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S Africa's credit rate poor

By correspondents in Johannesburg and London

SOUTH Africa has been given a disappointing rating by Ibca, the European credit rating agency, in the first formal investment risk assessment since April's first all-race elections.

The rating of BB falls short of government hopes for a BBB rating, which would qualify as investment grade. The decision puts it in the same category as countries such as Mexico, Hungary and Argentina.

The British Prime Minister, Mr Major, nevertheless struck an upbeat note in Johannesburg at the

end of a three-day stay, saying that he had been impressed by the ability and determination of the Coalition Government which took power in May.

"The South African Government is well aware of the need to create the right climate for the private sector and private enterprise," he said.

South Africa has been seeking an international credit rating since its April elections and has appointed the United States investment bank, Goldman Sachs, to represent it to the main agencies.

South African government bonds fell on disappointment among do-

mestic investors that the country had been assigned a sub-investment grade rating. As prices fell, yields rose by 28 basis points to 16.49 per cent.

"There is little surprise outside of South Africa about the decision," said Mr Graham Bell, of Baring Securities in London.

"However, this reaction is likely to be short-lived. Ibca is not as widely recognised as Moody's and Standard & Poor's, the two major American agencies.

"Their ratings, expected next month, will provide more of a benchmark."

Although the country has borrowed money in the European markets without an official rating, the Government is known to be keen to get access to the US market.

If Moody's and S & P's give the same rating, this would preclude some big funds from buying South African bonds and force the country to pay a premium on any international issues it might make.

In its June Budget, the Government announced its intention to raise R1.8bn (\$680m) from international capital markets in the current financial year.

The Financial Times, The Times

Zulu feud fuels civil war fears

By R.W. JOHNSON in Durban

WITH the rift widening daily between the Inkatha Freedom Party leader, Chief Mangosuthu Buthelezi, and his nephew, Zulu King Goodwill Zwelethini, there is once again talk of civil war in Kwa-Zulu/Natal, where most of South Africa's eight million Zulus live.

The struggle between the two men has now reached such a pitch that the Government this week sent in troops to protect the monarch.

King Goodwill ascended the throne as a minor and Prince Mcwayizeni Israel Zulu ruled as regent for some years. This led to friction between the prince and Chief Buthelezi, then the rising power within the Zulu royal family. Chief Buthelezi won the tussle decisively, with the prince retiring to live in virtual hiding.

Chief Buthelezi then successfully asserted (some would say created) his role as the king's "traditional prime minister", just as his great-grandfather had been to King Cetshwayo.

His Inkatha Freedom Party enabled him to control the KwaZulu Government and to keep King Goodwill on a tight rein, which the latter clearly resented, even going so far as to try to float a competing political party with funds supplied by the security police. Chief Buthelezi forced him to back down, as he did on every subsequent occasion when the king's plans did not fit in with his.



King Goodwill leads Chief Buthelezi in ceremonies for the king's wedding in 1988 — AFP picture

In the struggle between Inkatha and the African National Congress, both sides have tried to capitalise on the Zulu monarchy's prestige.

In 1991, the ANC elected Prince Mcwayizeni to its national executive, while Chief Buthelezi campaigned for King Goodwill to be represented separately at the constitutional negotiations.

In the run-up to last April's multi-racial elections, Inkatha made increasing use of the king who, for his part, appeared to throw his weight solidly behind the party.

Some of King Goodwill's support — opinion polls put him in a class of his own on 60 per cent before the elections — undoubtedly derives from his non-political status, but Inkatha claims that it was not important to its victory in Natal ring hollow. In the event, he took ad-

vantage of the ANC's national victory to make virtually a unilateral declaration of independence from Chief Buthelezi and Inkatha.

There is no doubt that, with the king and the chief at odds, many Zulus are intensely divided in their loyalties.

Thus far, however, Chief Buthelezi is clearly winning. His control of Inkatha and his superior appeal among the amakosi (chiefs) and indunas (headmen) have enabled him to humiliate King Goodwill and force him to cancel his invitation for President Mandela to attend the Shaka Day celebrations in honour of the founder of the Zulu nation today.

For his part, King Goodwill has responded that he will not see Chief Buthelezi again, thus dismissing him as his principal adviser and replacing him with his deadly

rival, Prince Mcwayizeni.

Things are at such a stage that, a century ago, either King Goodwill or Chief Buthelezi would by now have been murdered. Such an outcome in this day and age seems unlikely, but Chief Buthelezi may well be tempted to try to depose King Goodwill and install a more pliant monarch.

The king's problem is that he has found it impossible to stand up to Chief Buthelezi unless he has the support of the ANC, which in turn threatens Chief Buthelezi and leads the Inkatha faithful to complain that "the arch rival Xhosas are stealing our King".

Thus the quarrel serves to heighten Inkatha-ANC tensions and could well spill over into an increase in political violence in Natal.

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