

Zimbabwe's Mugabe plans "final phase" of black ownership plan
By Cris Chinaka
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HARARE, Aug 13 (Reuters) - Zimbabwe's President Robert Mugabe said on Tuesday he saw his victory in last month's election as a mandate for "total" application of policies forcing foreign-owned firms to sell majority stakes to local investors.

Addressing a Defence Forces Day rally, Africa's oldest leader at 89, maintained a belligerent defence of his re-election on July 31, which is being challenged in court as fraudulent by his main political rival, Morgan Tsvangirai.

Rejecting this challenge along with questions by Western governments about the election's credibility, Mugabe said his new five-year term extending his 33 years in power gave him the chance to enact what he called the last chapter of a fiercely nationalist economic strategy.

His so-called "indigenisation" policy seeks to redistribute wealth by forcing foreign-owned firms to sell at least 51 percent to black Zimbabweans.

The local operations of the world's two largest platinum producers, Anglo American Platinum and Impala Platinum Holdings, have already been targeted by this policy, and foreign-owned banks are also seen as likely targets.

London-based Standard Chartered and Barclays are among the banks in Zimbabwe.

"Now that the people of Zimbabwe have granted us a resounding mandate in the governance of the country, we will do everything in our power to ensure that our objective of total indigenisation, empowerment, development and employment is realised," Mugabe told the rally of both civilians and soldiers.

"This is our final phase of implementing the ideals of the liberation struggle," he added, without offering more details.

His pledge of more forceful application of a nationalist agenda offered little comfort to foreign investors, who have been hoping Zimbabwe can build on a fragile economic recovery seen under a unity government since 2009 made up of Mugabe's ZANU-PF party and Tsvangirai's Movement for Democratic Change.

The MDC filed a legal challenge on Friday in the Constitutional Court, calling for a re-run of the election on the grounds it was riddled with fraud and irregularities.

Zimbabwe's constitution says the top court must rule within 14 days. Analysts predict the MDC challenge is unlikely to prosper because they say Mugabe's ZANU-PF party dominates the judiciary and state institutions.

Tsvangirai and his party boycotted the Defence Forces Day ceremony, just as they had a Heroes Day celebration led by Mugabe on Monday in which he bluntly told critics of his re-election to "go hang".

MILITARY "PILLAR"

In his speech, Mugabe praised Zimbabwe's armed forces as a "reliable pillar" of his government, which he said was making efforts to improve military wages and living conditions.

He accused Tsvangirai, who prior to the election was his prime minister in the fractious unity government, of working with former colonial power Britain by calling for reforms of the armed forces.

Tsvangirai had accused the pro-Mugabe security forces of showing bias and intimidation against him and his party, making a fair election impossible.

Mugabe said it was "surprising that some misguided fellow countrymen at the behest of their Western allies blatantly disregard the good work done by the Zimbabwe Defence Forces in maintaining peace and tranquillity in the country."

"They disguise this by demanding what they call security sector reform, when it is obvious the enemy's real ploy is to dilute the efficiency of the Zimbabwe Defence Forces," he added.

Pointing to multiple flaws in the July 31 vote cited by domestic observers, Western governments - especially the United States - have questioned the credibility of the election outcome and are considering whether to prolong sanctions against Mugabe.

But Mugabe is drawing comfort from African election observers who endorsed the elections as largely free and orderly and have urged Zimbabweans to move on peacefully. Western observers were barred from observing the vote.

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