BE UNIP'S CANDIDATE IN THE PRESIDENTIAL ELECTION IN 1991.

3. KAUNDA, AS CHAIRMAN OF UNIP, CLOSED THE SESSION WITH A SHORT SPEECH (COPY TO CAFD BY BAG). HE SAID THAT THE NEXT STAGES IN THE PROCESS OF REFORM WOULD BE FOR THE COUNCIL'S RESOLUTIONS TO GO TO THE CENTRAL COMMITTEE WHO WOULD WORK OUT THE MODALITIES OF IMPLEMENTATION. THESE WOULD INVOLVE A GOVERNMENT COMMITTEE TO DRAW UP CONSTITUTION AMENDMENTS TO BE PUT TO PARLIAMENT. ONCE PARLIAMENT HAVE AMENDED THE CONSTITUTION A PARLIAMENTARY AND PRESIDENTIAL ELECTION WOULD BE HELD. THE OBJECT IS TO COMPLETE ALL OF THIS BEFORE OCTOBER 1991.

4. IN THE COURSE OF HIS SPEECH KAUNDA EMPHASISED SEVERAL TIMES THAT UNIP MUST ACCEPT THE RIGHT OF OTHERS TO CAMPAIGN IN PEACE. HE REFERRED TO THE NEED TO TAKE CARE DURING THE TRANSITION TO THE NEW POLITICAL SYSTEM TO AVOID DESTABILISATION. NOR SHOULD ANYONE BE

PERMITTED TO USE THE POLITICAL UNCERTAINTIES OF THE NEXT YEAR TO DISRUPT THE ECONOMIC RESTRUCTURING PROGRAMME. HE MADE IT PLAIN THAT THERE IS TO BE A TRUE SEPARATION OF GOVERNMENT AND UNIP INSTITUTIONS AND THAT UNIP WILL NOW HAVE TO RELY ONLY ON ITS OWN SOURCES OF FINANCE. DESPITE HIS CALL FOR PEACEFUL CAMPAIGNING KAUNDA DID ALLOW HIMSELF ONE UNSCRIPTED RABBLE ROUSING PASSAGE WHICH WAS A BITTER ATTACK ON THOSE MEMBERS OF UNIP WHO HAD BEEN ADVOCATING MULTIPARTY DEMOCRACY USING WHAT HE REGARDED AS UNWARRANTED ATTACKS ON THE UNIP LEADERSHIP.

COMMENT

5. THE NATIONAL COUNCIL APPEAR TO HAVE ADOPTED IMPORTANT FEATURES OF THE PARLIAMENTARY SELECT COMMITTEE'S REPORT AND NO DOUBT THE QUOTE MODALITIES UNQUOTE THE CENTRAL COMMITTEE WILL BE CONSIDERING WHAT CONSEQUENTIAL CHANGES WILL BE NECESSARY, POSSIBILY ON THE LINES OF THE DETAIL OF THE SELECT COMMITTEE'S REPORT. HOWEVER THERE HAS BEEN NO PUBLIC REFERENCE TO DEMOCRATISATION OF UNIP ITSELF. BUT ONCE THERE IS A TRUE SEPARATION BETWEEN THE STATE CONSTITUTION AND UNIP'S OWN CONSTITUTION THIS IS UNIP'S INTERNAL PROBLEM. IF IT DOES NOT DEMOCRATISE THIS PARTY IS LIKELY TO LOOSE MUCH SUPPORT TO OTHERS.

6. FROM ONE UNSCRIPTED PASSAGE IN HIS SPEECH IT WAS PLAIN THAT KAUNDA HAD SOME DIFFICULTY IN PERSUADING THE PARTY FAITHFUL TO ACCEPT THE RECOMMENDED CHANGES: HE WENT OUT OF HIS WAY TO REPEAT THE ASSURANCES THAT HE SAID WERE GIVEN IN PRIVATE SESSIONS THAT NO PARTY OFFICIAL WOULD BECOME UNEMPLOYED AS A RESULT OF THE CHANGES. GIVEN THE EXTENT OF THE PARTY'S BUREAUCRACY THIS IS GOING TO BE A DIFFICULT PROMISE TO FULFIL: KAUNDA HIMSELF HAS DONE WELL OUT OF THE COUNCIL. IF UNIP WINS THE PRESIDENTIAL ELECTION NEXT YEAR HE WILL REMAIN IN OFFICE UNTIL 1998.

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OF 301000Z JUNE 90
INFO IMMEDIATE WINDHOEK, DAR ES SALAAM, LUANDA, HARARE, GABORONE
INFO IMMEDIATE PRETORIA, LAGOS, ADDIS ABABA, LILONGWE, CAIRO
INFO IMMEDIATE UKMIS NEW YORK, UKDEL NATO

ZAMBIA: ALLEGED COUP ATTEMPT

SUMMARY

1. ALTHOUGH THE PICTURE IS STILL UNCLEAR, THIS DOES NOT SEEM TO HAVE BEEN A SERIOUS COUP ATTEMPT. THE MILITARY APPEAR TO REMAIN LOYAL AND KAUNDA IS STILL IN CONTROL. CROWDS PREMATURELY CELEBRATING HIS DOWNFALL APPEAR TO HAVE BEEN DISPERSED BY ARMY UNITS, WITH SOME LOSS OF LIFE. THE SITUATION REMAINS VOLATILE. FURTHER OUTBREAKS OF VIOLENCE ARE POSSIBLE.

DETAIL

2. AT 0330 LOCAL TIME THIS MORNING, AN ANNOUNCEMENT WAS MADE ON RADIO ZAMBIA THAT ''DUE TO THE RECENT UNREST AND FOOD SHORTAGES'' THE ZAMBIAN MILITARY HAD TAKEN OVER. THE ANNOUNCEMENT WAS GIVEN OUT BY A LIEUTENANT MAMBU LUCHEMBE (PHON) OF THE ZAMBIAN SIGNALS CORP. ZAMBIANS AND FOREIGN NATIONALS WERE ADVISED THAT THEY WERE FREE TO REMAIN IN ZAMBIA. THIS MESSAGE WAS REPEATED AT HALF HOUR INTERVALS.

3. THE TELEVISION STATION BEGAN BROADCASTS AT 0600 HOURS AS NORMAL AND TRANSMISSION CONTINUED WITHOUT REFERENCE TO THE RADIO BROADCASTS UNTIL 0715 HOURS WHEN TRANSMISSION WAS DISRUPTED. THE RADIO ZAMBIA BROADCAST WAS ALSO CUT AT THIS TIME. GUNFIRE WAS THEN HEARD AT THE MASS MEDIA CENTRE WHICH HOUSES BOTH ZTV AND RADIO ZAMBIA. TROOPS LOYAL TO THE PRESIDENT SEEM TO HAVE REGAINED CONTROL OF THE STATION.

4. FROM ABOUT 0700 HOURS CROWDS OF PEOPLE WERE SEEN AROUND TOWN, APPARENTLY CHEERING THE NEWS OF THE CHANGE OF GOVERNMENT. TROOPS WERE ALSO SEEN TRAVELLING TO AND FROM STATE HOUSE ALONG INDEPENDENCE AVENUE (THE PRESIDENT TRAVELLED TO NDOLA YESTERDAY AFTERNOON AND SPENT THE NIGHT THERE). THERE WAS SOME SHOOTING NEAR STATE HOUSE AND THREE DEAD BODIES WERE REPORTEDLY SEEN.

5. AT APPROXIMATELY 0900 HOURS, GREY ZULU, SECRETARY-GENERAL OF THE PARTY, MADE A STATEMENT ON RADIO AND TELEVISION. HE SAID THAT THE ANNOUNCEMENTS ABOUT THE CHANGE IN GOVERNMENT HAD BEEN MADE BY ONE ''UNDISCIPLINED SOLDIER''. HE REASSURED THE NATION THAT EVERYWHERE WAS PEACEFUL AND HE CALLED ON CITIZENS AND RESIDENTS TO GO ABOUT THEIR NORMAL BUSINESS. THE PRESIDENT WAS STILL IN NDOLA AND INTENDED TO CONTINUE HIS PROGRAMME, OFFICIALLY OPENING THE NDOLA TRADE FAIR THIS AFTERNOON.

6. THE SITUATION IN THE CENTRE OF TOWN IS NOW CALM, WITH BUSINESS AS NORMAL. ARMED PARAMILITARY AND ARMY HAVE AGAIN BEEN DEPLOYED AT INTERVALS ALONG CAIRO ROAD. THE UNIVERSITY OF ZAMBIA IS REPORTED QUIET. (IT WAS CLOSED YESTERDAY FOR TWO WEEKS AND THE STUDENTS WERE DISPERSED TO THEIR HOMES).

7. WE HAVE HAD SOME REPORTS FROM THE PROVINCES, INCLUDING THE COPPERBELT. A CONSULAR WARDEN IN MUFILIRA HAS REPORTED THAT A LARGE CROWD HAD GATHERED IN THE TOWN CENTRE, CHEERING THE NEWS OF A CHANGE OF GOVERNMENT. AS FAR AS WE CAN TELL THE SITUATION OUTSIDE LUSAKA REMAINS CALM AND UNDER GOVERNMENT CONTROL. ONE UNCONFIRMED REPORT FROM NDOLA SAID THAT THE PRESIDENT AND ONE OF HIS SONS WERE ACCOMODATED IN THE BARRACKS THERE. BUT WE HAVE NO REASON TO SUPPOSE HE WAS BEING HELD AGAINST HIS WILL.

8. WE HAVE RECEIVED NO REPORTS OF ANY BRITISH NATIONALS INVOLVED IN ANY TROUBLE. OUR ADVICE TO BRITISH CITIZENS IS THAT THEY SHOULD REMAIN AT HOME IF POSSIBLE.

COMMENT

9. THIS DOES NOT SEEM TO HAVE BEEN A SERIOUS COUP ATTEMPT. THE MILITARY APPEAR TO HAVE REMAINED LOYAL TO KAUNDA AND THE GOVERNMENT IS STILL IN CONTROL. THE ORIGINAL BROADCAST, HOWEVER, CAUSED SOME PUBLIC JUBILATION IN LUSAKA AND ELSEWHERE, WITH MANY PEOPLE BELIEVING FOR SOME TIME THAT THE PREESIDENT HAD BEEN OVERTHROWN. THOSE WHO REJOICED WILL NOW BE BITTERLY DISAPPOINTED AND THERE IS A DANGER THAT THEY WILL SEEK TO VENT THEIR FRUSTRATION. THERE MAY ALSO BE AN ELEMENT OF REVENGE-SEEKING AS SOME OF THE CASUALTIES IN INDEPENDENCE AVENUE MAY HAVE BEEN AMONGST CROWDS PREMATURELY REJOICING. THE SITUATION IS STILL VOLATILE AND THE EVENTS OF THE MORNING ARE SYMPTOMATIC OF THIS. THE UNDERLYING CAUSE OF THIS WEEK'S UNREST STILL REMAIN AND ALTHOUGH WE HAVE NO REASON TO DOUBT THE LOYALTY OF THE MILITARY (WHICH HOLDS THE KEY TO THE SITUATION), THE WHIFF OF MUTINY AND THE PROSPECT OF A KAUNDA-LESS ZAMBIA MAY ENCOURAGE FURTHER

OUTBREAKS OF VIOLENCE. KAUNDA IS BY NO MEANS OUT OF THE WOOD YET AND WITH THE REFERENDUM ANNOUNCED YESTERDAY FOR 17 OCTOBER, A LONG WAY OFF, THERE IS TIME AND SCOPE FOR FURTHER EXPRESSION OF PUBLIC ANGER AND FOR THE CONSOLIDATION OF OPPOSITION TO KAUNDA.

HINCHCLIFFE
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PS/PUS
MR TOMKYS
MR LANKESTER
MR FAIRWEATHER
MISS SPENCER
MR AINSCOW

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The National Archives

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Use black or blue pen to complete form.

Use the card for one piece or for each extract removed from a different place within a piece.

Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
eg. 28, 1079, 84/1, 107/3

Enter extract details if it is an extract rather than a whole piece.
This should be an indication of what the extract is,
eg. Folio 28, Indictment 840079, E107, Letter dated 22/11/1995.
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PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T138/90

subject cc Master
cc OPS

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

25 June 1990

Dear Kenneth,

Thank you for your letter of 30 May.

We have been following with close interest your courageous and positive steps towards economic reform. Our decision to offer a grant of £30m to help you implement the major changes which you have initiated is a sign both of our support and of our recognition of the magnitude of the tasks you now face. We shall continue to follow closely your programme of economic reform as it develops in conjunction with the IMF and the World Bank.

I welcome your remarks about the impact of the District Development Support Scheme which we have assisted for some years. We too regard it positively. Effective decision-taking at local level as envisaged under these schemes will help to maximise the benefits gained from your new economic policies. It is important therefore that everything possible should be done to enable the projects to achieve their full potential. Our Acting High Commissioner wrote to your Prime Minister on 20 April suggesting that a number of improvements were desirable, including amendments to the 1980 Local Government Act and a clearer definition of responsibilities among the various government bodies involved. We look forward to the Prime Minister's reply.

I welcomed news of your decision to call a referendum on the future of the one party state in Zambia. There is a close link between economic and political reform. We are convinced that economic progress and good government go hand in hand. It is particularly fitting that you have initiated this proposal at a time when all your and our efforts to achieve democratic reform in South Africa are coming to fruition.

I turn finally to the question of assistance in investigating the running of the various companies under the Zambia Consolidated Copper Mines. I was sorry to hear that you are withdrawing your request for British assistance. ZCCM is plainly of central importance to the future economic well being of Zambia. A decision to allow the inquiry to go ahead would undoubtedly have been well received by the international community given the stress placed on the need for Zambia to manage the public sector and the parastatals in an efficient manner. I confirm that we stand ready to help in this area, bearing in mind the unavoidable delays in the World Bank becoming involved until debt arrears to the Bank have been cleared.

Yours ever

Margaret

His Excellency Dr Kenneth David Kaunda

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

24 June 1990

Dear Simon,

ZAMBIA

The Prime Minister has written to President Kaunda as proposed. I enclose the letter and should be grateful if you could arrange for its delivery.

Yours sincerely,

CHARLES POWELL

Simon Gass, Esq.,
Foreign and Commonwealth Office

cc PK

Foreign and Commonwealth Office

London SW1A 2AH

22 June 1990

Dear Charles,

Letter from President Kaunda of Zambia

In her letter of 7 August 1989 the Prime Minister agreed that we would provide assistance to look into the running of the various companies under the Zambia Consolidated Copper Mines (ZCCM). Our efforts to do so have come to naught, effectively because the enquiry, which is sorely needed, has been blocked by the Chairman of ZCCM, Francis Kaunda (no relation). President Kaunda wrote to the Prime Minister on 30 May withdrawing his earlier request while thanking the UK for the assistance we are providing under the aid programme.

The economic reform programme which Zambia has implemented over the last twelve months is at last beginning to point the Zambian economy in the right direction. The worst excesses of the system of state controlled allocation of funds, and the neglect of market principles in running the economy, are beginning to be rolled back. The IMF Board has approved the programme, and the Foreign Secretary told President Kaunda in March that we would provide £30 million this year to help finance it if other donors came up with their share of the required funds (which they seem likely to do).

On the other hand, both economically and politically, the magnitude of the change required is enormous and KK's commitment to it is at best equivocal. Although he announced last month a referendum on whether Zambia should return to being a multi-party state, he has made it clear that UNIP (the sole existing party) should campaign for a negative answer. The district development projects which we have financed and which he praises in his letter have been hampered by President Kaunda's failure to implement his proclaimed policies of administrative reform and decentralisation. The Acting High Commissioner wrote to the Zambian Prime Minister on 20 April setting out the improvements in government policies we consider necessary before agreeing to further assistance. It would be helpful if the Prime Minister were to refer to this correspondence in her reply.

/The draft

The draft also expresses disappointment at our being asked to stand down from the ZCCM enquiry, reflecting that a decision to go forward would be well received by the international community. The reason President Kaunda gives for withdrawing his request - that the World Bank will be undertaking the work instead - is spurious.

Yours ever,

(S L Gass)
Private Secretary

C D Powell Esq
10 Downing Street

SCANNED

Draft Message from the Prime Minister

HE Dr Kenneth David Kaunda of Zambia

To: President Kaunda

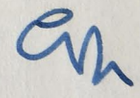
Thank you for your letter of 30 May.

We have been following with close interest your courageous and positive steps towards economic reform. Our decision to offer a grant of £30m to help you implement the major changes which you have initiated is a sign both of our support and of our recognition of the magnitude of the tasks you now face. We shall continue to follow closely your programme of economic reform as it develops in conjunction with the IMF and the World Bank.

I welcome your remarks about the impact of the District Development Support Scheme which we have assisted for some years. We too regard ~~them~~ it positively. Effective decision taking at local level as envisaged under these schemes will help to maximise the benefits gained from your new economic policies. It is important therefore that everything possible should be done to enable the projects to achieve their full potential. Our Acting High Commissioner wrote to your Prime Minister on 20 April suggesting that a number of improvements were desirable, including amendments to the 1980 Local Government Act and a clearer definition of responsibilities among the various government bodies involved. We look forward to the Prime Minister's reply.

I welcomed news of your decision to call a referendum on the future of the one party state in Zambia. There is a close link between economic and political reform. We are convinced that economic progress and good government go hand in hand. It is particularly fitting that you have initiated this proposal at a time when all your and our efforts to achieve democratic reform in South Africa are coming to fruition.

I turn finally to the question of assistance in investigating the running of the various companies under the Zambia Consolidated Copper Mines. I was sorry to hear that you are withdrawing your request for British assistance. ZCCM is plainly of central importance to the future economic well being of Zambia. A decision to allow the enquiry to go ahead would undoubtedly have been well received by the international community given the stress placed on the need for Zambia to manage the public sector and the parastatals in an efficient manner. I confirm that we stand ready to help in this area, bearing in mind the unavoidable delays in the World Bank becoming involved until debt arrears to the Bank have been cleared.



RESTRICTED

PRIME MINISTER'S PERSONAL MESSAGE SERIAL No. 1154/90

SUBJECT

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FM LUSAKA
TO IMMEDIATE FCO
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OF 010645Z JUNE 90

MIPT: MESSAGE FROM PRESIDENT KAUNDA TO THE PRIME MINISTER

I WRITE TO EXPRESS MY VERY SINCERE THANKS FOR A NUMBER OF THINGS. FIRST AND FOREMOST IS THE DECISION YOU HAVE TAKEN TO ASSIST ZAMBIA TO THE TUNE OF #30 MILLION. THIS, MARGARET, IS MOST WELCOME AND INDEED MOST HELPFUL. I BELIEVE THAT SOME OF YOUR SENIOR OFFICIALS ARE IN ZAMBIA AT THE MOMENT WORKING OUT DETAILS OF HOW THIS MONEY MIGHT BE SPENT. THE STEPS YOU HAVE TAKEN TO HAVE THIS MONEY QUICKLY SPENT IS ALSO VERY HELPFUL.

EVEN AS I THANK YOU FOR THIS WONDERFUL SUPPORT I CANNOT FORGET TO THANK YOU FOR ONE OF ZAMBIA'S MOST SUCCESSFUL PROGRAMMES IN THE FIELD OF RURAL DEVELOPMENT. I HAVE SAID SO A NUMBER OF TIMES PUBLICLY. I AM REFERRING HERE TO THE PROGRAMME WHICH YOUR GOVERNMENT HAS WORKED OUT TOGETHER WITH THE ZAMBIAN GOVERNMENT, KNOWN AS THE INTEGRATED RURAL DEVELOPMENT PROGRAMME (IRDP). THIS IS A GRASSROOTS APPROACH TO DEVELOPMENT AND, AS I SAY, IS ONE OF THE MOST SUCCESSFUL ONES THAT WE HAVE IN THE COUNTRY. ASSOCIATED WITH THIS PROGRAMME ONE HAS TO THANK YOU AND YOUR GOVENMENT FOR SO MANY FORMS OF AID SUPPORTING SIMILAR PROGRAMMES IN THE SOCIAL DEVELOPMENT AREA. THESE PERTAIN, OF COURSE, TO EDUCATION AND HEALTH.

LAST, BUT CERTAINLY NOT LEAST, I WANT TO RECORD MY THANKS FOR YOUR VERY QUICK RESPONSE TO MY REQUEST PROMPTED BY MY AUDITOR-GENERAL FOR SOME SPECIALIST OFFICERS TO LOOK INTO THE RUNNING OF THE VARIOUS COMPANIES UNDER THE ZAMBIA CONSOLIDATED COPPER MINES (ZCCM). I AM AWFULLY SORRY, MARGARET, THAT I DID NOT CHECK WITH THE OTHER SIDE BEFORE I ASKED FOR THIS ASSISTANCE. I HAVE NOW DISCOVERED THAT THERE IS SOME CONFLICT AT THE LEVEL OF THE BOARD OF DIRECTORS OF ZCCM. THEY ARE NOT AGREEING TO THIS APPROACH. I DID NOT KNOW THAT THEY HAD ALREADY APPROACHED THE WORLD BANK FOR SIMILAR ASSISTANCE. I AM TOLD THAT SOME CONSULTANTS ARE ALREADY WORKING ON THIS. HOWEVER,I STILL INTEND TO PRESS FORWARD ON THIS BUT I FEAR IT WILL TAKE A BIT OF TIME IN THAT THERE IS NEED FOR US TO CHANGE THE LAW AS IT STANDS.

MAY I, THEREFORE, ASK YOU PLEASE TO ACCEPT MY VERY SINCERE APOLOGIES FOR THIS. IN THIS RESPECT IT WILL BE USEFUL IF THE OFFICERS WERE STOOD DOWN AND IF WE DO NOT GET SATISFACTION IN THIS OTHER PROGRAMME

WITH THE WORLD BANK AND WHEN WE CHANGE THE LAW, I MIGHT HAVE TO COME BACK TO YOU FOR SOME ASSISTANCE. ONCE ARAIN, MY VERY SINCERE APOLOGIES.

THERE IS ONE OTHER MATTER OUTSIDE OUR BILATERAL RELATIONS. THIS IS RELATED TO YOUR POLICY TOWARDS THE SOVIET UNION UNDER PRESIDENT MIKHN IL GORBACHEV. I HAVE REALLY APPRECIATED THE VERY HELPFUL APPROACH YOU HAVE MADE. WE NEED THAT MAN IN THAT POSITION PERHAPS EVEN MORE SO NOW AS HE FACES MORE AND MORE PROBLEMS IN HIS OWN COUNTRY. I HAVE SAID AS MUCH PUBLICLY BECAUSE I THINK IT IS IMPORTANT. I DO NOT KNOW WHAT IT IS THAT WESTERN POWERS CAN DO TO ASSIST HIM ECONOMICALLY, BUT I AM SURE YOU HAVE GIVEN THOUGHT TO ALL THIS.

MAY I END BY THANKING YOU ONCE MORE FOR ALL THAT YOU HAVE DONE TO ASSIST US HERE.

GOD'S BLESSINGS.

BYRNE

YYYY

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TO IMMEDIATE FCO
TELNO 275
OF 010630Z JUNE 90

MESSAGE FROM PRESIDENT KAUNDA TO THE PRIME MINISTER

1. MIFT CONTAINS THE TEXT OF A LETTER FROM PRESIDENT KAUNDA TO THE PRIME MINISTER. THE ORIGINAL FOLLOWS BY BAG.

2. THE REFERENCES TO OUR PART IN THE INTEGRATED RURAL DEVELOPMENT PROGRAMME PRESENTS A USEFUL OPPORTUNITY TO MAKE DIRECTLY TO THE PRESIDENT POINTS WE ARE CURRENTLY TRYING TO MAKE TO THE ZAMBIAN GOVERNMENT ABOUT VARIOUS WAYS IN WHICH THE IMPLEMENTATION OF OUR PROJECTS COULD BE IMPROVED. ON THE ADVICE OF BDDSA I WROTE RECENTLY ABOUT THIS TO PRIME MINISTER MASEHEKE (ODA HAS A COPY) AND A MESSAGE FROM OUR PRIME MINISTER RE-ENFORCING OUR CONCERNS WOULD BE HELPFUL.

3. THE REQUEST THAT WE STAND DOWN THE AUDITORS WE WERE OFFERING IN THE ZCCM CASE IS DISAPPOINTING. IT REFLECTS SUCCESS OF ZCCM CHAIRMAN, FRANCIS KAUNDA, IN DERAILING THE AUDITOR GENERAL'S ATTEMPTS TO INVESTIGATE THIS PARASTATAL. I AM MEETING THE AUDITOR GENERAL NEXT WEEK AND HOPE TO BE ABLE TO FIND OUT MORE OF THE BACKGROUND ON THIS.

BYRNE

YYYY

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bc: PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

23 April 1990

Dear Simon,

INVITATION TO THE PRIME MINISTER TO VISIT ZAMBIA

Thank you for your letter of 23 April about President Kaunda's invitation to the Prime Minister to visit Zambia. All we can say at this stage is that the Prime Minister is most grateful for the invitation, but it is too far ahead to reach any decision. We will revert to the matter nearer the time. I think it is unlikely, in practice, that the Prime Minister will want to go: she has already visited Zambia and there are other countries in the region which she is yet to visit.

Yours sincerely,

C. D. POWELL

S. L. Gass, Esq.
Foreign and Commonwealth Office

Foreign and Commonwealth Office

London SW1A 2AH

23 April 1990

Dear Charles,

Invitation to the Prime Minister to Visit Zambia

During a call on Mr Waldegrave on 11 April, the Zambian Ambassador, Mr Lubinda, passed on an invitation from his Government for the Prime Minister to visit Zambia at the time of the Harare CHOGM in the autumn of 1991.

Mr Lubinda was anxious throughout the meeting to stress the warmth of UK/Zambian relations and to play down disagreement over sanctions against South Africa. Mr Waldegrave warned the Ambassador that as the Prime Minister's programme will be decided much nearer the time, no definite answer can be expected for some time. But you may like to be aware of this invitation now.

We think our response should depend on whether President Kaunda continues to play a constructive role over South Africa. The extent of the Zambian Government's adherence to its IMF-endorsed economic reforms and the nature of its response to internal calls for political reform would also need to be taken into account. We shall make firmer recommendations nearer the time.

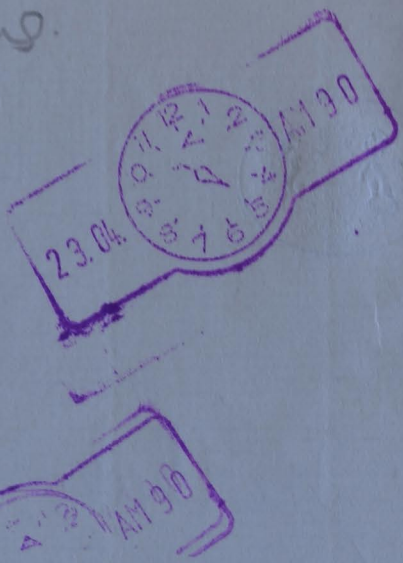
One practical constraint will clearly be the length of time which the Prime Minister feels she can spend out of the country around the time of the Party Conference and opening of Parliament. A visit to Zambia combined with CHOGM would end up as at least a week-long trip.

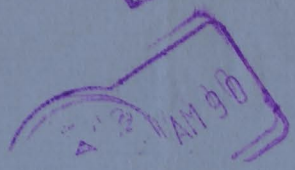
However,

(S L Gass)
Private Secretary

C D Powell Esq
10 Downing Street

ZAMBIA. Relatórios.





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DEPARTMENT/SERIES PREM 19 PIECE/ITEM 4517 (one piece/item number)	Date and sign
Extract details: Letter from Powell dated 6 September 1989	X
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Use the card for one piece or for each extract removed from a different place within a piece.

Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
eg. 28, 1079, 84/1, 107/3

Enter extract details if it is an extract rather than a whole piece.
This should be an indication of what the extract is,
eg. Folio 28, Indictment 840079, E107, Letter dated 22/11/1995.
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Instructions for completion of Dummy Card

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(CORRECTED VERSION)
SUMMARY

1. KAUNDA'S POLITICAL ADVISER GIVES HIS VIEWS OF THE MEETING. DE KLERK'S DESIRE TO DISCUSS POWER-SHARING WITH ALL RACIAL GROUPS. HIS SENSITIVITY ABOUT THE ANC. ZAMBIANS CONSIDER MEETING A SUCCESS.

DETAIL

2. FOLLOWING ARE IMPRESSIONS OF THE LIVINGSTONE MEETING FROM KAUNDA'S POLITICAL ADVISER, PUNABANTU, WHOM I SAW ON FRIDAY EVENING (1 SEPTEMBER).

3. DE KLERK SAID THAT WHAT HE WANTED WAS A ROUND-TABLE MEETING OF ALL RACES TO DISCUSS POWER SHARING. HE THOUGHT THAT A MAJORITY OF ALL GROUPS WANTED THIS CHANGE - BLACKS, WHITES, COLOUREDS, INDIANS. THERE WERE, HE SAID, MANY BLACK LEADERS INSIDE SOUTH AFRICA WHO DID NOT BELIEVE IN VIOLENCE.

4. PUNABANTU SAID THAT DE KLERK SHOWED CONSIDERABLE SENSITIVITY ABOUT THE ANC. HE ASKED KAUNDA NOT TO RAISE IT AND, IF KAUNDA WERE TO INSIST ON DOING SO, TO SAY NOTHING AT THE PRESS CONFERENCE. KAUNDA REPLIED THAT HE CERTAINLY DID NOT INSIST, AND THAT HE WAS QUITE WILLING TO KEEP ANY DISCUSSION CONFIDENTIAL. BUT DE KLERK REPEATED THAT HE WOULD PREFER NOT TO DISCUSS THE SUBJECT AT ALL. AND THAT, SAID PUNABANTU, APART FROM A REFERENCE BY DE KLERK AT THE PRESS CONFERENCE TO THE ''SO-CALLED ANC DECLARATION'', WAS IT, AS FAR AS THE ANC WAS CONCERNED.

5. DE KLERK WAS MUCH EXERCISED ABOUT MINORITY RIGHTS OR GROUP RIGHTS. HE SAID THAT HE HOPED THAT SUCH POLICIES WOULD NOT BE CONSIDERED AS ANOTHER FORM OF APARTHEID. HE SPOKE OF GROUP RIGHTS IN COUNTRIES LIKE SWITZERLAND AND BELGIUM. KAUNDA ADVISED HIM THAT, WHEN HE BROADENED THE FRANCHISE HE SHOULD PERSUADE ''MAINSTREAM'' BLACKS TO JOIN HIS ''MAINSTREAM'' WHITE PARTY. (BY MAINSTREAM BLACKS KAUNDA MEANT ANC). DE KLERK SAID THAT AFRIKANERS IN THE ARMED FORCES, POLICE AND THE PRISON SERVICE WERE FRIGHTENED THAT, ONCE BLACKS CAME TO POWER, THEY WOULD TAKE

REVENGE ON THOSE WHO HAD ATTACKED OR ILL-TREATED THEM. KAUNDA ADVISED HIM TO LOOK AT ZIMBABWE: IT HAD NOT HAPPENED THERE. DE KLERK ALSO SAID THAT HE WANTED SOUTH AFRICA TO JOIN THE OAU, SADCC AND THE PTA.

6. THE RELEASE OF MANDELA WAS NOT RAISED SPECIFICALLY: PUNABANTU'S VIEW WAS THAT THE FEELING APPEARED TO BE THAT THIS WAS NOT A PROBLEM, BUT WOULD FORM PART OF DE KLERK'S GENERAL POLICY.

7. PUNABANTU ALSO TOLD ME THAT HE TRAVELLED WITH VAN HEERDEN (WHOM HE HAD MET BEFORE) FROM THE AIRPORT TO THE CONFERENCE CENTRE. VAN HEERDEN HAD SAID THAT THE NATIONALISTS WOULD HAVE A PROBLEM WITH THE RIGHT AT THIS ELECTION, BUT THAT THIS WOULD BE THEIR PEAK: HE EXPECTED THE CONSERVATIVES SUBSEQUENTLY TO DECLINE. PUNABANTU ALSO TOLD ME THAT VAN HEERDEN HAD TELEPHONED HIM DURING THE P W BOTHA CRISIS, AND HAD ASKED WHETHER KAUNDA WOULD SPEAK TO THE THEN PRESIDENT. KAUNDA AGREED TO DO SO, BUT BY THE TIME VAN HEERDEN HAD GOT BACK TO PIK BOTHA AND TRIED TO ARRANGE IT, P W BOTHA HAD DECIDED TO RESIGN.

8. PIK BOTHA, ACCORDING TO PUNABANTU, HAD ''REINED HIMSELF IN'' AT LIVINGSTONE. HE HAD BEHAVED CAUTIOUSLY, GIVING FEW INDICATIONS OF HIS USUAL BOISTEROUS SELF.

COMMENT

9. A SUCCESSFUL MEETING FROM THE ZAMBIAN POINT OF VIEW. DE KLERK CLEARLY MADE A GOOD FIRST IMPRESSION ON KAUNDA. KAUNDA SAID THAT HE CONSIDERED HIM TO BE STRAIGHT, OPEN AND HONEST: A MAN WITH WHOM HE COULD DO BUSINESS. FURTHER POSSIBLE CONTACTS AT HEAD OF STATE LEVEL WILL AWAIT THE OUTCOME OF THE SOUTH AFRICAN AND NAMIBIAN ELECTIONS.

10. SEE MIFT (NOT TO ALL) FOR DISCUSSION ON OTHER TOPICS.

WILLSON

YYYY
ADVANCE 10
PS 1
PS/MR WALDEGRAVE 1
PS/PUS 1
MR TOMKYS 1
MR FAIRWEATHER 1
HD/CAFD 1
HD/SAFD 1
HD/UND 1
HD/NEWS 1
ASSESSMENTS STAFF CAB OFF 1
MAIN 155
LIMITED 6
CAFD 9
SAFD 8
CCD 3
EAD 4
WAD 6
MCAD 7
UND 6
RMD 1

dti

the department for Enterprise

CONFIDENTIAL

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

J S Wall Esq
Private Secretary
Foreign and Commonwealth Office
LONDON
SW1A 2AH

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5422
Our ref MM3AON
Your ref
Date 21 August 1989

Dear Stephen

ZAMBIA CONSOLIDATED COPPER MINES

Thank you for sending Neil Thornton (now on holiday) a copy of your letter of 3 August to Charles Powell. I can confirm that we are content for officials of the Companies Investigation Branch to be seconded to the ODA to assist with this investigation but I suggest that even though they should not be agents of the British Government, I think that they must remain employees. Secondly, it will be important for the enquiry to be closely controlled and conducted and I would hope that it can be made clear to the Zambians that the two CIB officials which we have in mind will be available for a maximum of six months.

I am copying this letter to Charles Powell at No.10.

Yours ever

Ben Slocock.

BEN SLOCOCK
Private Secretary

the Enterprise initiative

Recycled Paper

ZAMBIA - Relation
R2

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL NO. T144/89

JDBAKL

cc FCO

SUBJECT cc Marker
OPS

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

7 August 1989

Dear Kenneth,

Thank you for your letter of 27 May about the Zambia Consolidated Copper Mines. ZCCM is clearly central to the well being of Zambia's economy, and I well understand the importance of the investigations you describe.

We have given your request for assistance full consideration, and I have therefore asked my Government's Overseas Development Administration to be in touch with your Auditor General, through our High Commissioner in Lusaka, to discuss in more detail how we might best be able to help. I am sure you will agree that it would be right for any personnel who may be appointed to act, during the investigation, as officers of and on behalf of the Government of Zambia rather than in any sense as agents or employees of Her Majesty's Government.

I look forward to seeing you in Kuala Lumpur in October.

Warm regards,

Yours ever,

Margaret

His Excellency Dr. Kenneth David Kaunda

MCM

PRIME MINISTER

You agreed last night to the advice from the Foreign Office that the Government should agree to second personnel to help with the investigation into Zambia Consolidated Copper Mines.

Content now to sign the attached reply to Kenneth Kaunda?

PG

4 August, 1989.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

3 August 1989

Dear Charles,

Zambia Consolidated Copper Mines

I enclose a letter to the Prime Minister from President Kaunda of Zambia dated 27 May and a draft reply.

Our High Commissioner in Lusaka has discussed the request in President Kaunda's letter with the Zambian Auditor General. The Auditor General is seriously concerned about the propriety of financial management in Zambia Consolidated Copper Mines (ZCCM), and in its subsidiaries registered in Britain. He considers that Zambia cannot manage the investigation alone but would be able to do so with British help. He considers us particularly suited to help, both because some of the subsidiaries are in Britain, and because the relevant Zambian legislation resembles our own. If the Secretary of State for Trade is content, the Companies Investigation Branch of the DTI would be involved.

There are clearly substantial risks in any investigation. We do not know where it might lead, or whom it might expose to criticism. ZCCM is responsible for about 90% of the foreign exchange earnings of Zambia. Our High Commission considers there is little doubt that some of these profits are syphoned off into the pockets of individuals, some very highly placed. In the Foreign Secretary's absence, Mrs Chalker considers it to be a measure of Zambian attitudes to Britain that they should trust us with access to the accounts of ZCCM. Concern for priority of expenditure is central to implementing the sensible economic policies which we have been encouraging Zambia to adopt.

Since the investigation relates to companies based in Britain we also have a direct interest. The draft reply therefore proposes we should agree in principle to the request for help; but also reflects legal advice that we should take great care to safeguard our own position as regards the employment status of any personnel who may be sent out to Zambia to assist. We should need to make clear that any British Government officials seconded to conduct an investigation in Zambia would be acting, during the investigation, as officers or and on behalf of the Government of Zambia, and not in any sense as agents or employees of the British Government. The purpose of such a provision would be to ensure that any legal proceedings arising from or as a result of the investigation were directed against the Government of Zambia and not HMG. The cost would be met from within the existing provisions for British Aid to Zambia.

CONFIDENTIAL

CONFIDENTIAL

I am copying this letter to Neil Thornton (DTI). This matter has been discussed with officials in Companies Investigation Branch, who can supply further details.

Yours,
Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

STATE HOUSE
LUSAKA
THE REPUBLIC OF ZAMBIA

27th May, 1989.

My dear Margaret,

As you are no doubt aware, one of this country's companies, the Zambia Consolidated Copper Mines Limited (ZCCM), has subsidiary companies under the control of ZAL Holdings Limited in the United Kingdom. ZCCM is the mainstay of Zambia in terms of foreign exchange earnings and it is considered necessary that the operations of this Company be investigated and reviewed in the light of the results of our investigations.

It is not possible within Zambia to carry out these investigations and reviews and it is in this regard that I would seek your assistance in providing personnel from your National Audit Office and the Department of Trade for secondment to my Office of the Auditor-General.

The terms of reference for the investigations will be worked out and discussed with the officers who will be seconded for the purpose once the request is acceded to. Meanwhile, my Auditor General will be in touch with your High Commission in this country for other details.

God's blessings.

Yours sincerely,

Kenneth.

Kenneth D. Kaunda
PRESIDENT OF THE REPUBLIC OF ZAMBIA

Rt. Hon. Margaret Thatcher,
Prime Minister of Great Britain,
10 Downing Street,
LONDON.

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Prime Minister

DEPARTMENT: **TEL. NO:**

Reference

SD3
A+P

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

Kenneth D Kaunda
President of the Republic
of Zambia

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

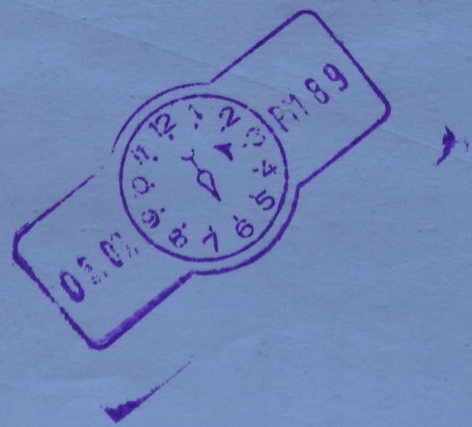
SUBJECT:

Thank you for your letter of 27 May about the Zambia Consolidated Copper Mines. ZCCM is clearly central to the well being of Zambia's economy and I well understand the importance of the investigations you describe.

We have given your request for assistance full consideration and I have therefore asked my Government's Overseas Development Administration to be in touch with your Auditor General, through our High Commissioner in Lusaka, to discuss in more detail how we might best be able to help. I am sure you will agree that it would be right for any personnel who may be appointed to assist to act, during the investigation, as officers of and on behalf of the Government of Zambia rather than in any sense as agents or employees of HMG.

I look forward to seeing you in Kuala Lumpur in October.

Enclosures—flag(s).....



chex.jp/jmt2/23

Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

28 July 1989

C D Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1A 0AA

Dear Charles

ZAMBIA

I have seen Bob Peirce's letter to you of 24 July. The Chancellor agrees in general with the draft letter to President Kaunda - particularly the emphasis on the need for a strong programme of economic reform - but thinks that the third paragraph should be worded a little more cautiously, while we are studying the Policy Framework Paper and preparing for the forthcoming discussions by the Boards of the IMF and the World Bank :

> "We look forward to constructive discussions of the Policy Framework Paper at the World Bank meeting in Paris on 28 July and at the IMF and World Bank Board meetings later in the year. Bilateral and multilateral support on the basis of proposals agreed by the Boards of the IFIs will of course be essential and I am sure you will agree that to secure such support the reform programme being put in place will need to be both strong and sustainable."

The first sentence of the fourth paragraph could then be deleted.

I am copying this letter to Bob Peirce.

Yours sincerely

J M G TAYLOR
Private Secretary

Zambia - UK/Zambian Rels PRZ

PM2ATO

T cFO.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 139/89

10 DOWNING STREET
LONDON SW1A 2AA

27 July 1989

THE PRIME MINISTER

SUBJECT cc MASTER OPS

Dear Kenneth,

Thank you for your letter of 6 July which your Senior Permanent Secretary in the Ministry of Finance, Mr. Nkhata, brought to London last week.

We follow economic developments in Zambia closely and I am grateful to you for bringing me up to date on the measures that you have recently introduced. These are important steps on the way to economic recovery and I note in particular that Zambia is now a net exporter of maize to the region.

We look forward to constructive discussions of the Policy Framework Paper at the World Bank meeting in Paris and at the IMF and World Bank Board meetings later in the year. Bilateral and multilateral support on the basis of proposals agreed by the Boards of the IFIs will of course be essential and I am sure you will agree that to secure such support the reform programme being put in place will need to be both strong and sustainable.

I am sure you will agree that it is essential for the economic programme being put in place to be sustainable. I am very well aware of the political and social constraints that you have to take into account. Nevertheless, as we have seen with other countries in sub-Saharan Africa and further afield, tough measures have to be introduced and maintained if problems are to be overcome and a real basis for long term development established. The volume of finance needed to

6

sustain a programme in Zambia would be very considerable, in addition to the measures needed to resolve the difficulties arising from your country's immense debt arrears. A strong programme is therefore in the interests of both the Zambia authorities and people and of Zambia's international friends.

I very much hope that comprehensive agreement on the way ahead will be reached as soon as possible.

Yours ever

Margaret

His Excellency Dr. Kenneth D. Kaunda

Foreign and Commonwealth Office

London SW1A 2AH

24 July 1989

Dear Charles

Zambia

Discussions have been taking place in recent weeks between the Zambian authorities and staff of the IMF and World Bank on the measures needed to establish an economic reform programme. A Policy Framework Paper has been agreed (ad referendum to the Boards of the IMF and IBRD) and, on 30 June, a number of economic decisions were announced by President Kaunda. This was shortly followed by the despatch from Lusaka of Presidential emissaries to the capitals of all major bilateral donors, bearing letters from the President.

Mr Nkhata, Senior Permanent Secretary in the Ministry of Finance, came to London two weeks ago. He delivered the enclosed letter of 6 July from President Kaunda to the Prime Minister. When he called at the ODA he explained the background to the discussions with the international financial institutions, described the measures recently taken and asked for immediate financial assistance, noting the civil disturbances that had taken place on the Copperbelt the previous week.

In parallel pressure has been mounting, principally from the IMF, for Britain to take the lead in establishing and running a Support Group for Zambia, along the lines of the Group the Canadians ran for Guyana. The objective would be to stimulate both major and minor donors to make sufficient financial contributions to fill the estimated financing gap and, more important from the IMF's standpoint, to identify solutions to Zambian debt arrears of which around $950 million are owed to the Fund alone.

We are faced with some difficult decisions, not only about chairing a Support Group but about participating at all. We cannot play any sort of a role unless we are ready to put up additional resources for Zambia; on any realistic scenario these are bound to be substantial. Even if additional funds can be found, the problem will be

/formidable

formidable; Zambia has one of the highest debt/GDP burdens in the world, and it has a poor history of sustaining a credible economic reform programme. But they have made a start. It is almost inconceivable that an international rescue package could succeed without UK participation.

The arguments for chairing a support group may be summarised as follows. We have an interest in sorting out Zambia's substantial arrears to the Fund. We also want to continue to encourage sub-Saharan African countries to pursue IMF-supported economic reform programmes. A Support Group, to which we should have to contribute, will probably be set up anyway and it might be to our advantage to guide it from the start as Chairman. The role of Chairman would gain us political credit with Southern African countries.

Against that, the programme has a high probability of failure; there is little evidence yet that the Zambians will stay the course of reform. And there is bound to be an extra contribution stemming from chairmanship, as well as administrative costs, in addition to what we would have to find simply as a member of a support group.

The Foreign Secretary's view is that we need to make progress on two fronts before we can take any decision on this.

- First, we shall need to discuss with the Treasury the scale of any additional resources that Britain would need to be ready to make available. These could not be found from within the existing plans for aid.

- Second, we need more assurance that an adequate reform programme is being established, that there is the will and capacity to see it through, and that a programme is likely to attract appropriate international support.

/ I attach a draft letter for the Prime Minister to send to President Kaunda. This is supportive in tone but underlines the need for a strong programme. I am sending a copy of this minute and the draft letter to Alex Allan (HM Treasury).

Yours ever

(R N Peirce)
Private Secretary

C D Powell Esq
10 Downing Street

DSR 11 (Revised Sept 85)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1 +

FROM:
The Prime Minister

DEPARTMENT: TEL. NO:

BUILDING: ROOM NO:

Reference

Your Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified X

PRIVACY MARKING

..... In Confidence

CAVEAT .....

Enclosures flag(s) .....

TO:

President Kenneth Kaunda

Copies to:

PM 2 ATO

To HMG

SUBJECT:

Thank you for your letter of 6 July which your Senior Permanent Secretary in the Ministry of Finance, Mr Nkhata, brought to London last week.

We follow closely economic developments in Zambia, as ~~you know.~~ and I am grateful to you for bringing me up to date on the measures that you have recently introduced. These are important steps on the way to economic recovery and I note in particular that Zambia is now a net exporter of maize to the region.

We shall ~~of course~~ certainly play our part in an international effort to support a programme of economic reform in Zambia, on the basis of proposals agreed by the Boards of the IMF and the World Bank. The Policy Framework Paper you have agreed with the staff of the international financial institutions is a helpful ~~further~~ step in this process. ~~and~~ We shall ~~expect to~~ make a positive contribution to the discussions that will take place in preparation for the eventual Board meetings, including the World Bank donors' meeting in Paris on 28 July.

I am sure you will agree that it is essential for the economic programme being put in place to be sustainable. I am very well aware of the political and social constraints that you have to take into account. Nevertheless, as we have seen with other countries in sub-Saharan Africa and farther afield, tough

/measures have

DSR 11C
(Revised 5/87)

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I very much hope that comprehensive agreement on the way ahead will be reached as soon as possible.

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIVACY MARKING

.....

In Confidence

State House

Lusaka, Republic of Zambia

6th July, 1989

My Dear Prime Minister,

I am sending my Senior Permanent Secretary, Ministry of Finance and National Commission for Development Planning, Comrade L. Nkhata, to deliver this letter personally to Your Excellency as the message is very urgent after the introduction of further economic measures which I announced on 30th June, 1989 which include:-

1. devaluation by 60% in addition to the 25% devaluation which we undertook in November last year, and the rate will be kept under constant review;

2. decontrol of prices of all goods and services, except the staple food, maize meal; and

3. upward adjustment of interest rates by 10 percentage points, from 25-35 as maximum lending rate.

I have written to brief you on the Zambian economy and to ask you to help Zambia with very urgent financial assistance by way of balance of payment support, required to raise the level of supply of goods and services in the country. Your assistance in this respect will be deeply appreciated.

/...

The Rt. Hon. Margaret Thatcher, MP
Prime Minister,
10 Downing Street,
LONDON SW1A 2AA.
UNITED KINGDOM.

We are very grateful for the generous assistance your great country continues to render to the people of Zambia in many ways. As you will recall, Zambia introduced its own Economic Recovery Programme in May, 1987 in place of the IMF and World Bank sponsored programme. Zambia has since implemented the programme firmly and continues to do so. We have not hesitated to make necessary economic adjustments and we can say we have achieved considerable success in a number of sectors although I must say that some sectors have not done well.

In 1987, when the New Economic Recovery Programme was introduced, the Gross Domestic Product grew by 2.2% in real terms. This has risen to 6.7% in 1988 with agriculture growing at 21% and the manufacturing sector at 15%.

The significant growth in agriculture is attributable to incentives the Party and its Government have put in place such as increased producer prices, timely provision of inputs, availability of credit and foreign exchange, adequate provision of extension services and improved marketing. Good weather conditions complemented the efforts of the farmers. In the short period, Zambia has moved from a maize deficit country to a surplus and net exporter of maize.

However, notwithstanding these encouraging developments, there continues to be a number of problems militating against a sustained economic recovery and diversification of the economy. Unemployment has remained high, inflation is very high and the latest estimates for 1988 put inflation at about 70% compared to 60% in 1987.

/...

Madam Prime Minister, Zambia continues to take corrective measures in order to stabilize the economy and I am happy that both the IMF and the World Bank have recognised this aspect and are now supporting Zambia's economic adjustment efforts. In this regard, it pleases me to inform you that Zambia has reached agreement on a Policy Framework Paper with the IMF and World Bank.

However, in order to achieve the economic objectives which we have set for ourselves, we need urgently, financial assistance, in particular import support to strengthen the measures that we are taking. We also need resources to cushion the vulnerable members of our society who are courageously shouldering the burdens of economic reform, especially by enhancing the existing rural credit schemes and extension services.

Yours sincerely,

160.

Kenneth D. Kaunda
PRESIDENT OF THE REPUBLIC OF ZAMBIA

PRIME MINISTER
PERSONAL MESSAGE
SERIAL No. T124b/89

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SUBJECT & Master
OPS

State House

Lusaka, Republic of Zambia

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Prime Minister,
10 Downing Street,
LONDON SW1A 2AA.
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Yours sincerely,

Kenneth D. Kaunda
PRESIDENT OF THE REPUBLIC OF ZAMBIA

BRITISH HIGH COMMISSION
P.O. BOX R.W. 50050
LUSAKA
ZAMBIA

8 June 1989

Ms Kate Smith
Central African Dept
FCO

Dear Kate

1. We have just received the following reply to David Carter's letter of 22 March to the Prime Minister, copied to you:

Rt Hon Margaret Thatcher, FRS, MP

Dear Prime Minister,

I am most touched by your kind message of congratulations on my appointment as Prime Minister by your colleague His Excellency the President Dr Kenneth David Kaunda.

I feel honoured by your message and greatly appreciate your re-affirmation of the continued support which your great country has been extending to us over the years. I wish you, Madam Prime Minister, continued personal good health and prosperity for the people of the United Kingdom.

Malimba Masheke, DFS, MCC, MP.

Yours ever

J M Willson

056040
MDHOAN 7621

RESTRICTED
FM FCO
TO IMMEDIATE LUSAKA
TELNO 73
OF 210931Z MARCH 89

CONGRATULATORY MESSAGE: NEW ZAMBIAN PRIME MINISTER
1. PLEASE DELIVER THE FOLLOWING MESSAGE FROM THE PRIME MINISTER TO GENERAL MASHEKE AS SOON AS POSSIBLE. MESSAGE BEGINS:

DEAR GENERAL MASHEKE, PLEASE ACCEPT MY WARM CONGRATULATIONS ON YOUR RECENT APPOINTMENT AS PRIME MINISTER OF ZAMBIA. WE IN BRITAIN LOOK FORWARD TO WORKING CLOSELY WITH YOU FOR ZAMBIA'S PROGRESS IN THE FUTURE, AND FOR PEACE AND PROSPERITY IN THE REGION AS A WHOLE. WITH BEST WISHES FOR YOUR SUCCESS IN OFFICE, MARGARET THATCHER. MESSAGE ENDS.

2. THERE WILL BE NO SIGNED ORIGINAL.

HOWE

YYYY

DISTRIBUTION 67

MAIN 67

LIMITED
CAFD
OADS
NEWS DEPT
PS
PS/PUS
PS/MRS CHALKER
MR TOMKYS
MR FAIRWEATHER
PROTOCOL DEPT
RESEARCH DEPT

NNNN

AM n 9

RESTRICTED

File KK

cc PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

20 March 1989

**NEW ZAMBIAN PRIME MINISTER:
CONGRATULATORY MESSAGE**

Thank you for your letter of 20 March covering a congratulatory message from the Prime Minister to the new Zambian Prime Minister. I am sure the Prime Minister would be content for the message to go and I should be grateful if it could be despatched.

(C. D. POWELL)

J. S. Wall, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

cc

RESTRICTED

cc PC

Foreign and Commonwealth Office

London SW1A 2AH

20 March 1989

Dear Charles,

New Zambian Prime Minister: Congratulatory Message

President Kaunda made a number of ministerial changes last week. Among them, he appointed General Masheke, formerly Home Affairs Minister and before that Commander of the Zambian Army, to be Prime Minister in place of Musokotwane. He has previous links with Britain, having been an officer cadet at Sandhurst.

As you know, the position of Prime MInister in the Zambian Government has no direct counterpart here. The Foreign Secretary nevertheless believes that a congratulatory message from the Prime Minister would make a favourable impact at little cost. Masheke is likely to have an important role to play in the fundamental economic reforms which Zambia is trying to put together in consultations with the IMF and World Bank.

/ I enclose a draft telegram.

Yours,

Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

RESTRICTED

OUT TELEGRAM

	Classification	Caveat	Precedence
	RESTRICTED		IMMEDIATE

ZCZC	1	ZCZC
TC	2	RESTRICTED
CAVEAT	3	
FM	4	FM FCO
TO	5	TO IMMEDIATE LUSAKA
TELNO	6	TELNO
OF	7	OF 171130Z MARCH 89
AND TO	8	
	9	
	10	CONGRATULATORY MESSAGE: NEW ZAMBIAN PRIME MINISTER
	11	1. Please deliver the following message from the Prime Minister
	12	to General Masheke as soon as possible. Message begins:
	13	
	14	Dear General Masheke, please accept my warm congratulations on
	15	your recent appointment as Prime Minister of Zambia. We in
	16	Britain look forward to working closely with you for Zambia's
	17	progress in the future, and for peace and prosperity in the
	18	region as a whole. With best wishes for your success in office,
	19	Margaret Thatcher. Message ends.
	20	
	21	2. There will be no signed original.
	22	
	23	HOWE
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/	28	LIMITED
	29	CAFD

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		Catchword: OADS	
File number CL6AAL	Dept CAFD	Drafted by (Block capitals) C A K CULLIMORE	Telephone no 270 2526
Authorised for despatch by:	Initials	Date/time	
For COD use only	Comcen reference	Telegram number	Processed by

20. III. PM n 9

C. CONFIDENTIAL

cc: P.C (2)

Foreign and Commonwealth Office

London SW1A 2AH

8 February 1989

Prime Minister
cbd.

Dear Charles.

Visit by Mrs Chalker to Zambia and Kenya

The Foreign Secretary thought that the Prime Minister would be interested in Mrs Chalker's report on her recent visit to Africa. I enclose a copy.

Yours,

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

C. CONFIDENTIAL

CONFIDENTIAL

8 FEB 1989

From: Lynda Chalker
Date: 30 January 1989

Secretary of State

VISIT TO ZAMBIA AND KENYA, 24-29 JANUARY

1. Last week I visited Zambia and Kenya. Whilst in Nairobi, I also chaired the triennial sub-Saharan Heads of Mission Conference. The details of my discussions were reported by telegram, but you may be interested in a few general impressions.

Zambia

2. The welcome on my first visit to Zambia was much warmer than expected: nearly two hours with the President and substantial meetings with the Prime Minister, Foreign and Finance Ministers. President Kaunda went out of his way on camera to say that he bore no animosity towards the Prime Minister, and was very grateful for all the assistance Zambia received from Britain. He rapidly accepted my invitation for Foreign Minister Mwananshiku to visit the UK later this year. If the local press

coverage is any guide, my visit will have finally dispelled the bitterness engendered by Kaunda's behaviour during your 1986 tour.

3. The substance of my discussions was, however, less satisfactory. Despite the considerable (and rare) advantages of peace, high copper prices and some of the most fertile land in Africa, Zambia has chronic economic problems. 25 years of disastrous central planning has resulted in inflation nearing 100%, national debt 5 times GNP (by far the worst ratio in the world), and a hopelessly over-valued currency. Copper, which provides 90% of Zambia's foreign exchange, will be exhaused in less than 15 years.

4. The university teaching hospital in Lusaka (where I spent a depressing 2 hours) was symtomatic of the whole. The lack of basic maintenance meant electricity and water supplies were erratic, even in the operating theatres; vital equipment was beyond repair (only one operational autoclave for 8 theatres) and sometimes dangerous; doctors shared stethescopes. It was heartbreaking to see. We are already supplementing doctors salaries at the hospital, but they can't work effectively when the basic systems are so bad. Fortunately, the regional ODA health advisor is due to do a survey of health needs in Zambia this spring. I hope that her report will enable us to do more where it is most needed.

5. Zambian hostility towards the IFIs has mellowed in recent months, and discussions with a World Bank team were starting as I arrived. But expatriate economists and bankers remain pessimistic. Zambia might stagger towards a weak IBRD programme, but there is little evidence of the necessary political will to carry it

through. The Prime Minister claimed Zambia was a special case, deserving of programme aid even without an IMF/IBRD programme, but it was done in low key - our consistent policy on programme aid is well understood.

6. Kaunda himself must take some of the blame for this economic plight. Unlike in Zimbabwe, where Mugabe's socialist rhetoric rarely impinges on a thriving free market, in Zambia every sector of the economy is affected. There are some competent senior Ministers who know what has to be done, but they also know that if they speak out, they will be removed (18 finance Ministers in the 25 years since independence have found this to their cost).

7. Both Kaunda and his Prime Minister made ritual references to sanctions, though not on several public opportunities. Kaunda will not be shifted (and is, in his own quixotic way, sincere), but polite agreement to disagree is a major step forward from 1986.

8. Kaunda looked frailer than when I saw him face to face 2 years ago, but could still survive another 20 years. As life Chairman of the FLS, he commands some influence with his colleagues, so we cannot afford to ignore him. But despite his personal charm, he is a hard man to convince. And his political judgement is no better than it ever was. Having backed such wrong horses as Nkomo in Zimbabwe, Njukwu in Nigeria and Savimbi in Angola, he recognised the Afghan government 2 weeks ago!

Kenya

9. Nairobi has a vibrant optimistic look, and Kenya remains - in President Moi's own words - "an island of

peace and prosperity in a sea of chaos". Moi of course is a staunch friend of Britain, and I was received very warmly by him, his Vice President and Foreign Minister. His agreement to speak at the Ozone Conference in March probably owes more to his high regard for the Prime Minister than his concern for the environment. Discussions with the Kenyans, even on difficult issues, is conducted on a more sophisticated and unemotional level than elsewhere in Africa. (It is typical that Dr Ouko was the first African I have met who mentioned 1992).

10. But we should not lose sight of the longer term problems Kenya faces. Among the most serious are an annual population growth of 3.8% (ie doubling in 18 years) - which the government have yet to tackle properly, burgeoning corruption and an increasingly authoritarian political climate - genuine political debate is virtually non-existant. This, combined with bureaucratic restrictions on business, is beginning to have a damaging effect on inward investment.

11. Moi was surprisingly sensitive about human rights. When I gently raised the subject, he vehemently criticised US senators, the BBC and Amnesty International for damning Kenya in foreign eyes. The reality of course is that Kenya's human rights record stands comparison with any in Africa, but is a long way from being above reproach. Younger Ministers, like the Foreign Minister, Dr Ouko, acknowledge this. Moi does not, and instead of calmly putting the record straight, he is inclined to be unnecessarily defensive. At my suggestion, Dr Ouko he may take the opportunity of Moi's visit in March to speak directly to MPs/journalists about human rights. That would be worthwhile.

12. Moi's main preoccupation at the moment is aid. He expressed gratitude at HMG's continued support. Though grumbling generally about the speed of aid disbursement, there are no specific outstanding difficulties. Chris Patten will be relieved to hear that the Isiolo hospital is finally due to open this spring. And an impressive sight it is. Both that and the secondary school I visited up-country (one of 56 where we have built a science laboratory) are excellent examples of well-targeted aid. Moi himself made the point that Kenyans saw no 'visible' evidence of US aid. This is tough on the Americans, who give Kenya considerably more bilateral aid than we do - mainly in important but intangible areas such as population control. But it is good news for us.

Heads of Mission Conference

13. The policy recommendations arising out of the HOMC will be reported elsewhere. I only record here three personal impressions:

a) black Africa is in steep economic decline. If present trends continue for another 5 years, our trade with South Africa will exceed that with all the other 45 sub-Saharan countries combined. But the decline is largely the result of poor economic management and political conflict, so is not irreversible. Our political interests demand that we stay involved, and assist in the recovery;

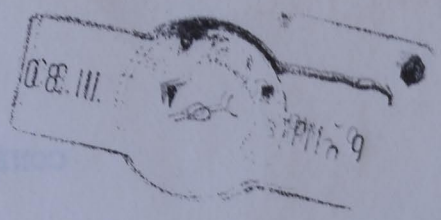
b) we are well placed to help. Our standing in Africa is far higher than it was 3 years ago. This is largely a result of winning greater respect for our Southern African policy. The sanctions argument is not won, and CHOGM in October will be tiresome. But our position is much better understood, and no longer damages our other interests in Africa. This affords us a valuable opportunity to take a more robust line than hitherto in encouraging African countries to sort out their dire economic problems;

c) we are very well served by our representatives in Africa, who work in some of the most inhospitable capitals in the world with enormous energy and good humour. The measures we have taken in the last 3 years to improve security for posts has undoubtedly raised morale. It was a pleasure to chair the meeting.

14. In addition to those 21, my special thanks go to John and Dawn Willson who welcomed me in Lusaka, and John and Jean Johnson, whose hospitality in Nairobi was, as ever, impeccable.

Lynda

Mrs Lynda Chalker



SUBJECT a MASTER
OPS.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T164/88

RESTRICTED

065003
MDHOAN 7588

RESTRICTED
FM FCO
TO IMMEDIATE LUSAKA
TELNO 276
OF 271700Z OCTOBER 88

CONGRATULATORY MESSAGES

1. PLEASE DELIVER THE FOLLOWING MESSAGE FROM THE PRIME MINISTER TO PRESIDENT KAUNDA AT THE EARLIEST SUITABLE OPPORTUNITY AFTER THE PRESIDENTIAL ELECTION. MESSAGE BEGINS:

DEAR KENNETH,
YOUR RE-ELECTION FOR A SIXTH TERM AS PRESIDENT OF THE REPUBLIC OF ZAMBIA IS A REMARKABLE ACHIEVEMENT. PLEASE ACCEPT MY CONGRATULATIONS AND BEST WISHES FOR A SUCCESSFUL TERM OF OFFICE.
WARM REGARDS,
MARGARET THATCHER.
ENDS

HOWE

YYYY

DISTRIBUTION 65

MAIN 65

LIMITED
CAFD
OADS
NEWS DEPT
PROTOCOL DEPT

PS
PS/MRS CHALKER
PS/PUS
MR MUNRO
MR FAIRWEATHER

NNNN

FILE
SAM

cc PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

11 October 1988

ZAMBIAN ELECTIONS

Thank you for your letter of 10 October recommending that the Prime Minister should send a message of congratulations to President Kaunda, on the assumption that he is re-elected for another term. I am sure that she would be ready to do so, but enclose a slightly modified message.

CHARLES POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office

OUT TELEGRAM

	Classification	Caveat	Precedence
	RESTRICTED		ROUTINE

ZCZC
TC
CAVEAT
FM
TO
TELNO
OF
AND TO

ZCZC
RESTRICTED

FM FCO
TO ROUTINE LUSAKA
TELNO
OF OCTOBER 88

CONGRATULATORY MESSAGES

1. Please deliver the following message from the Prime Minister to President Kaunda at the earliest suitable opportunity after the Presidential election. Message begins:

Dear Kenneth,

Your re-election for a sixth term as President of the Republic of Zambia is a remarkable achievement. Please accept my congratulations and best wishes for a successful term of office.

Warm regards,

Margaret Thatcher.

Ends

HOWE

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MAIN
ADDITIONAL
ENNN

		Catchword: OADS	
File number	Dept: P Office	Drafted by (Block capitals): L Parker	Telephone no: 270 2069
Authorised for despatch by:	Initials	Date/time	
For COD use only	Comcen reference	Telegram number	Processed by

cc PK

Foreign and Commonwealth Office

London SW1A 2AH

10 October 1988

Dear Charles,

Zambian Elections

Presidential elections are to be held in Zambia on 26 October. President Kaunda is the only candidate and it is a foregone conclusion that he will be re-elected for another five year term of office.

The Prime Minister sent a congratulatory message after the last election in 1983. The Foreign Secretary believes that it would be useful for the Prime Minister to send a further message on this occasion. While President Kuanda's position on sanctions has not changed, his attitude to the problems of the region is generally moderate and as Chairman of the FLS he could play a useful role in the Angola/Namibia negotiations. A message would also be helpful in the bilateral context; our relations have been under some strain over Zambia's economic policies.

// I enclose a draft telegram to Lusaka with the text of a message. It would of course not be delivered until after the elections.

Yours ever,

(L Parker)
Private Secretary

C D Powell Esq
10 Downing Street

OUT TELEGRAM

		Classification	Caveat	Precedence
		RESTRICTED		ROUTINE

ZCZC
TC
CAVEAT
FM
TO
TELNO
OF
AND TO

ZCZC
RESTRICTED

FM FCO
TO ROUTINE LUSAKA
TELNO
OF OCTOBER 88

CONGRATULATORY MESSAGES

1. Please deliver the following message from the Prime Minister to President Kuanda at the earliest suitable opportunity after the Presidential election. Message begins:

Dear Kenneth, ~~I was delighted to hear of your re-election for your sixth term as President of the Republic of Zambia. I am glad that we shall continue to work together [in the Commonwealth and in the wider world].~~ Your re-election for a sixth term as leader of the Republic of Zambia is a remarkable achievement. Please accept my ~~warm~~ congratulations and ~~my~~ best wishes for a successful term of office.

Warm regards, Margaret Thatcher.

Ends

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		Catchword: OADS	
File number	Dept: P OFfice	Drafted by (Block capitals): L PARKER	Telephone no: 270 2069
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OUT TELEGRAM (CONT)

		Classification	Caveat	Precedence
		RESTRICTED		ROUTINE

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1

2 OADS
3 NEWS DEPT
4 PS
5 PS/PUS
6 PS/MRS CHALKER
7 MR MUNRO
8 MR FAIRWEATHER
9 PROTOCOL DEPT
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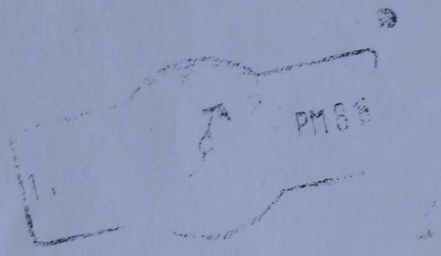

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INFO PRIORITY ODA, CAPE TOWN, PRETORIA, JOHANNESBURG, GABORONE
INFO PRIORITY HARARE, MAPUTO, LUANDA, NAIROBI, LAGOS, WASHINGTON
INFO PRIORITY YAOUNDE

YAOUNDE FOR MRS CHALKER'S PARTY

OUR TELNOS 189/190: VISIT OF MR KINNOCK TO ZAMBIA

SUMMARY

1. MR KINNOCK VISIT TO ZAMBIA, THE FIRST LET OF HIS FRONT LINE STATES TOUR, WENT ACCORDING TO PLAN AND ON PREDICTABLE LINES. THE MAIN FEATURES OF HIS STATEMENTS AND DISCUSSIONS WERE THE SITUATION IN SOUTHERN AFRICA - ON WHICH MR KINNOCK MADE A PERSONAL CRITICISM OF MRS THATCHER'S APPROACH - AND THE INIQUITIES OF CURRENT NORTH/SOUTH ECONOMIC RELATIONS.

DETAIL

2. MR AND MRS KINNOCK VISITED ZAMBIA AS GUESTS OF PRESIDENT KAUNDA FROM 8 - 11 JULY. THEY WERE ACCOMPANIED BY SOME 27 BRITISH MEDIA REPRESENTATIVES (INCLUDING THREE TV TEAMS), REFLECTING WHAT WE HAD BEEN TOLD BY HIS OFFICE WAS A MAJOR PRIORITY OF THE VISIT. ONE DAY WAS SPENT ON THE COPPERBELT, ONE IN LIVINGSTONE AND SESHEKE (BORDERING THE SOUTH AFRICAN OCCUPIED CAPRIVI STRIP), AND THE REST OF THE TIME IN LUSAKA. MR KINNOCK HAD DISCUSSIONS WITH PRESIDENT KAUNDA, WITH MR TAMBO AND OTHER ANC OFFICIALS, AND WITH A SWAPO REPRESENTATIVE.

SOUTHERN AFRICA

3. MR KINNOCK REITERATED THE LABOUR PARTY'S SUPPORT FOR ECONOMIC SANCTIONS (''CONSTRUCTIVE DISENGAGEMENT'') AGAINST SOUTH AFRICA AND CALLED ON THE WEST TO GIVE (MORE) ''NON-LETHAL'' MILITARY AID TO THE FRONT LINE STATES. HE ATTACKED THE PRIME MINISTER OVER HER ALLEGED LACK OF CONCERN ABOUT APARTHEID, BOTH IN INTERVIEWS (TURS) AND AT HIS PRESS CONFERENCE ON 11 JULY. PRESIDENT KAUNDA SPOKE ON STANDARD LINES ABOUT EXPLOSIONS AND VOLCANOES IN SOUTHERN AFRICA. WHY DID NOT THE WEST, WITH ITS MILITARY EXPERTS AND COMPUTERS, MAKE AN APPRECIATION OF THE SITUATION QUERY. HE DENIED THAT THE ANC WAS A TERRORIST

ORGANISATION. HE STRESSED THE IMPORTANT ROLE THAT BRITAIN AHD TO PLY IN SOUTHERN AFRICA, BUT DID NOT INDULGE IN ANY PARTISAN POLITICKING.

4. MR KINNOCK REITERATED TO MR TAMBO THE LABOUR PARTY'S OPPOSITION TO THE USE OF VIOLENCE AS A MEANS OF ACHIEVING POLITICAL ENDS AND WAS, IN PARTICULAR, CRITICAL OF ITS USE AGAINST CIVILIAN TARGETS. HE REGRETTED CIVILIAN CASUALTIES IN SOUTH AFRICA WHILE NOTING THAT VIOLENCE WAS UNAVOIDABLE IN THE COMPLETE ABSENCE OF OPPORTUNITIES FOR CIVIL AND POLITICAL EXPRESSION. HE QUESTIONED WHETHER THE RECENT EXPLOSIONS AT ELLIS PARK RUGBY GROUND AND THE HOCKEY PARK MIGHT NOT BE THE WORK OF RIGHT WING EXTREMISTS. THE ACTIONS SO CONTRADICTED THE INTERESTS OF THE ANC, AND WERE IN WHAT HE DESCRIBED AS ''WHITES ONLY''AREAS.

5. IN PRIVATE, MR KINNOCK SHOWED HIS AWARENESS OF THE DILEMA IN WHICH THE ANC FIND THEMSELVES OVER THE USE OF VIOLENCE. HE NOTED THAT THEY WERE GETTING THE WORST OF ALL WORLDS PURSUING AN INEFFECTUAL CAMPAIGN OF VIOLENCE, WHICH BROUGHT THEM OPPROBRIUM ABROAD AND NO SUBSTANTIVE GAINS IN SOUTH AFRICA. BUT HE RECOGNISED THAT THERE WAS NO PROSPECT OF THE ANC RENOUNCING FORCE.

ECONOMIC

6. MR KINNOCK WAS CRITICAL OF THE INTERNATIONAL FINANCIAL INSTITUTIONS FOR MAKING UNREALISTIC DEMAND ON DEBTOR COUNTRIES. HE IS REPORTED AS SAYING THAT HMG'S ATTITUDE TO ECONOMIC ASSISTANCE TO ZAMBIA IS ''NEGATIVE''. MR KINNOCK CALLED ON HMG TO PROVIDE TO ZAMBIA NOW THE #30 MILLION BALANCE OF PAYMENTS SUPPORT PLEDGED IN 1986, TO HELP WITH ITS ECONOMIC REFORM, AND NOT TO HOLD OUT FOR A FRESH AGREEMENT WITH THE IMF. HE SAID THAT THE IFIS SHOULD BE SYMPATHETIC BANK MANAGERS RATHER THAN PAWNBROKERS. KAUNDA STRESSED THAT ZAMBIA WAS STILL IN CONTACT WITH THE IFIS. THE DISAGREEMENT WAS NOT SO MUCH OVER WHAT SHOULD BE DONE AS OVER THE LENGTH OF TIME NECESSARY TO DO IT. ZAMBIA WAS, FOR EXAMPLE, SLOWLY REDUCING THE NUMBER OF PRICE CONTROLS. KAUNDA WAS QUITE ADAMENT THAT HE WILL TAKE NO MEASURES WHICH INVOLVED THE RISK OF REPETITION OF THE CIVIL DISTURBANCES OF DECEMBER 1986.

ZAMBIA INTERNAL

7. MR AND MRS KINNOCK WERE CRITICAL IN PRIVATE TO US OF SOME OF THE FEATURES THEY HAD OBSERVED, BOTH POLITICAL AND SOCIAL (E.G. THE PLAN TO TURN PARLIAMENT INTO A RUBBER STAMP, AND CLINICS WITH NO DRUGS OR EQUIPMENT).

COMMENT

8. THE VISIT APPEARS TO HAVE ACHIEVED WHAT MR KINNOCK WISHED - IE PUBLICITY FOR HIS AND HIS PARTY'S VIEWS ON SOUTHERN AFRICA. DISCORDANT NOTES WERE STRUCK BY HIS PERSONAL CRITICISM OF THE PRIME MINISTER AND BY HIS ADVOCATING THE IMMEDIATE RESUMPTION OF PROGRAMME AID, A POLICY WHICH, AS WE POINTED OUT, EVEN THE NORDICS AND THE DUTCH WERE OPPOSED TO. BUT OTHERWISE THE VISIT WENT WELL. THE ZAMBIANS WERE CLEARLY PLEASED TO RECEIVE A HIGH LEVEL BRITISH VISITOR, AND WENT TO CONSIDERABLE LENGTHS TO ENSURE THE SUCCESS TO THE VISIT.

WILLSON

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PS/MR EGGAR
PS/PUS
MR MUNRO
MR FAIRWEATHER

ADDITIONAL 4

MR FREEMAN, CSAD/ODA
NO 10 DOWNING STREET

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CF

8/6

CF 10. (56)

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

7 July 1988

The Prime Minister is grateful for the information in your letter about your efforts to help President Kaunda improve state security in Zambia. We have not yet received a letter from President Kaunda.

I was interested in what you say about President Kaunda's attitude towards Savimbi. President Kaunda would be well placed to play a part in any eventual mediation between the Angolan Government and UNITA. As you know, we support the US-led negotiations between Angola, Cuba and South Africa and believe they provide the best chance for achieving a peaceful solution to the problem of Angola and Namibia.

(C. D. POWELL)

David Stirling, Esq.

DS

Foreign and Commonwealth Office

London SW1A 2AH

7 July 1988

Dear Charles,

Andy Bearpark's letter of 21 June enclosed a copy of David Stirling's letter of 14 June to the Prime Minister. I attach a draft Private Secretary reply.

As Stirling states, his representative, Mrs Le Chene, has alerted us to Kaunda's interest in his company KAS carrying out a review of state security, apparently involving re-training the presidential guard and assessing the effectiveness of the upper echelons of the Zambian police and security services. According to Mrs Le Chene, KAS will also carry out an assessment of the "internal and external" threats to the President.

Stirling seems to see this partly as an opportunity to influence Kaunda's attitude towards Dr Savimbi and UNITA. It is not clear however from his letter or from what Mrs Le Chene has told us whether he has already sounded out Kaunda on the subject.

Although Stirling's motives may be admirable, his initiative with Kaunda seems fraught with risks and is likely to go down very badly in Zambian security circles. The Foreign Secretary therefore considers that it would be prudent to maintain a good deal of distance from this enterprise. The reply has been drafted accordingly, and it seems best that it should go from you.

Yours ever, Lyn Parker

(L Parker)
Private Secretary

THIS IS A COPY. THE ORIGINAL IS RETAINED UNDER SECTION 3 (4) OF THE PUBLIC RECORDS ACT

C D Powell Esq
PS/No 10 Downing Street

DSR 11 (Revised Sept 85)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1 +

FROM:

PS/Mr Ingham

DEPARTMENT:

TEL. NO:

Reference

~~JJ16~~

Your Reference

BUILDING:

ROOM NO:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIVACY MARKING

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CAVEAT .....

Enclosures flag(s) .....

TO:

David Stirling, Esq
22 South Audley Street
LONDON W1Y 6ES

Copies to:

SRW

SUBJECT:

The Prime Minister is grateful for the information in your letter about your efforts to help President Kaunda improve state security in Zambia. We have ~~She has~~ not yet received a letter from President Kaunda.

~~The Prime Minister~~ was interested in what you say about President Kaunda's attitude towards Savimbi. President Kaunda would be well placed to play a part in any eventual mediation between the Angolan Government and UNITA. As you know, ~~the British Government~~ we support the US-led negotiations between Angola, Cuba and South Africa. We believe they provide the best chance for achieving a peaceful solution to the problem of Angola and Namibia. ~~We were glad to be able to facilitate the first round of talks between all the parties in London in May.~~ We also believe that internal reconciliation between the Angolan Government and UNITA will be ~~essential if peace is finally to be restored in Angola~~.

David STIRLING

DR47

5/7 Life 88

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

A/ 21 June 1988

I attach a copy of a letter which the Prime Minister has received from David Stirling.

I should be grateful if you could provide advice and a draft reply, to reach me by 5 July.

P. A. BEARPARK

Lyn Parker, Esq.,
Foreign and Commonwealth Office

88

DAVID STIRLING
22 South Audley Street
London W1Y 6ES
Tel: 01-499 9252
Telex: 8812014

The Rt Hon Margaret Thatcher, MP,
10 Downing Street,
London SW 1.

14 June 1988

Dear Prime Minister.

You may recall some years ago I got in touch with Ian Gow, when he was at 10 Downing Street, to say how important it was for this country to give all possible support to Jonas SAVIMBI in his struggle against the communist regime in Angola. Last year I established a security organisation known as KAS Ltd of which the Managing Director is Lieutenant Colonel Ian Crooke, ex Commanding Officer of 23 SAS Regiment. This organisation is entirely financed by myself and therefore fully secure.

We are concerned at the present time with the importance of putting behind Savimbi a number of OAU States in order to reduce his dependence on South African support. Although this has been indispensable to him, with the new posture of the Soviet Union and their economic need to withdraw from a highly expensive committment in Africa, it becomes all the more vital to help Savimbi gain African support and to reinforce the help he is getting from the United States. As you will know the USA is helping set up his new base near the Southern border of Zaire.

With this in mind, I sent a team out to Zambia to see President Kaunda and to help with the propping up of his regime and to persuade that he should think of the new alignments in the OAU, as a result of the likely withdrawal of Soviet assistance. I am encouraged to do so by virtue of Kaunda's earlier support for Savimbi before the arrival of the Cubans in Angola.

Kaunda was responsive to this mission and has, after consultation with his Council of Ministers, requested KAS to send out a small recce team to review all aspects of State security. This reconnaissance will take place shortly. Mrs Evelyn Le Chene, who works with us has informed Mr Charles Cullimore of the Foreign Office.

We gather that Kenneth Kaunda - who has the utmost admiration for you - will be (if he hasn't already) writing to you regarding the situation in Zambia. (However, you should keep in mind that we have not yet succeeded in bringing him fully down the road to collaboration with Savimbi but I believe that we might succeed doing so).

I have never forgotten your kind letter which I received after the Falklands Campaign Dinner at Chelsea Royal Hospital, which I was unable to attend unfortunately due to illness.

Yours Sincerely
David Stirling.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

27 April 1988

cc ZAMBIA: Relations PI2.

cc FILE ON SECURITY: International Terrorism PI2

Dear Charles

Kuwait Hijacking: Message from President Kaunda

On 12 April President Kaunda, in his role as Chairman of the OAU, asked our Ambassador in Brussels to convey a personal and private message to the Prime Minister, advocating the use of the SAS to end the Kuwait hijack. Kaunda's motives in taking this remarkable initiative are unclear. We delayed submitting a response until we knew the outcome of the hijack.

It is welcome that Kaunda, an influential figure in the third world, should adopt so resolute a stance on armed intervention to end the hijack. It seems unlikely that he acted in agreement with other OAU leaders, but his message does give us an opportunity to seek to persuade African countries to sign the Hague Convention. (Thirty-three are signatories; nineteen are not, including alas Zambia.) If the Prime Minister agrees to send the message, we would propose to get the High Commissioner in Lusaka to raise this issue with Kaunda when he hands over the letter. It would also be useful to obtain from Kaunda details of any exchanges he may have had with the Algerians (his State Visit began the day after the Kuwaiti plane arrived in Algiers).

I attach a draft letter from the Prime Minister to Kauda.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

Dr N Kaunda President

DSR 11 (Revised Sept 85)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1 +

FROM:
Prime Minister
DEPARTMENT: TEL. NO:
BUILDING: ROOM NO:

Reference

Your Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIVACY MARKING

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CAVEAT .....

Enclosures flag(s) .....

TO: LO 3 BAS.

Copies to:

His Excellency Dr Kenneth D Kaunda KBE
President of the Republic of Zambia

SUBJECT:

Thank you for your message, which reached me via our Ambassador in Brussels, about the Kuwaiti Airlines hijack. I was heartened by its robust tone. I held off replying until the outcome was known.

It is a relief that the remaining hostages were released on 20 April. I am, however, seriously concerned that the hijackers have escaped justice and ~~will have the opportunity to resume their terrorist careers~~ are all too likely to commit further acts of terrorism.

Much better

~~Enhanced~~ international cooperation and a united refusal to give in to hijackers' demands is, I believe, the key to eliminating ~~the menace of~~ hijacking. I was therefore particularly encouraged that your message was addressed to me in your role as Chairman of the OAU. Do you see any scope for action by the OAU to persuade member states to sign the Hague Convention, which lays down the responsibilities of signatory states towards hijackings? That would be a most important and significant step.

You were of course in ~~Algiers~~ while the Kuwaiti hijack incident was going on. I should be most interested in your impressions.

With good wishes.

Yours ever,

MT

IMF file? Zambia

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CONFIDENTIAL
FM UKDEL IMF/IBRD, WASHINGTON
TO DESKBY 310800Z FCO
TELNO 327
OF 302300Z DECEMBER 87
INFO ROUTINE LUSAKA, ABIDJAN, DEVDIV LILONGWE

PART ONE OF TWO

ABIDJAN FOR SUTHERLAND (AFDB)
IMF/IBRD: ZAMBIA
SUMMARY

1 FUND STAFF ARE HOPEFUL ABOUT POSSIBILITY OF FORMAL RAPPROCHEMENT WITH ZAMBIA IN THE FORM OF A NEW FUND-SUPPORTED PROGRAMME. ZAMBIAN LEADERSHIP IS BELIEVED TO RECOGNISE THE FAILURE OF THE NERP AND IS NOW WILLING TO ADOPT FUND PRESCRIPTIONS. HOWEVER, A BRIDGE LOAN TO CLEAR FUND ARREARS IS NOT REGARDED AS FEASIBLE, SO THE STAFF ARE LOOKING TO A MAJOR CHANGE IN FUND POLICY WHICH WOULD ALLOW ACCESS TO THE ESAF WHILE ARREARS REMAIN. BOTH ZAMBIA AND THE FUND ARE LOOKING TO THE UK TO SUPPORT THIS AND FOR RESUMPTION OF AID AND GRANTING OF RTA. THE NEXT STEP WILL BE TO COMPLETE THE ARTICLE IV AND PRODUCE A PFP AS A BASIS FOR NEGOTIATING A PROGRAMME. THE BUDGET WILL BE THE FIRST REAL TEST OF ZAMBIAN COMMITMENT. THE TIMEFRAME FOR ACTION IS SET BY THE WISH FOR A PARIS CLUB RESCHEDULING IN JUNE. THE WORLD BANK MAY MOVE AHEAD OF THE FUND. IF ARREARS ARE SETTLED, THE WORLD BANK IS READY TO RESUME PROJECT LENDING: A HEADS OF DELEGATION MEETING COULD BE CALLED IN THE THIRD WEEK OF FEBRUARY AND A FULL CG PROBABLY IN EARLY MAY. FUND AND BANK STAFF MAY BE UNDULY OPTIMISTIC ABOUT A CHANGE OF HEART BY ZAMBIA GIVEN THEIR DESIRE TO RESOLVE PROBLEMS WITH THE LATTER. THE UK WILL HAVE TO MOVE RAPIDLY TO ENSURE WE ARE NOT CONFRONTED WITH AN INADEQUATE PROGRAMME WHICH WOULD BE POLITICALLY DIFFICULT TO REJECT.

DETAIL

2 WE DEBRIEFED GONDWE (FUND) ON 28 DECEMBER AND GEBHART (BANK) ON 29 DECEMBER ON THE RESULTS OF THEIR RESPECTIVE VISITS TO ZAMBIA.

IMF

3 THE PURPOSE OF THE FUND MISSION WAS TO CONDUCT AN ARTICLE IV CONSULTATION AND, AT THE INVITATION OF THE ZAMBIANS, ASSESS THE FEASIBILITY OF THE NERP. THE FUND WERE

ALSO KEEN TO REINFORCE RECENT EFFORTS AT RAPPROCHEMENT.

4 GONDWE WAS FAIRLY UPBEAT ABOUT THE RESULTS OF THE MISSION. THE STAFF HAD BEEN RECEIVED EXTREMELY CORDIALLY AND THE ZAMBIANS HAD PROVED VERY CO-OPERATIVE. HE BELIEVES THE ZAMBIAN LEADERSHIP HAS RECOGNISED THE FAILURE OF THE NERP AND ARE KEEN TO RETURN TO A WORKING RELATIONSHIP WITH THE FUND. GONDWE WAS GIVEN HELPFUL DIRECT ACCESS TO KAUNDA AND USED IT TO DEMONSTRATE THE INCONSISTENCIES AND CONTRADICTIONS OF CURRENT POLICIES. KAUNDA WAS APPARENTLY IN THE MOOD TO BELIEVE THE EVIDENCE (COMMENT: FROM FUND ACCOUNTS, HE SHOWED A SURPRISING LACK OF AWARENESS OF MANY ASPECTS OF POLICY - SEE PARAS.6, 8 AND 9 BELOW). KAUNDA REPORTEDLY WISHES TO USE THE FUND TO MOVE THE YOUNG TURKS IN HIS BUREAUCRACY BACK TO MORE APPROPRIATE POLICIES TO PREPARE THE WAY FOR A POLITICAL DECISION TO CHANGE COURSE. SOME PROGRESS WAS MADE IN THIS DIRECTION DURING THE MISSION. OFFICIALS SEEMED DISORGANISED (WORK ON THE BUDGET, WHICH IS DUE ON 29 JANUARY, HAD NOT BEGUN IN EARNEST) AND THE FUND HAD BEEN ABLE TO OFFER VALUABLE TECHNICAL ASSISTANCE. INDEED, THE BUDGET SHOULD INCORPORATE SUBSTANTIVE EVIDENCE OF FUND AND BANK INFLUENCE ON, FOR EXAMPLE, THE EXCHANGE RATE. SOME EARLY INDICATION OF WHAT IS IN STORE MAY BE FORTHCOMING FROM THE CABINET/CENTRAL COMMITTEE MEETING DUE ON 28 DECEMBER TO DISCUSS THE BUDGET.

5 ONE OF THE PRINCIPAL CHANGES EXPECTED IN THE BUDGET (IF NOT BEFORE) WILL BE A DEVALUATION OF THE KWACHA. THERE WAS SOME EVIDENCE OF FUND/BANK FRICTION HERE. APPARENTLY, THE BANK HAD AGREED WITH THE ZAMBIANS THAT A RATE OF K10 WAS PLAUSIBLE. THE FUND, HOWEVER, IS LOOKING FOR K12.5 MINIMUM. IN ORDER TO ACCOMMODATE THE ZAMBIANS' POLITICAL SENSITIVITIES, THE FUND HAS SETTLED FOR AN IMMEDIATE DEVALUATION TO K10 TOGETHER WITH A FORMULA THAT WILL SPECIFY A FURTHER GRADUAL DEVALUATION OVER 1988 (EXPECTED TO YIELD AN AVERAGE RATE OF K14 OVER THE YEAR: PLEASE PROTECT).

6 GONDWE CLAIMED TO HAVE BEEN ABLE TO DEMONSTRATE TO KAUNDA THAT THE PRESENT PRICE CONTROLS WERE RESPONSIBLE FOR SMUGGLING AND SHORTAGES, AND THAT, FAR FROM BENEFITTING CONSUMERS, THE CONTROLS HAD FORCED PEOPLE INTO THE BLACK MARKETS. KAUNDA WAS SAID TO BE NOW PREPARED TO ABANDON PRICE CONTROLS COMPLETELY, PROVIDED SOME WAY COULD BE FOUND TO TARGET ANY SUBSIDIES TO THE POOREST. THE FUND AND WORLD BANK HAVE UNDERTAKEN TO WORK ON BUILDING SOME SUCH PROVISION INTO THE PFP.

7 THE FUND MISSION HAD GONE TO ZAMBIA WITH A VERY SPECIFIC BRIEF ON THE NEED TO ACHIEVE POSITIVE INTEREST RATES

MJ2 BTC

SUBJECT - CC:-
OPS
MASTER

Filed on
ZAMBIA:
Relations Pt 2.

cc Fco

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 177/87

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

23 September, 1987.

Dear Kenneth.

Thank you for your letter of 1 September which your Foreign Minister gave to Mrs Chalker on 8 September.

As I expect you have already heard, on 3 September your High Commissioner asked the Foreign and Commonwealth Office for documents on the territorial dispute between Chad and Libya, and on 7 September copies of a full range of the relevant documents at our disposal, including maps, were supplied to him. I hope these papers will be of help in your difficult task.

I look forward very much to seeing you in Vancouver.

Yours ever

Margaret

His Excellency Dr Kenneth David Kaunda.

CONFIDENTIAL

010

cc PC

Foreign and Commonwealth Office

London SW1A 2AH

18 September 1987

Dear Charles,

Chad/Libya: Message to the Prime Minister from President Kaunda

/ I enclose a letter to the Prime Minister from President Kaunda which the Zambian Foreign Minister gave Mrs Chalker on 8 September. It asks for our help in obtaining documents relevant to the Chad/Libya conflict.

On 3 September, before the Zambian Foreign Minister's call on Mrs Chalker, the Zambian High Commissioner addressed a similar request to the FCO. On 7 September we gave the High Commissioner copies of relevant documents at our disposal. We also pointed out to him that Zambia would need to approach other governments involved, eg the French, for texts of some of the relevant treaties to which the UK was not a party.

In handing over President Kaunda's enclosed request the Foreign Minister made it clear that he knew we had already provided the help requested, for which he expressed gratitude on behalf of President Kaunda and the Zambian Government.

OAU efforts over the last 10 years to bring about a solution to the Chad/Libya conflict have so far foundered because of the OAU's tendency to put Chad and Libya on the same footing. The latest OAU-sponsored ceasefire appears fragile.

/ I enclose the draft of a self-explanatory letter which the Prime Minister may wish to send President Kaunda.

Yours ever, Lyn Parker

(L Parker)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

DSR [illegible] (Revised Sept 85)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1 +

FROM:
Prime Minister

DEPARTMENT: TEL. NO:

BUILDING: ROOM NO:

Reference

Your Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIVACY MARKING

..... In Confidence

CAVEAT .....

Enclosures flag(s) .....

TO:

His Excellency Dr K D Kaunda KBE
President of the Republic of Zambia

Copies to:

SUBJECT:

Thank you for your letter of 1 September which your Foreign Minister gave to Mrs Chalker on 8 September.

As I expect you have already heard, on 3 September your High Commissioner asked the Foreign and Commonwealth Office for documents on the territorial dispute between Chad and Libya, and on 7 September copies of a full range of the relevant documents at our disposal, including maps, were supplied to him.

I hope these papers will be of help in your difficult task. ~~[We shall continue to follow the efforts of the Organisation of African Unity under your leadership with interest, and wish for your success.]~~

// I look forward very much to seeing you in Vancouver.

CH

CONFIDENTIAL

CDT

7/9

NOTE OF A MEETING HELD AT NO 11 DOWNING STREET AT 11.00 AM ON MONDAY 7 SEPTEMBER 1987

PRESENT:

Chancellor of the Exchequer
Mr P G F Davis
Mr J C May
Mr J M G Taylor

Mr Musokatwane, Prime Minister of Zambia
HE The High Commissioner of Zambia
Zambian Officials

UK/ZAMBIAN ISSUES

Mr Musokatwane said he had come to explain the economic difficulties facing Zambia and the steps being taken to deal with them. There was no disagreement between Zambia and the IMF on what needed to be done; only on precisely how to do it. The IMF programme had run into difficulties. In particular, the foreign exchange auction had lead to chaos in exchange rates without achieving the necessary allocation of funds to priority areas; the fuel price increases the IMF wanted would have severely damaged copper production; the phasing out of fertilizer subsidies hit the peasant farmers who could not borrow rather than the larger agricultural producers who could; the benefits of price decontrol had gone to the middlemen rather than to industry; the constraints on Civil Service salaries caused most of the best brains to leave the Civil Service and those that remained were ill-motivated.

The New Economic Recovery Programme (NERP) gave priority to key sectors such as companies which were labour intensive, industries using local raw materials, and companies which generate foreign exchange. Its aims were stability and adjustment in the context of copper prices at a record low. There would be continuing reduction of subsidies and continuing retrenchment in the Civil

Service. All the IMF's objectives were accepted by the NERP. But it was impossible to avoid restricting debt repayments.

The NERP covered the next 18 months. The critical time for Zambia was now. Mr Musokatwane was grateful for British project financing; what he hoped for now was more British investment. Zambia needed raw materials. He hoped that the Chancellor would be able to offer some commodity assistance.

The Chancellor thanked Mr Musokatwane for a very clear explanation. He appreciated the economic and political difficulties facing Zambia. He was very concerned about the position in Sub-Saharan Africa, which his proposals on debt were designed to alleviate. He would be pursuing these proposals in the coming months. But an important feature of the proposals was that the debtor country must have adequate reforming policies in place. There was no point in investing in failure. He was not convinced that the NERP was sufficient. For example, the Kwacha was still over-valued, the fiscal stance was too loose, and there were inadequate incentives for farmers to increase production. In the UK's view the Plan did not add up to a solution to Zambia's severe difficulties.

The way forward must be through agreement with the IMF. The IMF had a good understanding of Zambia's problems. If agreement could be reached the UK would be ready to back a new programme with additional assistance, as would other donors. The need to reach agreement with the IMF was now urgent: there was a danger that Zambia would be declared ineligible, and that would severely damage her financial standing.

Mr Musokatwane replied that in his long experience, the IMF did not sufficiently understand the differences between individual countries and did not tailor its conditions to suit them, but

tried to impose the same conditions on all. The Fund was not originally designed for the role it was now undertaking and it still lacked the right machinery for it. It was changing, but too slowly.

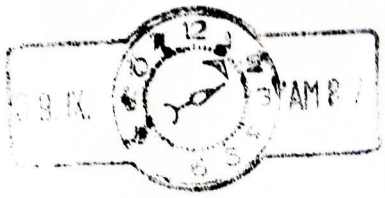
Zambia hoped to hold a consultative meeting early next year under the auspices of the World Bank, whose staff were currently assessing the NERP. There was unlikely to be any agreement on a new IMF programme in the next few months.

The Chancellor said that the best way the UK could help Zambia was with attempts to reach an agreement with the IMF. The new Managing Director of the Fund was sensitive to the individual circumstances of countries such as Zambia. He would be ready to recognise Zambia's position. But some movement would also be necessary on Zambia's part.

J C MAY

HM Treasury
8 September 1987

cc: Those present
PS/Economic Secretary
Sir G Littler
Mr Lavelle
Mr H Evans
Mr Mountfield
Mr Walsh
Mr Cropper



SUBJECT
CC OPS
MASTER

Filed On:
ZAMBIA –
Relations Pt 2

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T170a/87

State House
Lusaka, Republic of Zambia

1st September, 1987.

My Dear Margaret,

I have no doubt that you share with Africa and the rest of mankind the grief to which the bloody armed conflict between Libya and Chad has given rise since hostilities broke out over the territorial claims by the two countries to the Aouzou strip. Indeed, it is due to the seriousness of developments in that part of the African Continent that I had, soon after my assumption of the Chairmanship of the Organisation of African Unity, to undertake a fact-finding mission to those parts.

The situation is, to say the least, tragic. I have, therefore, decided to send to Your Excellency, Hon. Luke J. Mwananshiku, MP., Minister of Foreign Affairs, in whom I have full trust and confidence, to brief you on these serious developments and to request that you and your Government favourably consider making available to us any information, data and maps which will assist the Organisation of African Unity to determine as to whether the Aouzou belongs to Libya or Chad or vice-versa. We feel that such information will provide a basis for a peaceful and negotiated settlement of the problem.

/...

The Rt. Hon. Margaret Thatcher, MP.,
Prime Minister of the United Kingdom,
No. 10 Downing Street,
LONDON.

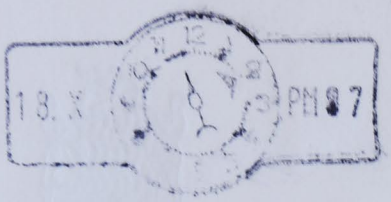
As I look forward to your positive response to this request, I wish to take this opportunity to wish you continued personal good health and to express the hope that we meet in Vancouver and, as usual, exchange views pertaining to the development of our Organisation - the Commonwealth.

God's blessings.

Yours sincerely,

Kenneth,

Kenneth D. Kaunda
PRESIDENT OF THE REPUBLIC OF ZAMBIA
AND CURRENT CHAIRMAN OF THE ORGANI-
SATION OF AFRICAN UNITY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