

NMO/ 01/0024/ 98

Pretoria, Transkei sign economic accord

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Transkei military leader Major-General Bantu Holomisa has agreed to an SA Government-sponsored plan to restructure Transkei's shaky economy, after a tough and sometimes heated meeting with President de Klerk and senior Ministers in Pretoria yesterday.

The meeting has partially thawed icy relations between the two states, which have also agreed to establish mechanisms to resolve other problems such as General Holomisa's persistent accusations that SA is trying to destabilise him.

It is understood that after tough exchanges, the two sides agreed to put their differences behind them and resolved to try to mend relations.

In a significant step towards resolving major economic disagreements, General Holomisa and Foreign Minister Pik Botha signed a Structural Adjustment Programme yesterday which, it is understood, will impose stronger spending discipline on Transkei.

The programme — which has SA Development Bank input and has been likened to an IMF financial discipline plan — may even give South

African Government officials powers to monitor Transkei government spending to ensure that SA aid is not misspent.

SA will now release its annual payout in budgetary aid to Transkei and will also fork out several hundred million rands to guarantee bridging loans which Transkei needs to overcome budget overspending over the last two years.

SA has refused to cover bridging loans for the past two years on the grounds that Transkei has not been managing its finances properly — while General Holomisa has accused Pretoria of squeezing his finances to force him into political compliance.

Concern

The SA Government is annoyed by his conspicuously pro-ANC stance.

The programme signed yesterday appears to have gone some way towards resolving this financial disagreement.

In a joint statement Mr de Klerk and General Holomisa "expressed their concern at the deterioration of bilateral relations" since they met in December 1990.

"Both agreed that we are in the same boat in the region and should bear South Africa and the independent state's best interests in mind."

Star 27-3/91