

ZIMBABWE SECURES \$50 MILLION REVOLVING FUND FOR FUEL – *By Cris Chinaka, Reuters, Harare-Tuesday May 30, 2006*

Zimbabwe's Central Bank has secured and signed a pact with a European bank for a \$50 million revolving fund to import fuel to ease shortages gripping the southern African state, the bank chief said on Tuesday.

Zimbabwe is struggling with a severe economic crisis which many critics blame on President Robert Mugabe's government and which has led to chronic shortages of food and foreign currency to import essential commodities, including drugs and fuel.

Reserve Bank of Zimbabwe Governor Gideon Gono said on state-run television he had on Tuesday signed a one-year deal with European bank BNP Paribas and a South African financial institution, Loita Capital Partners, for a \$50 million revolving fund to buy fuel.

The loan deal had been "secured and leveraged" with mineral exports from Zimbabwe's largest nickel producer Bindura Nickel Corporation and also been underwritten by two private Zimbabwean commercial banks, he said.

"The facility is for the importation of fuel by NOCZIM (state National Oil Company of Zimbabwe) and is initially for a period of 12 months but on a revolving basis," he said, adding that the deal had taken a year to secure.

Gono did not say whether the deal was linked to an agreement that the West African petroleum producer Equatorial Guinea signed last week to supply oil to Zimbabwe.

The Zimbabwean central bank governor and his officials were not available for immediate comment.

In his comments on Zimbabwe television, Gono said the \$50 million revolving fund he had secured was not enough to meet Zimbabwe's fuel requirements but that Harare would try to forward sell some of its minerals to access foreign loans.

Industry officials say Zimbabwe needs to secure about \$120 million worth of fuel a month to comfortably meet its requirements and to start building crucial strategic reserves.

"In the context of the National Economic Development Priority Programme we must try to leverage exports to allow Zimbabwe to access international finance," he said.

Many international donors, including the World Bank and the International Monetary Fund, have cut aid to Zimbabwe over Mugabe's controversial political and economic policies, especially his seizures of white-owned farms for redistribution to blacks.

The policies have left Mugabe -- 82, and Zimbabwe's sole ruler since independence from Britain in 1980 -- largely isolated and counting Equatorial Guinea among some of his few friendly countries.

LOITA CAPITAL PARTNERS INTERNATIONAL

1st Floor, River Court, 6 St. Denis Street,
P.O. Box 1079, Port Louis, Mauritius
Tel: (230) 208 9022 - Fax: (230) 208 9033
Website: www.loita.com

Receiving oil from Equatorial Guinea, sub-Saharan Africa's third-largest oil producer, would be a welcome boost for Zimbabwe's struggle against the economic meltdown and diplomatic isolation.

end