The current talks between Britain and the Rhodesian rebel regime are an indication of some success in the campaign against the rebellion. Nevertheless, the failure of the sanctions to fell the regime after seven months necessitates a closer examination of the intent and implementation of the sanctions and the response of the Rhodesians and other nations.

A. BRITISH AIDS: The aim of the Wilson government has been to ensure majority rule in future Rhodesia. To bring the rebels to the conference table has been the more immediate strategy, and this goal was sought while avoiding measures which would disrupt the economies of nearby independent African nations, of the U.K., and of Britain’s third best trading partner, the Republic of South Africa (buying $742 million of U.K. goods in 1965). With neighboring Zambia dependent on Rhodesia for most of her imports, Britain dependent on Zambia for 44% of her copper, over $560 million British investment in Rhodesia, and Malawi sending almost as many employees to Rhodesia as she employs at home, it was assured that sanctions would be partial, voluntary, and enacted cautiously.

At the same time Britain hoped for quick action so not to destroy the Rhodesian productive potential and not to disrupt trading patterns which bind Zambia, Malawi, and Rhodesia. Thus the deadline to end secession was the Commonwealth Prime Ministers’ Conference in July.

A third goal of the campaign has been obtained — the prohibition of any formal recognition of the Smith regime. Not even South Africa or Portugal have been willing to take this step, much to Rhodesian chagrin.

A fourth aim was to avoid major dislocation of British industry which depends on Rhodesia for chrome, tobacco, and other essentials and to avoid worsening the British balance of payments situation.

A final hope has been that the “white liberals” would break with Smith and displace those new farmer-proletarians with the older conservative elites of yesteryear. This was to happen when the handwriting on the wall was seen by the man on the street in Salisbury.

B. BRITISH SANCTIONS: 1. Finance and Currency Among the restrictive legislation enacted in Britain were: a) prevention of Rhodesian access to the London capital market,
b) removal of Rhodesia from the sterling area, c) elimination of Commonwealth preference for Rhodesian exports, d) prohibition of stock and bond dividends and insurance payments to Rhodesians from British firms, e) banning all exports to Rhodesia except essential materials for British-financed airlines, railways, and power corporation, f) prohibition of the regime from "incuring any legal obligations on behalf of the government of Rhodesia," effectively stopping external loans, and g) prohibition of exports from Rhodesia of tobacco, pig iron, asbestos, sugar, etc.

As was expected, these sanctions cut both ways. While ca. $1.2 million dividends were not paid to Rhodesia, Britons lost ca. $19.5 million in Rhodesian dividends on U.K. investments. Similarly, declaring the regime to be irresponsible necessitated Britain's assumption of a $1.5 million Rhodesian debt to the World Bank. In all, the various visible and invisible costs to Britain this year may total $560 million.

The Rhodesian economy has shown remarkable resiliency to date to these partial measures. Import controls, "buy Rhodesian" campaigns, and sale of "independence bonds" have cut foreign exchange losses. "Manpower controls" and to prevent factory firing of unneeded workers and exclusion of some non-Rhodesian African laborers have cut unemployment.

2. Oil Embargo: This embargo, which Smith did not expect, includes: a) prohibiting British shipment of oil to Rhodesia, b) ending use of the oil pipeline which carried crude imports from Mozambique to the Rhodesian refinery. Though 62% of the pipeline is owned by Britons, the Portuguese majority of its directors is anxious to gain pipeline receipts to offset the Mozambique trade balance deficit. Beginning April 7, the U.K. is paying $151,000 per month for "maintenance and repair" of the pipeline for three months. c) pressuring other nations to comply with the voluntary oil embargo. Greece complied with this request, withdrawing licenses of the Joanna V and Michaeli Czech freighters bearing oil to Rhodesia in behalf of a South African consortium.

d) constructing an "informal" blockade of the major port in Mozambique to identify oil-bearing freighters before they dock. e) seeking voluntary withholding of petroleum by the major oil companies of southern Africa (Caltex, Mobil, Shell, BP, Amoco, Total). Shipment to South Africa (S.A.) were not to exceed a 5% increase of 1965 shipments, thereby eliminating surplus for shipment to Rhodesia. Reports from S.A. indicate first quarter shipments considerably exceeded the 5% increase. S.A. exports reportedly are on increase. Rhodesia's total imports do not exceed 5% of the 1965 level.
oil purchases and two-year stockpile of S.A. Major oil companies are anxious not to offend S.A. buyers in so lucrative a market.

In April it was estimated by the Rand Daily Mail (S.A.) that 100,000 gallons of petrol per day were reaching Rhodesia by rail from S.A. and 45,000 gallons per day by road, providing sufficient supplies to tax Rhodesian storage facilities and meet rational needs. Possibly 10% of this amount arrives from Portuguese sources in Mozambique. While major oil companies probably are not directly sending supplies to Rhodesia, an executive of one major U.S.-based company said they could not possibly control or seek to control the actions of their buyers, dealers, and distributors or oversee the ultimate destination of the "droppings" from the South African market.

Other Smith preparations include arrangements with the Angolan oil producers, whose new wells promise eventually to supply 25% of the requirements of southern Africa (8.5 million tons/year). Fully adequate supplies have not been secured by Smith, for he mentions experimentation with charcoal gas fuel plants for diesel engines and is interested in the extraction of oil products from coal (a process which supplies 10-15% of South Africa's needs).

Popular S.A. support for the rebel regime is reflected in the voluntary gifts of ca. $500,000 for Rhodesia, most of which purchased gift petrol. British pressure on Portugal and S.A. has not brought results. Verwoerd insists his policy is one of "non-interference, both "officially" (no recognition of the Smith government) and "unofficially" (no limitation of trade with Rhodesia). S.A. is vitally interested to "prove" that the petroleum boycott will not succeed since it may be used against her. At the same time, Verwoerd seeks to give no cause for extending sanctions against S.A. for overt support of Smith, especially with a decision expected soon on her jurisdiction over South West Africa.

2. Tobacco Barren: As the main source of Rhodesian export earnings ($92.4 million per year), Britain's ban against export of tobacco from Rhodesia has hurt the Rhodesian economy. The major purchasers, Britain (46%), West Germany (12%), and Japan, have been forced to turn to Zambian and U.S. tobacco supplies. The rebel government has taken elaborate precautions to hide tobacco sales (or lack of them), have legislated a price support of 26 pence per pound, and sought to smuggle tobacco into the S.A. market. Best estimate
are that tobacco prices being paid are very low and that sales of the crop did not exceed 50% (some say as low as 10%). That sales and prices are not good is mirrored in the government plea to businessmen to aid farmers with credit and loans to insure planting of the 1967 crop. Rumors persist that secret buyers are appearing from the USA, France, Netherlands, Japan, and West Germany.

The export of the sugar crop ($5.6 million per year) has been banned by the U.K. following President Johnson's dramatic November refusal to accept a shipload to the U.S.A. Japanese purchases reportedly have continued. Rhodesian teas, fruits and vegetables have found new outlets in S.A. And a 130 ton shipment of beef has been sent to Lisbon on a trial basis.

4. Mineral Sanctions: Minerals earned Rhodesians $75 million in 1965 due to the expanding metal markets. World needs threaten to void any embargo of Rhodesian sales of chrome and asbestos (to Japan, W. Germany, S.A., and the USA), and medium, lithium, copper, gold, and tin. Embargoing Rhodesian pig iron has been more successful to the point that Rhodesian offerings at one-half the world market price are not being sold.

C. ZAMBIA - Zambia has been hard-pressed to eliminate Rhodesian imports since she is Rhodesia's No. 1 trading partner ($112 million in 1965). Through a concerted effort to cut imports without ruining the economy, President Kaunda may decrease imports of Rhodesian goods to ca. $70-80 million. More effective has been his refusal to allow the transfer to bankrupt Rhodesian accounts of receipts paid into Zambian banks for the Rhodesia Railways ($14 million) and for Kariba Dam electricity ($3.4 million). In retaliation, Rhodesia has impounded shipments of Zambian copper worth in excess of $56 million in lieu of prepayments on future shipments and of the blocked funds in Zambian banks.

Informed sources say Zambia would be happy to see this crisis trigger a confrontation of Rhodesia by Britain and herself. If Rhodesia is desperate enough to seize Zambian copper against a high court order, she also may attempt to switch-off electricity to Zambia as a threat to elicit exchange. Zambia obtains 70-80% of her electric power from the jointly controlled Kariba Dam. Some, but insufficient, power is available from Katanga.

Land-locked Zambia's second major vulnerability is means of transport of copper to Indian Ocean ports via Rhodesia Railways. Contingency planning by Zambian government
ports via the 1200 mile unpaved Great North Road with the formation of a new government trucking company and improvement of the road with World Bank and U.S. AID assistance, 2) increased use of the British-owned Benguela Railway through Angola, 3) road-rail transport through Malawi and Mozambique to Beira, 4) air-lifting to Dar es Salaam and Beira (possibly leopoldville) with at least four Hercules aircraft purchased in the USA, by the R.S.T. copper company and the Zambian government, and 5) via the Katanga railway, Lake Tanganyika barge, and Tanzanian railway to Dar es Salaam. With careful administration and planning these alternate routes should carry a major portion of copper out and needed supplies in.

A third major Zambian vulnerability is her dependence on high grade Rhodesian coal for her copper industry. A discovery of lower grade coal has lessened her external requirements but further aid will be required to meet basic coal and fuel needs.

A fourth vulnerability is oil, which came from Rhodesia prior to the embargo. Most requirements can be transported on the above routes. During the first months of 1966 airlifts brought petroleum products to Zambia from Leopoldville (U.S. and Canada) and Dar es Salaam (British). Adequate supplies are obtainable in this manner with careful rationing and extensive foreign aid.

Finally, Zambia has been dependent on Rhodesia for a long list of consumer, construction, and industrial products, especially fertilizer, building materials, autos and parts, and clothing. A complete rupture of trade relations will require massive external aid, some of which already has arrived from the World Bank, New Zealand, Indian, Pakistan, Canada, the USA, and the U.K.

D. SUMMARY RESULTS: Africans regard partial sanctions as inadequate. President Nyerere of Tanzania reflected this when he noted, "Africa is now waiting, with some impatience, to see whether the West really intends to stand on the side of human equality and human freedom. But if the West fails to bring down Smith or having defeated him fails to establish conditions which will lead to majority rule before independence, the African will have to take up the challenge." That Africans believe that sanctions will not be effective is seen in the increase of sabotage sponsored by the "Committee of Five" of the U.A.B. from Dar es Salaam, by a union of two S.A. nationalist parties with Rhodesian Z.A.P.U., and by the Rhodesian Z.A.N.U. from Lusaka. More than 20 convictions of armed saboteurs caught in Zambia reveal the seriousness of the situation. The West must act in line with the realities of the situation.
700 nationalists with some training are in Dar and Lusaka to infiltrate Rhodesia.

Nevertheless, the Rhodesian economy has been hurt. Exchange earnings probably have been cut by almost 50% in spite of Zambian continued trade. Real estate sales and the stock exchange are off in Salisbury. Prices are creeping upwards, and consumer spending continues to fall in the face of inflation and loans and savings to the government. Government receipts are down due to shrinking sales, customs, and petroleum taxes. Auto sales are reportedly less than half the 1965 rate. Unemployment grows slowly in spite of increased employment of police reservists and forced company retention of employees. In fact, it is reported that 100 white Rhodesian applicants filed for seven Zambian jobs. Government expenditure has grown 10% to keep pace of increased appropriations for police, army, censorship, propaganda, and deportations. The cotton industry is down to a three-day week. A sugar estate has been closed, and the auto industry is in crisis.

Many effects of the sanctions are being mitigated by outside financial interests (especially South African) who are expanding some business facilities to help Rhodesians produce internally those products formerly imported. In addition, French Peugeot has been negotiating to establish a new assembly plant in Salisbury, the Italians invited Rhodesians to exhibit products at an April trade fair in Milan, and Canadian and Mozambique investors have operated in Rhodesia. American petroleum, mineral and electrical firms continue to allow goods to be imported to Rhodesia and to operate affiliates (some 100% American owned) and mines inside the country. As one executive said, "You cannot expect a private company to conduct an embargo against another nation." Another added that companies could not be expected to act on Rhodesia unless mandatory sanctions are voted in the UN under Chapter 7 of the Charter, or the President issues an executive order, or Congress makes it an offense to "trade with the enemy."

Instead of splitting the Rhodesian ranks and encouraging rebellion, sanctions actually have united the Rhodesian whites behind "Smithy" in face of external threat, and they have furthered the economic integration of the white territories of southern Africa (S.A., Rhodesia, Angola, Mozambique). Now, both South Africans, Rhodesians, and Portuguese speak hopefully of a federation of territories, knowing that their mineral wealth and military support of the West should guarantee their autonomy and license. Though the commercial community feels the bite of sanctions, the average Smith supporter has felt little inconvenience. Authoritative, he has little fear of the future. What is important —
mentsof various Britons not to use force on their "kith and kin" in Rhodesia. By detaining all African political leaders, African resistance has been minimized.

Still, the full force of mandatory sanctions under U.N. supervision has not been tried on Smith, and Rhodesia is vulnerable to such pressures. Smith acknowledged this when he noted, "I do not want to be too optimistic. One realizes that in this game... you can come down unexpectedly." Furthermore, behind the calm of the present talks lies both Britain's December commitment to protect British-Zambian interests at Kariba Dam and Lord Caradon's allusion to the use of force when he noted that if talks fail, "...then a new situation will arise and we shall need to consider the whole problem further." The "whole problem" unavoidably includes all of the white territories of southern Africa, and reconsideration of our policy there involves reconsideration of the missile tracking stations, gold and diamond supplies, military bases in Portugal and Azores, and the millions of dollars of U.S. and British investment with a 30% annual return. Reconsideration in all cases requires a willingness to view the African people under Smith at least as important as we regarded the whites in Stanleyville under the Congolese rebels.