FOREIGN FIRMS IN S.A.

CANADIAN

1975 - 1988
Cut SA links, Montreal's leaders warn companies

THE MONTREAL city fathers are about to get tough with Canadian businesses maintaining direct links with South Africa.

Before the end of the Canadian summer, city councillors in this predominantly French-speaking city are expected to approve a number of measures making it virtually impossible for Canadian companies with South African links to do business with Montreal.

The policy recommendations have been developed over a six-month period, following a city administration statement against apartheid made by mayor Jean Doré.

After holding consultations with anti-apartheid groups in the city, vice-president of the Montreal Finance and Administration Committee Michael Lemay said he had come up with a package of which Montrealers "could be proud."

The package contains a series of economic measures designed mainly to isolate Canadian companies with South African links. If approved, the measures will prevent Montreal from:

- Having business ties with companies which have South African or Namibian investments and with local subsidiaries controlled by South African parent companies.
- Dealing with companies having direct commercial or financial links with South Africa.
- Selling or leasing buildings or property to these companies.
- Making grants to these companies for industrial, residential or commercial programmes.
- Negotiating with commercial, property or financial associations with South African links.
- Buying supplies or services from South Africa.

Lemay will also recommend a series of cultural, sporting and recreation measures against apartheid. These include:

- South African representatives will not be allowed to take part in public events or activities.
- All documentation from the South African embassy or consulates will be clearly marked as material from Pretoria when sent to city libraries. According to Lemay, the intention is not to censor material but to inform the public of its origin.
- Montreal will give technical support to groups and organisations mounting educational campaigns against apartheid.

The city also plans to put pressure on the Canadian federal government in Ottawa to reduce diplomatic relations with Pretoria by cutting embassy staff to a minimum and closing the South African consulate in Montreal.

City officials have identified 250 Canadian companies with direct South African links, although not all of these do business with Montreal.

The policy recommendations specify a two-year transition period, beginning next January, which will allow the affected companies to continue doing business with the city on condition that they agree to cut their South African links before January 1991.

Before the policy can be implemented, the city charter first has to be modified by the provincial government in Quebec City.

As it stands, the charter obliges Montreal to accept the lowest bid on municipal contracts. Lemay doesn't anticipate the modifications will run into any problems.

Once implemented, the only way the policy can be revoked is upon the dismantling of apartheid and the implementation of United Nations Resolution 435 on Namibia.

Asked to respond to the Montreal recommendations, an official at the South African consulate in the city said she had no comment.
AN association, aimed at helping black business play a key role in the economy, has been formed in Johannesburg.

The Canadian Association for Black Business in South Africa would be able to identify potential export markets for blacks, its chairman, Mr Dennys Roquand, said yesterday. 📜

The association comprises Canadian companies doing business in South Africa, the Get Ahead Foundation, the National African Federated Chamber of Commerce, the Wits University Centre for Developing Business, and black consultants.

**Key role**

Mr Roquand said: “We also want to establish concrete, lasting relationships with black businesses by developing them into competent suppliers and subcontractors to our more than 80-member companies.

“In addition, we hope to have some of our member companies appointing blacks as distributors of some of their consumer products.”

He believed that peace in a future South Africa would depend to a considerable extent on black people’s ability to play a key role in the company’s economy.
Design firm opens SA office

Reversing the current disinvestment trend, the Toronto-based Watt Group, one of the world's leading strategic planning and design firms, has expanded its operations to Johannesburg.

The Watt Group specialises in strategic design services to consumer products companies and multi-store retailers.

Its international clients include: Nestle, Kraft, HJ Heinz, Nabisco, Federated Department Stores, House of Fraser, IBM, and Philips Electronics.

Watt is best known in South Africa for its repositioning of the Checkers Group in 1984-85.

That program included the design of new Checkers stores, revamp of existing stores, conversion of existing hypermarkets into the Checkers Warehouse format; and the upgrading of Yellowbrand private label packaging.

Said Michael Rubin, managing director of the South African office: "We now have a fully staffed graphic and industrial office in Johannesburg.

"Internationally, we are working on the leading edge of new retail and packaging concepts and this expertise is also available to South African clients from our Toronto office."

Mr Rubin, who was chief operating officer of Watt's worldwide operations for seven years, is a Capetonian who returned to South Africa to oversee the Checkers project.

He added: "Watt has proved time and again that there are great opportunities to make impact on the consumer at point of sale.

"Manufacturers and retailers who miss this opportunity will increas-ingly find their market share slipping as consumers are attracted to more aggressive competition."

The Watt Group has already begun strategic design work for a number of South African consumer goods manufacturers and retailers.

Said Mr Rubin: "With the continued brain drain from South Africa, it is often impossible for local companies to afford local talent, even if available.

"Watt affords imported expertise and the latest in world retail trends at affordable cost."

...
Mystery Bata bid

The Argus Correspondent

DURBAN. — Negotiations between Bata Shoes — the huge Canadian-based company that decided last November to pull out of South Africa — and a mysterious European consortium are almost finished and the group's new name should be announced in a few weeks.

"Negotiations are 90 percent completed and Bata hopes to have them finished in the next week or so," said Mr Denzil Bradley, Bata's public relations representative.

"The company will then decide on a new name."

Mr Bradley said business did not appear to have been badly affected by the November announcement that Bata of Canada was pulling out of South Africa.

"Many of their products, such as North Star, have individual brand names and sales have continued as normal," he said.

Details of the takeover would be released when the negotiations were completed, he said, and said that Bata staff and management would not lose their jobs.

Bata's South African operations include four shoe factories — at Greytown, Kranskop, Loskop and Estcourt — a tannery in Uitenhage and a head office and footwear depot in Pinetown.

The company, the biggest Canadian-based concern in South Africa and the country's biggest shoe manufacturer, employs more than 3 000.
Mulroney may cut all ties

OTTAWA — The Canadian Prime Minister, Brian Mulroney, will make a statement on South Africa this week after saying he was prepared to cut diplomatic relations with Pretoria over apartheid.

Mr. Mulroney returned yesterday from a visit to African countries which focused on opposition to South Africa's race policies.

He said before leaving Senegal on Sunday he had reached the sad conclusion that violence would escalate in South Africa and added that Canada was prepared to cut all ties with the country.

Mr. Mulroney, who met six African leaders during his visit to Zimbabwe and Senegal, said dialogue had achieved little in South Africa.

Canada imposed limited economic sanctions on South Africa last October, including a ban on imports of agricultural products, uranium, coal, iron and steel, and ended its scheduled air passenger service.

SAPA RNS.
Canadian firm to leave SA

TORONTO — Canadian-owned Moore Corporation, the world's largest manufacturer of business forms, has announced it is selling off its operations in South Africa because of "the uncertain future there".

A statement released by the company said Moore "has entered into an arrangement to sell its operations in South Africa. This action reflects unsettled economic and political conditions and an uncertain future in that geographic area."

A company spokesman would not comment on whether South Africa's apartheid policy played a part in the decision.

Canada has taken the lead in imposing economic sanctions against Pretoria, but the Government has stopped short of asking businesses to divest interests there.

The company gave no details on the sale of its South African subsidiary, Moore Paragon, to an unidentified buyer. The subsidiary employs about 550 workers at three locations in South Africa.

Moore joins an increasing number of North American companies, including the Canadian-based shoemaker, Bata, and Dominion Textiles of Montreal, pulling out of South Africa.

Moore employs 27,000 people at 139 plants in 45 countries, and specialises in business forms. — Sapa-AP
Lonrho grabs Wesplats shares

Lonrho has snapped up a significant stake in Wesplats, a company that produces platinum group metals, gold, nickel, copper and cobalt. The purchase, taking place in September 1996 and worth R76m (US$15.6m), is Lonrho's biggest Southern African acquisition.

Group after-tax income rose 75% to R66.2m (R37.9m) on a turnover of R241.2m (R167.2m). Capex rose to R32m (R20m) and retained income increased to R76m (54m).

While the purchase at fire-sale prices must benefit Lonrho's earnings prospects, it could lead to some political difficulties for the corporation elsewhere in Africa. Among its diverse interests elsewhere on the continent is the Beira-Mutare pipeline and refinery, which is crucial to Zimbabwe's efforts to reduce its economic dependence on SA.
Canadian firm to sell SA arm

MOORE Corporation has announced it has entered into an agreement to sell its operations in SA.

"This action reflects the unsettled political and economic conditions and an uncertain future in that geographic area," the company said in Toronto.

Robert Spencer, CE of the Southern African region, said at the weekend negotiations were in progress that would result in the sale of business-form producer Moore Paragon, Caribonum (which manufactures carbon and paper roll products), Tilon Computer Media (which specialises in mail order computer supplies) and Transcarbon.

He said until negotiations were finalised, "we are not at liberty to make any further disclosure at this stage".

As part of the agreement, the new owners will assume all Moore's obligations with regard to employment benefits and pensions. — Sapa.
Canada's
Moore Corp
to disinvest

Own Correspondent

JOHANNESBURG. —
The world's largest manufacturer of business forms, the Canadian Moore Corporation, is to disinvest from SA because of unsettled conditions and uncertainty over the region's future.

Moore's SA interests incorporate Paragon SA which produces business forms, Caribonum SA which manufactures carbon and paper roll products, Tilon Computer Media which specialises in mail order computer supplies and a dormant company, Transcarbon.

The companies will continue to do business and the new owners, not yet disclosed, will assume all obligations for the employment, benefits and pensions of the 550 members of staff.
Alcan to sell its stake in Hulett

MONTREAL — Alcan Aluminium has reached an agreement to sell its 24% stake in Hulett Aluminium of SA, to the Tongaat-Hulett group, the present majority owner of Hulett Aluminium.

Terms were not disclosed.

Alcan has also sold its 60% interest in Alcan Aluminium of Nigeria and its sister company Alcan Aluminium Products.

Terms of that transaction were also not disclosed, but an Alcan official told analysts recently that the sale resulted in proceeds of $6m-$8m to Alcan.

Alcan said the sales were part of its strategy of divesting where investments no longer fitted its business purposes. — AP-DJ.
This is IT, says publisher

INTERNATIONAL THOMSON (IT) is expected to sell its SA printing and information services subsidiary Thomson Publications to local management for R3m.

It was learned yesterday that the management consortium would have no outside backers and payment was expected to be spread over five years.

Thomson Publications MD Joe Brady would not confirm the figure but admitted it was "close to the mark".

The deal is expected to be completed by April.

Brady made clear the Canadian multinational divested for political reasons only. "IT nearly lost a major contract in California and was prevented from doing business in New York State because of its SA ties. It had no option but to pull out."

He dismissed speculation that the company would gradually sell off its trade publications to concentrate on its daily lender service.

"First quarter sales were up 25% and all our products are making a profit. There's no question of selling off the publications."

HAMISH McINDOE
Working conditions of blacks: Canadian embassy criticised

Report says the embassy in Pretoria "has considerable scope for improvement"

BY ALAN DUNN, Argus Foreign Service

Date line: WASHINGTON

THE Canadian embassy in Pretoria, representing possibly South Africa's loudest western critic, has been penalised for conditions under which it employs black staff.

The charges are contained in a report prepared for Canada's External Affairs Department, reviewing conditions of black employees working for Canadian corporate affiliates in the Republic.

The report finds the embassy "has considerable scope for improvement" in employment terms for blacks, and that it has fallen short of its own standards by which Canadian businesses are judged.

"The Canadian embassy in South Africa underpays blacks, federal study says", read the headline in one of Canada's most influential newspapers, the Toronto Star. "The report, by former diplomat John Small, says the embassy is not a model employer as measured by the code of conduct established by Ottawa for Canadian firms", an article on page 2 said.

Mr Small says black South African employees do not have the right to form unions, and are entitled only to a staff association. This, he says, is an "anomaly" making it hypocritical for the Canadian government to recommend collective bargaining rights for private firms while refusing to allow them its own workers.

He urges the Canadian government to give South African blacks at the embassy "the same consideration demanded of companies and institutions".

Figures for 1985 supplied by the embassy reportedly show it had nine black employees. Two gardeners working at embassy residences in Pretoria and Cape Town earned only 44 percent over the subsistence level. In terms of Canada's fair employment code for South Africa, the government "strongly urges companies to strive for a minimum rate of pay at least 50 percent in excess of the minimum living level within the shortest possible time frame".

The shortages were apparently corrected last year, and the embassy has pledged to avoid them in future, sticking to the minimum plus 50 percent.

Mr Small's report finds also that the gap between black and white embassy employees' salaries widened between 1985 and last year.

The report says 11 Canadian firms employing more than 10,000 black people have pulled out of South Africa in the last 18 months. Twelve companies remain, employing more than 7,000 workers, but some have expressed the intention of leaving.

They generally provide good working conditions, he finds.

A spokesman for the Canadian Embassy in Pretoria said personnel employed in host countries did not fall under the Canadian Public Service Staff Relations Act. It applied only to Canadians serving abroad.

Staff associations had been formed at embassies throughout the world, including Pretoria, to cover locally recruited people. He said the Pretoria embassy subscribed to the code and used the household subsistence level of the University of Port Elizabeth as a guideline.

The report had recommended that the "somewhat higher monthly living level established by Unisa be used. This had now been done.

Explaining the fact that white staff had received a higher rate of increase than non-white staff during last year, the spokesman said: "In part, that is statistically correct."

"But during the past year we have employed several non-whites to replace retiring white staff. As these are new employees, they begin at the lower end of the salary structure for their classification, hence the average wage level for non-whites appears to have been at a lower rate of growth."
Uruguay looks at SA trade

LINDA ENSON

A TRADE MISSION from Uruguay is visiting SA to explore possibilities for joint ventures and bilateral agreements between the two countries.

Invited by the Departments of Foreign Affairs and Trade and Industries, the nine-person mission visited the Rand Show last Thursday with a view to Uruguayan participation next year.

"What we would like to see — and we understand that possibilities do exist for this — is for joint ventures between Uruguayan and SA companies, particularly in mining, steel and iron," president of the Uruguay-South Africa Chamber of Commerce in Montevideo, Nigel Davies, told a media gathering at the show. Similar ventures exist with other countries.

Advantages for SA investors were the absence of any threats of expropriation, unlimited repatriation of profits, and, depending on the agreement reached, total exemption from company tax for between five and 10 years, Davies said.

Uruguay endorsed the opposition of the United Nations to SA's political policies, but believed trade should not be affected by this, Davies said.

The country needs technology, raw materials like iron and steel, PVC, canned goods and packaging and could possibly export shoes, leather articles, and rubber tyres, he said.

Uruguay exports about 25 000 tons of rice annually to South Africa at a value of about $10m to $15m and imports iron, steel and PVC at an approximate annual value of $3 to $5m.
Canadian drive to pay SA blacks more

FROM RICHARD WALKER

NEW YORK. — The Ottawa government has proposed a letter-writing campaign to try to induce Canadian companies to pay their black workers in South Africa more.

It rejected opposition demands for immediate punitive action against firms that are deemed laggard.

The External Affairs Minister, Mr Joe Clark, says he wants "the whole country" to write protest letters to firms that fail to respect the government's basic conduct code, which calls for the integration and equal treatment of all workers in their South African plants and for blacks to be paid a "living wage". If that failed, the government would resort to "forced action", including possibly making the code mandatory, he said.

Companies named

A government-appointed consultant had named five companies for lagging behind the others on black pay. The five — Falconbridge, Dominion Textiles, Massey-Ferguson, Bata and Moore Corporation. Opposition critics had urged the government to advocate a public boycott of the companies' goods and products.

It was "the only way to exercise true pressure", charged the Liberal Party's Mr Jacques Guibault, who accused the government of "lacking backbone".

The all-party Commons human-rights committee is to sit through July to hear testimony about conditions in South Africa and what Canadians might do about it. Archbishop Edward Scott, the Canadian representative on the Commonwealth Eminent Persons Group, is expected to be among those testifying.
Tannery’s future known tomorrow

By DEBBIE MARCH

A STATEMENT on the future of the Bata Shoes tannery in Uitenhage after yesterday’s announcement that the Canadian company is disinvesting, will be made tomorrow.

The company’s general manager, Mr Sid Finlayson, gave assurances today, however, that none of its 3,200 workers countrywide would lose their jobs. This had been one of the requirements of sale to an undisclosed investor.

A spokesman at the Uitenhage plant, where about 200 people are employed, could not say what the future held.

Another brushed off questions saying: “Nothing is changing. We’ll continue as is.”

The plant’s general manager, Mr G L Manley, was attending a directors’ meeting in Pinetown, and was expected to return with further information.

“Until then we have no comment whatsoever. A Press statement will follow,” the spokesman said.

The announcement by Bata Shoes, the biggest Canadian employer in SA, follows the withdrawal of General Motors, IBM and Eastman Kodak.

Bata’s factories in SA are at Greytown, Kranskop, Loskop and Eshowe. Its head office and industrial footwear depot is in Pinetown.

Mr Finlayson said although the name of the company and its trade-name would change, the local product brand-name would remain the same.
Bata will be out of SA within weeks

The Star Bureau

WASHINGTON — The Canadian footwear giant, Bata, is selling its operations in South Africa and will be out of the country within weeks.

About 3,200 employees at four shoe plants and a laudery are affected by the move, the latest in a string of disinvestments by US and Canadian corporations in face of mounting political and economic pressures.

Bata said last night the sale of its assets would be angled in such a way “that every effort will be made to ensure continuity of employment”.

The name of the company in South Africa would be changed, Bata Ltd’s secretary, Mr Basil Baker, said in an interview from Toronto last night: “The Bata name and trademark will no longer be used in South Africa and all links with Canada will be severed.”

Bata had, however, agreed to provide access to its worldwide training and management programme to indirectly continue its cornerstone policy of non-discriminatory training and career development.

Mr Baker’s formal statement did not offer reasons for Bata’s prompt departure — other companies taking the exit have all tried to explain what drove them to it: “We are not mentioning reasons because there are so many of them.

“The situation is a complex one and our position is really that there were a number of factors involved and you can’t simply pinpoint only one reason. It is a multiplicity of reasons.”

Mr Baker refused to identify the purchaser of the business but he did say the purchaser was neither Canadian nor South African — it was not going to be like General Motors where a new company born out of the old SA subsidiary’s management would take over.

Purchasing negotiations such as this, Mr Baker said, were always difficult.

He could identify the buyer later.
Bata being sold to local group

Drivers of 60 heavies charged

Pieternaritzburg Bureau

SIXTY heavy-duty vehicles have been suspended and the drivers charged for overloading since the start of a new campaign by NPA traffic police on the N3 here on Wednesday.

A traffic inspectorate spokesman said 181 heavy and extra-heavy vehicles had been weighed at the Mkonteni testing grounds in the past three days. The highest overload on a single axle was six tons.

In spite of an on-going campaign by the NPA traffic inspectorate one in three lorries travelling the N3 would appear to be overloaded, according to statistics.

Two brothers jailed

Court Reporter

TWO brothers were each jailed for 10 years by Mr J J Brits in the Durban Regional Court yesterday after being convicted of attempted murder and robbery.

Before the Court were Joseph Bhengu, 24, and Muzwenzila Bhengu, 23.

They had pleaded not guilty to attempting to murder Mr Yoonas Hoosen at his Glen Anil store on June 3 and then robbing him of a sports bag containing R1 000.

In the robbery, four shots were fired, one of which hit Mr Hoosen in the left arm.

Passing sentence, Mr Brits said he took into account that both were young men. But he said, robberies of this type were very prevalent.

Shop owners, particularly those in remote areas, were vulnerable to this type of attack.

Mercury Reporter

BATA (S.A.) is already in the process of being sold to an undisclosed company and negotiations will be tied up within weeks.

A condition of sale is that no employees will lose their job.

This was said yesterday by a spokesman for the company who confirmed the name of the company and its trademark would change although local product names would remain.

Speculation in the business community is that the giant Rembrandt group is the most likely to buy out the Canadian-based Bata.

Rembrandt refused to comment.

Other possible buyers could be South African Breweries, Barlow Flax or Natal Canvas. All are big industrial conglomerates with enough financial muscle to buy a company of Bata's size.

Mr Basil Baker, company secretary at Bata's Headquaters in Toronto, Canada, said last night the name of the likely buyer could not yet be revealed for fear of jeopardising the deal and the jobs of the company's 3 200 South African workers.

'We've gone to a great deal of trouble finding a buyer who is willing to continue to serve the consumer in South Africa and to provide meaningful jobs for South Africans,' he said.

'The last thing we want, after going to such lengths to find such a buyer, is to find the deal fails through because we've mishandled it.'

Continue

Yesterday Mr Sid Finlayson, managing director of Bata (S.A), said:

There will be no changes in our management team and the jobs of our employees will not be affected as a result of this change of ownership.

We will continue to provide footwear for the South African market.

Yesterday a spokesman for 3M, the giant American-based concern with 909 employees in a country-wide operation in South Africa, discounted speculation that they also intend to withdraw from this country.

Yesterday the group's public relations officer Miss Delire Jansen, said all indications were positive.

In a statement released by 3M in the United States the company emphasises that it believes the policy of helping all South Africans progress is the socially responsible way to fight apartheid.
European bid for Bata

By Don Robertson

A EUROPEAN consortium is reported to be behind the purchase of Bata SA, whose Canadian parent is quitting SA.

The Canadians insist that Bata’s 3,200 employees be assured of their jobs.

This includes managing director Sid Finlayson and his executives.

Mr Finlayson says: “A requirement of the sale is that all employees are assured of continued employment.”

Mr Finlayson was unable to comment on the identity of the buyers.

Bata Canada will continue to provide training and management development programmes for staff.

Bata SA will take a new name. Its trade marks will also be changed, but SA brand names, such as Northstar, will be retained.
Falling sales suggested cause of BAMA pull-out

(1st)
Canada to Review its Voluntary Ban on SA

Bata joins 160 firms in pull-out
Bata ‘wants to set up front companies’

Mercury Reporter

There is strong speculation in Canadian business circles that the Bata family wishes to retain control of the South African operations of the world’s largest shoe company through British or European front companies.

Sources closely connected to Bay Street, Toronto’s Wall Street, say the Bata family, descendants of a fifth-generation Czechoslovakian cobbler who founded the company, are fiercely anti-communist and wish to set up front companies in Britain or West Germany to retain control of the South African operations.

Bata’s operations in South Africa include shoe factories in Pinetown, Greytown, Kranskop, Loskop and Estcourt and a tannery in Uitenhage. Bata employs about 3,200 South Africans.

Announcing its decision at the weekend to withdraw from South Africa, Bata said one of the requirements of any sale would be that the name of the company would change, that the Bata name and trademark would no longer be used in South Africa and all links with Canada would be severed.

Meanwhile Bata’s company secretary, Mr Basil Baker, said from Toronto yesterday that negotiations to find a buyer were likely to take some time, as the company wished to make it a condition that no jobs would be lost.

‘We are anxious to find a group who would continue what we believe to be the good work that we have been doing in South Africa. We want to avoid a situation where the South African operation could be taken over and then closed down shortly afterwards. That would be unthinkable,’ said Mr Baker.
Anti-SA moves by Canadians

JOHANNESBURG. — The Canadian Government yesterday announced several measures it would take in response to the "continued repression in SA," including the termination of all toll-processing of SWA/Namibian uranium, imported from South Africa.

This would not affect existing processing — carried out under contract by a Crown corporation, and third countries — said a policy statement issued by the Secretary of State for External Affairs, Mr Joe Clark, and released by the Embassy in Pretoria.

Labour

There was a widespread desire in Canada for the country to take a strong stand against apartheid and to play a part in change. It said the new measures included two specifically designed to help facilitate peaceful change.

One was the substantial increase — by about R8 million — for an expanded programme to help the education and training of blacks in South Africa and Canada, and the other was the appointment of an officer to the embassy in Pretoria charged with responsibility for labour affairs.

The statement said: "The fundamental changes in South Africa we have hoped for during the past quarter century have not come about. One tragic incidence follows another. Almost 400 South Africans have lost their lives in the past year, reflecting growing frustration at exclusion and rejection."

"In these circum-stances the persistence — the enormity — of institutionalized racism can only cause a widening gulf between our two countries.

"Canada cannot tolerate a course which means continued repression in South Africa and lawless raids outside — on countries which are our friends and partners within the Commonwealth."

"We cannot accept that the majority of South Africans should remain outside, deprived of dignity and basic human rights, har-assed by police, arbitrarily held in detention, denied citizenship, some separated from their families and all deprived of a true voice in their country's affairs," said the statement.

Voluntary

Other measures announced include:

● The strengthening of the voluntary code of conduct concerning employment practices of Canadian companies operating in South Africa.

● The tightening of the United Nations arms embargo by restricting the export of sensitive equipment such as computers to para-statal bodies like the police and army.

● Enforcement of the voluntary UN embargo on importing SA-manufactured arms.

● The abrogation of the Canada-SA double-tax agreements.

● The Programme for Export Development (PED) will no longer be available to Canadian businessmen wanting to export to South Africa.

— Sapa
The new Canadian policy towards SA, outlined by External Affairs Secretary Joe Clark last weekend, includes certain punitive measures in trade and sport contacts with SA. It will expand its black education and training programme by some $60m, and appoint a full-time labour officer to its Pretoria embassy.

Canada's action follows far more significant moves in the US, a far more important trading partner for SA. The US Senate last month approved steps which empower the president to impose sanctions against SA after 18 months failing significant action to dismantle apartheid. The final version of the Senate SA Bill was being drafted as the PM went to press. New US legislation could mean: an end to SAA landing rights in the US; restrictions on bank loans and computer sales to certain SA government agencies; ending nuclear technology transfer to SA; tighter compliance with the Sullivan labour code by US firms operating in SA; and the minting of a US gold coin alternative to the Krugerrand.

This week too the 49-member Commonwealth Southern Africa Committee was due to meet in London to formulate similar anti-SA measures ahead of the Commonwealth summit in October. Canada is a member.

Britain, at least, is opposed to sanctions, although the House of Commons is due to debate a Labour-sponsored sanctions Bill later this month.

Issuing the new Canadian directive, Clark sounded exasperated at the "persistence — the enormity — of institutionalised racism" in SA which can only cause a "widening gulf between our two countries."

He said: "We regret that. But the time has come for basic change, for the repudiation of apartheid as a concept and a policy."

Canada, in fact, signalled its disapproval of SA's policies when, after the nationwide upheavals in 1976-77, Ottawa closed its commercial consulates in Johannesburg and Cape Town in 1978. A policy of "no active promotion of trade with SA" was adopted that year.

The Canadian embassy says there is no authoritative register of Canadian companies in SA, although it is thought there may be about 35 at most with estimated total investments here of around $100m. Canada says trade between the two countries last year was around $200m each way.

Clark said: "Canada cannot tolerate a course which means continued repression within SA, and lawless raids outside on countries which are our friends and our partners in the Commonwealth. There is a rising tide of revulsion in Canada and elsewhere, at the injustices of apartheid ..."

The new Canadian measures include:
gaining will have to bear the burden of political pressure which may jeopardise its growth. Considerable socio-political changes have nonetheless occurred, Rely states. The triecameral Parliament has had "surprising success" in its first year. He also notes the support for constitutional progress in the abolition of the Political Interference Act and of the racial sex and marriage laws.

This year's Budget was encouraging in light of the significant shift towards market-related economy. "In particular, the Minister looked to the progressive dissolution of the structural rigidities still remaining in the labour market and to the improvement of productivity through education and training; he accepted the fact of urbanisation; the need to allow the informal sector of the economy to develop to its full potential; and came close to saying that the new realism had to extend to the manner and degree of financial support to agriculture as well."

No other Budget has so sharply emphasised the need to accept short-term constraints in order to build a firm foundation for pursuing the long-run goals — encouragement of free enterprise, of risk-taking and growth, says Rely.

Control of government spending is the key, he explains. The Budget accommodates substantial real increases in expenditure on education and, "more contentiously," on decentralisation and homeland development, by real declines in defence and other major State activities. Rely notes that cutbacks on capital projects have, "sensibly," fared better than current spending.

However, he is cautious about the conservative approach to the public sector wage bill. For, although this made control of total expenditure possible, it is "partly a one-off phenomenon and there is a danger that defence spending could fall into this category too." With that in mind, and the inevitable future demands for the restoration of spending cuts on infrastructure and on "projects of greater political visibility," it is obvious that a radical revision of the pattern as well as the size of State spending is needed if the limitations to our growth potential are ever to be overcome," Rely advises.

Turning to the dampening effect of high taxation on growth, Rely says the findings of the Margo inquiry into the tax structure and government's response will be of fundamental significance to reform of the economic system. "There is much evidence to demonstrate what common sense asserts — that high taxation, by diminishing reward, is a factor in discouraging the allocation of resources to the most productive sectors of the economy."

Rely notes the "important restatement of the commitment to a market-oriented approach" to economic policy generally as contained in the White Paper on industrial development strategy. And the De Kock Commission's final report, a "forceful affirma-

mation of the role of freely functioning financial markets, emphasises the crucial importance of a flexible and broadly operated monetary policy in reaching the goals of non-inflationary growth and balance of payments stability."

Dealing with the allocation of scarce resources in the future, the Anglo chairman states that it is fairly widely recognised that "we will have to accept lower standards of housing for whites and more realistic ways of handling the urbanisation process."

"This may serve to limit wage pressures in urban areas, and should also have an effect on the development of the informal sector, he adds.

Maintaining the current mix of fiscal and monetary policies "will force the private sector to allocate resources more rationally. An and a flexible and probably undervalued rand could stimulate exports and, in the right circumstances, capital inflows as well."

Rely says, "there must be no shielding of the economy from realities. We simply cannot attempt to promote an upswing on the old basis of a strong surge in consumption based on improved export markets, hoping that investment of the right kind will somehow materialise later ...".

Advises Rely: "We in the private sector must be far-sighted enough to maintain pressure on the government to translate intentions into purposeful action, however harsh and unpalatable the immediate effects may be."

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**Africa's Nicaragua**

Zimbabwe's electoral returning officers have our sympathy. It cannot be easy to establish the black voter's identity in a country where, so the Times informs us, a third of all surnames begin with M and there may be as many as 10,000 people called John Moyo in Matabeleland alone.

So the administrative chaos which resulted in President Canaan Banana's precipitate extension of election time from two days to four should not necessarily be ascribed to any sinister machinations on the part of Mr Robert Mugabe. It is better that black Zimbabwans should vote slowly and a bit chaotically than that they should not vote at all.

This week's ritual at the polling booths would seem to compare moderately well with those in other underdeveloped countries which have a large illiterate population. Indeed, even in Matabeleland there appears to have been less obvious ballot-rigging and less visible intimidation than in, say, El Salvador.

Yet the more revealing comparison may be with Nicaragua, where the actual voting procedures were relatively free and fair, but the electoral campaign preceding them was utterly dominated by the ruling Sandinista Front (the FSLN), using its monopoly of the mass media, the police, the armed forces and all the other organs of state. So also with Mr Mugabe's Zanu in Zimbabwe.

Like the Sandinistas, Mr Mugabe is moving down the road to a one-party state. Like the Sandinistas, for practical reasons he still tolerates a great deal more diversity, independent activity and private enterprise than he would otherwise be ideologically disposed to do. As in Nicaragua, "the bourgeois opposition still has a minority place in parliament: not a place in government, of course, but nonetheless a platform from which criticism can be officially and publicly aired. As in Nicaragua, the future safety of this opposition may depend to a great extent on external pressure."

There, however, the parallels end. For Mr Mugabe's one-party state looks increasingly like a much more familiar African commodity — the one-tribe state. And the irony of Mr Mugabe's first five years in power is that his most crude violence has been wreaked not on his former jailers and oppressors, the whites who last week voted once again for Mr Ian Smith, but on his former patrons and comrades-in-arms, the black Ndebeles who support Mr Joshua Nkomo.

It is they, not the whites, who have suffered most under the emergency laws which Mr Mugabe has taken over from Mr Smith. It is they, the 10,000 John Meyos of Matabeleland, who have been the victims of terrible atrocities committed by the army in the course of its campaign against so-called "dis- sidents." It is they who are now, in the words of the Observer's correspondent reporting from Bulawayo, "a cowed people." (And our congratulations to Observer journalists for continuing to report the truth from Matabeleland, despite their bullying proprietor. May the Mirror's journalists do as much for Poland!).

One repugnant form of racial discrimination — that of white against black — has been replaced by another repugnant form of racial discrimination — not black against white, but black against black. It makes us wonder, looking across the frontier to the riot-torn black townships of South Africa. Freedom Rising is the title of a recent, highly sympathetic account of the black "liberation struggle" in that unhappy country. But has freedom risen or fallen since the "liberation" of Zimbabwe? Can no-one in that continent find a middle way between white tribal dictatorship and black tribal dictatorship? Alas, poor Africa.

*From The Spectator*
PINETOWN — About 700 workers at the Beta shoe factory in Pinetown blocked the main route to New Germany today.

The unrest started when about 90 men in the company's rubber department demanded a pay increase and it was rejected.

They persuaded most of the labour force to down tools and join them outside the factory today.

After blocking the road they moved to a site near the factory.

They rejected pleas to return to their jobs while negotiations took place and boxed management representatives.

The police were called, but said the situation was orderly and under control.

Senior management officials were not available for comment. — Sapa
Rioting workers injure three

Argus Correspondent

PINETOWN — Rioting Bata shoe factory workers here have injured three people and stoned cars in an attempt to prevent production continuing.

Police used dogs to control the angry crowd of about 300 who were finally dispersed from the factory about 6 pm yesterday.

An Indian member of the permanent staff was seriously injured when a brick, hurled from the crowd, smashed the window of a van.

Workers say the unrest started a week ago when about 90 men in the rubber department demanded a 25 percent increase.
Violence at shoe factory

Labour Correspondent

VIOLENCE has erupted at the Canadian-owned Bata shoe company’s Pinetown plant, which has a workforce of more than 1,500, and where workers have been on strike for the past week.

According to police and the company, strikers used sticks and stones late on Tuesday afternoon to attack temporary workers at the plant. Three people were injured and passing cars were also attacked, they said.

Worker sources said a woman worker had been shot on Tuesday by a company security guard and was now in hospital. The SA Allied Workers Union also claims that police attacked workers.

A company statement confirmed that a security guard had fired shots at a “mob” which, it alleged, had thrown stones at him, but said he only shot into the air.

The strike at Bata began last Thursday when workers in a department organised by the SA Allied Workers Union downed tools. According to worker sources, other departments stopped work the next day.

SAWU’s general secretary, Mr Sam Kikin, said workers were striking in support of demands for wage talks and were also demanding that they be allowed to resign from the TUCSAN union. They were also protesting against the dismissal of two colleagues, he said.

Bata, Mr Kikin charged, had rebuffed all attempts by SAWU and a worker committee at the plant to negotiate with it and workers had been told they would be fired if they were not back at work by Monday.

Bata said workers had been on an “illegal strike” and alleged that many wanted to work but were being prevented by a “group of militant strikers”.

On Tuesday afternoon, it said, 15 to 20 people attacked two casual workers who were leaving the premises. Two security officers went to investigate and were stoned by the crowd. One fired five warning shots into the air.
1 000 strikers face dismissal

Mercury Reporter

NEARLY 1 000 striking workers at the Bata shoe factory in Pinetown have been given an ultimatum to return to work today or face dismissal, according to workers.

The work stoppage entered its sixth day yesterday following a refusal by the management to meet a demand by about 90 workers in the rubber department for a pay rise of 25 percent.

Workers from other departments downed tools in support of their colleagues' demand and now the issue has spread to union recognition.

According to a spokesman for the workers, the management refuses to recognise the black-dominated South African Allied Workers' Union at the factory.

"They are only prepared to talk to the Tucsa-affiliated National Union of Leather Workers, which represents about 25 percent of the workforce," he added.

Stoning

On Wednesday evening, a black woman was shot and wounded after security guards at the factory opened fire when a riot broke out as homeless workers were attacked by a knobby-wielding mob. Two others were also injured.

In a statement to the Mercury yesterday, Mr S Finlayson, the company's managing director, said the company had been in an illegal strike situation since Thursday of last week.

"In spite of numerous attempts by many employees to return to work they have been prevented from doing so by a group of militant strikers," he said.

He said the situation worsened on Wednesday afternoon when a group began stoning vehicles leaving the company's premises after work.

At 4.45 p.m. a group of 15 to 20 people attacked and assaulted two casual workers who were leaving the premises using sticks, stones and large rocks.

Threats

"Two of our security officers went to investigate the fracas and were themselves stoned by the unruly mob," he said. "One of these officers drew a pistol and fired five warning shots into the air.

"It is also known that an unidentified person not employed by the company fired two shots in an attempt to protect his property. Police are investigating.

"The company disassociates itself from the incident as it does not permit employees to carry weapons. The security guard had brought the weapon to work following threats on his life on Friday," he said in the statement."
Peace talks follow strike violence

Bata changed its tune after we phoned Canada, union claims

By Barney Mhombothi

A TRANS-ATLANTIC telephone call to Bata Shoe Company in Canada this week brought an end to a week-long strike by more than 1,000 workers at the company's plant in Pinetown.

They had been on strike since last Thursday because of a dispute over a pay increase and union recognition. The strike took an ugly turn this week when three workers were injured during an eruption of violence.

One, Miss Nomza Mzadane of St Wendolins, is in hospital with a bullet wound in the chest after she was allegedly shot by a security guard.

The workers decided on Friday they would report for work tomorrow after management assured them they were prepared to talk to the workers' spokesman "with a view to ascertaining the wishes of the majority of employees regarding their future representation."

Workers saw this as a turn-about by management from the hard line it had taken since the strike began and decided to go back to work while talks on union recognition continued.

They are demanding a 30 percent wage increase and that management sign a recognition agreement with the Leather and Allied Workers' Union, and not the trade-affiliated National Union of Leather Workers, which they say they were forced to join.

A spokesman for the workers, Mr Welcome Ntshangase, said there had been a perceptible change of attitude by management after he had contacted Bata's headquarters in Ontario, Canada, on Wednesday.

"We contacted Bata's head office because we wanted them to get the workers' side of the story as well," Mr Ntshangase said.

He said Mr Thomas Bata, head of the company, had not been available, but he had been able to speak to his secretary-general, a Mr Cheasarie.

"Mr Cheasarie said they were very concerned about what was happening here but could not help because Bata here was autonomous. He however assured me they would contact Bata."

Mr Ntshangase said a letter to workers from Bata's industrial manager, Mr D A Bell, showed they had changed their initial attitude.

Mr Sisa Njikelane, vice-president of the SA Allied Workers Union, to which the Leather and Allied Workers Union is affiliated, said the union would have no problem proving majority membership at Bata.

But Mr Terrance Davan of the NULW said all workers at Bata belonged to his union. He denied his union had a closed shop agreement with Bata.

Mr Davan said workers who joined the new union had been intimidat-ed into doing so. "The dispute at Bata is a management-worker dispute. It is not union-worker dispute."

Bata management has refused to discuss the strike with the media except to release a short statement acknowledging the existence of the strike and dissociating themselves from the shooting which took place on their premises.
Unfair competition:
Foreign workers and government under fire

Property Correspondent
Johannesburg — Sandy Jamieson, chairman of Group 5 Engineering, has lashed out at in-house Government construction departments which he says are competing unfairly with the private construction industry.

And he also has issued a strong warning about foreign workers in the construction industry.

In his annual review he says the latest estimate from Central Statistical Services shows that contracts valued at about R2 billion out of a total of R8.8 billion are expected to be carried out in 1984 by in-house construction units.

"The total amount spent by public authorities fluctuates annually in the well-known "stop-go" manner," he says.

"However the amounts spent by in-house units increases steadily each year producing an enormous gearing effect on the balance available to private enterprise.

Worsening

"Despite policy statements by the Prime Minister and the Cabinet that the Republic is a free enterprise society, this unfair competition continues to grow worse," Jamieson says.

Government capital expenditure by public authorities will show only small increases in 1984, but some areas, such as water storage and infrastructural works in black townships, will show marked rises.

"However, it is likely that capital expenditure in the private sector in 1984 will be lower than in 1983 which in turn was down on 1982," Jamieson says.

Mr Jamieson says only a small increases in earnings a share for the enlarged group can be achieved in 1984 because current economic conditions and their anticipated effect on the construction industry.

Group 5 had earnings of 130.4c a share in the 16 months to end-December compared with 70.4c for the eight months to end-August 1982.

Annualised, and allowing for two December shut-down periods, the comparison is 107,5c a share against 105.5c a share for the previous corresponding period.

Group 5's civil engineering sector will be hard pressed to produce similar results in 1984 to those of 1983 as more than 60 percent of the civil engineering market emanates from Government and Quasi-Government spending.

Foreigners

Jamieson also said foreign contractors arriving in South Africa with no specialised technology and minimal personnel were harming the construction industry.

He says: "They therefore rely upon the same scarce skills pool as local contractors without having contributed to the training effort and at the expense of the local contractors.

"For years most of these companies would not work in the Republic for allegedly political reasons but, now that work in the Third World is difficult to obtain because of the debt crisis, they have suddenly changed their attitudes.

"Should the work load improve in the Third World some will, no doubt, change their minds once again.

"Foreign controlled companies are obliged to bring significant capital to the Republic when setting up business. In my opinion, skills and technology should be viewed in the same light.

He says the white population of South Africa cannot produce the numbers required to maintain and increase the country's technology base and greater efforts must be made to attract top black students to the engineering profession.

"At this time, black attitudes towards this profession are poor and those black matriculants with the highest potential are being directed to other important but non-productive professions.

"Unfortunately this problems seems to have a low priority and I urgently request a revaling by those concerned.'
Giant shoe company faces world action because of alleged primitive labour conditions at tiny KwaZulu factory

BATA GET THE BOOT

By STAN MAHER in Durban and PETER WARD in Ottawa

A CANADIAN shoe company may face an international boycott aimed at cutting its sales, because of reports of poor wages, primitive labour practices and the suppression of union activity in its KwaZulu factory.

Jonathan Copelyn, an organiser for the National Union of Textile Workers (NUTW), claimed yesterday the world wide boycott move against the Bata Shoe Company was a direct result of the local firm’s attempts to prevent its workers belonging to a trade union.

The NUTW reported the KwaZulu company’s labour practices to the International Textile, Garment and Leather Workers’ Federation, which is based in Brussels and has five million members.

The federation has now enlisted the support of the powerful Canadian Labour Congress, which in turn has asked the Canadian Government to toughen up its voluntary code of conduct for Canadian firms operating in South Africa.

A spokesman for the Canadian External Affairs Ministry said in Ottawa that an investigation by the embassy in Pretoria had substantiated some of the union charges.

The result is that the giant company, which has 100 factories employing 85,000 workers around the world, faces international action because of alleged malpractices in a tiny plant at Lodgop, near Ensanacht.

The international federation has accused Bata of profiting from apartheid and of paying sub-standard wages. The NUTW report, drawn up in March, said some workers earned take-home pay of R14 a week.

This was in spite of the fact that the shoe company enjoys all the benefits of a homeland industry established in line with the Government’s incentives scheme to provide work in rural areas.

A sample survey showed almost 86 percent of those interviewed earned less than R116 a month, at a time when the minimum subsistence level for a household in a city area was R226 a month. The NUTW says rural living costs may be even higher than city living costs because of the lack of cheap shops.

Copelyn said the union wrote to the company management in February this year asking for a meeting because most of the workers had joined the union.

"The management has consistently refused to meet us," he said.

The union claimed the company paid wages which were only a third of the rates recommended by the Canadian Government and would not increase it "to a standard capable of sustaining human life."

Workers’ grievances, alleged the union, included claims that:

- They were forced to work overtime without pay;
- They were made to work through their lunch breaks without pay, as a punishment;
- They were repeatedly warned not to join the union or attend meetings called by union organisers;
- Some workers were assaulted by supervisors.

All the information was sent to Charles Ford, head of the international federation, who passed it on to the Canadian Labour Congress.

Copelyn said this week it was clear the KwaZulu Shoe Company had been set up in an isolated rural area to "profit from apartheid."

He said two-thirds of the workers had been retrenched, leaving about 300 workers who were now on short-time. Rumours that the factory might close were given credence by the closure of a nearby plant making shoe laces, which had been linked to the shoe factory.

"We have not made a single wage demand, but the management will not even meet with us," he said. "It is clear they are not prepared to recognise a union."

The Canadian Embassy in Pretoria declined to comment.

A spokesman for the KwaZulu Shoe Company would not discuss the union allegations in detail. He spoke in glowing terms of the factory’s "first-class cafeteria and spotless washroom."

He denied the company paid sub-standard wages, but gave no details.
Development and underdevelopment in Southern Africa:

The struggle continues...
Canadians in grader market bid

Hubert Davies Heavy Equipment is driving strongly into the construction-grader market through a link-up with one of the world's leading manufacturers, Champion Road Machinery of Canada.

With the Champion muscle behind it, HEDIE will make and market the 740A grader and move into a capital-equipment sector of which Caterpillar and Galion are leaders.

The South African grader market with an estimated 450 units each at R100,000 is valued at R45 million and Hubert Davies is aiming at R8 million of this each year.

Previously, Hubert Davies, part of the Blue Circle group, had the franchise for the graders of Wabco of America, but when this company broke away from this equipment sector, there was a void to be filled.

Champion was a natural for HEDIE as it produces the world's biggest grader with a weight of 160 tons and is the only company in the world which specialises in the manufacture of graders and components.

It has 70 percent of the Canadian grader market and after only three years in the American scene, has notched up a 10 percent share.

Mr Bob du Toit, Hubert Davies chief, said, "The association with Champion fits neatly into our existing manufacturing and countrywide marketing operations."

"We will go into comprehensive local manufacture immediately."

"This will not be difficult for Hubert Davies as we have been manufacturing a wide range of construction equipment including graders. In fact, we will aim for an early 70 percent local content."

The first Champion machines are expected to be on the market by Christmas.
MAN AAN DIER ROER

Doelwit was 10, doen dit in 8!

Deur FRANZ ALBRECHT

Op 24 jaar het hy hom ten doel gestel om binne tien jaar op die hoofdirekteur van 'n maatskappygroep te sit. Nie net hoe dit binne agt jaar verwesenlik nie, maar 'n jaar daarna is hy as bestuursting en directeur van hierdie groep aangestel.


Voor sy aanstelling by Metal Box was hy sowelagtig maande deur Rio Tinto Zinc in Londen opgelei en voor dit was hy drie jaar op Universiteit van Oxford, waar hy die graad MA Ekonomie verwerf het. Daarna het hy BA Ekonomie aan Rhodes-Universiteit op Grahamstown verwerf het. Hy het ook loopbaan by die Zambie voltooi waar hy onder in die koperstreek gewoond het en gewerk het, 300 km van Lusaka.

Sy doelwit vir die volgende tien jaar is om Metal Box groter, sterker en meer winsgewend te maak. Die groep het reeds in die afgelope paar jaar gediversifiseer, en verdere uitbreidings van sy oorspronklike teenwoordigheid — waaronder voedsel- en drankverpakking, masjienbou en inge-}
Fed Volk gets 75% of Masferg

JOHANNESBURG. — Federale Volksbeleggings (FVB) has taken a majority shareholding in Massey-Ferguson (South Africa) Ltd, the companies said in a joint statement.

FVB now holds 75.1% and Massey-Ferguson of Canada 24.9% of the shares.

The name Massey-Ferguson (South Africa) Ltd has been changed to Fedmech Holdings Ltd, through which FVB will develop its machinery manufacturing and distribution network.

The companies said Fedmech Holdings subsidiary, Fedmech Farm and Construction Machinery Ltd, is now the exclusive holder of the Massey-Ferguson product franchise in South Africa.

Other operating subsidiaries of Fedmech are Salum Manufacturing Ltd, of Vereeniging, Slattery Investments (Pty) Ltd, of Potgietersrus, and Rhaplow Ltd, of Bela-Bela, all farm machinery and accessories manufacturers.

The companies said strong connections between Fedmech and Massey-Ferguson in Canada would continue with back-up knowledge, research, and know-how.

Fedmech will continue to market construction equipment manufactured by the West German IBH Holdings group of Mainz.

FVB said that the South African government decision to set up a single diesel engine manufacturing plant to supply all tractor and truck manufacturers in South Africa, and the government's "increased local content policy led to the takeover.

FVB said it is likely that the diesel engine project will result in it investing in an assembly plant costing between R50m and R51m, followed by increased local content requirements for its tractors.

It said the projects could have adverse impacts on its medium-term earnings and that substantial future financial needs would best come from South African sources. — Reuters.
Johannesburg

Investigations have been made into the 300 and the Canadian Government over the dismissal of 700 workers last week at the Flora shoe plant in Kwa-

[Invisible content]
Three-point challenge for Mr Zondani

Now that we have come halfway in the fight for the restoration of the Fingo Village to its rightful owners, I must make some observations.

I make mention of the fact that we have come halfway because Fingo Village has been handed back to the black community or, to put it clearly, it has been deproclaimed black.

But what we have not achieved is the return of the title deeds. This is now the battle that lies ahead and which cannot be fought by any single individual just as the Fingo Village battle was never fought by any single person.

The Fingo Village question has been fought for 23 years by different people and different bodies, both white and black. Some of the people who fought for the return of the Fingo Village to its owner are dead. But they left others to carry on.

I feel that the battle—if I am allowed to call it that—is not yet won and I do not see any reason to celebrate until the end.

The Ciskei Government has fought against the idea of proclaiming Fingo Village as coldly Colourless and again fought against the removal of people from Grahamstown to Ciskei.

I remember Chief L.L. Seke, the Chief Minister, saying that Ciskei should not be a white elephant. When people were being removed from Xolobeni, he also was against their removal and told the Government to stop the removals or resettlement of people.

It followed that if people were no longer to be moved to Ciskei, the landowners or permit holders, as they are called, were moved to Grahamstown. The landowners would be held behind the fence, and the residents would be the ones to be resettled.

It is for this reason that community council fought against permit holders being moved to Grahamstown, just as they fought against the resettlement of people at Glenmore.

At the beginning of 1978, when prospective candidates for community councils were busy canvassing for elections, they manifested their interest in one of which is of most importance:

1. To fight for the deproclamation of Fingo Village to black people.

2. Housing is the second order of importance.

3. Unemployment in Grahamstown etc.

The community council was elected in April 1978, and they wasted no time in trying to negotiate with them the Minister of Co-operation and Development concerning the deproclamation of Fingo Village. They were received by the Minister and a letter from the Minister of Co-operation and Development informing them of the deproclamation of Fingo Village was made known.

He said he received the phone call direct from the Minister of Co-operation and Development informing him about the outcome.

It was then that he was told that the first person to be notified would be himself as the leader of the community council.

The question of the village used to come at almost every meeting of the community council, and all councillors wanted a report about the progress that was being made.

A lot of people have been intentionally misled into believing that the deproclamation has come about as a result of efforts and representatives by Mr B.B. Zondani. This is a misrepresentation of the truth.

When an article appeared in the press in 1978, stating that 17 plots below the railway line in Fingo Village were to be converted to a black reserve, the council made a strong representation and the idea was dropped.

Mr Zondani was one of the few who opposed the idea of converting Fingo Village to a black reserve.

The author would like to conclude by saying that the deproclamation of Fingo Village as black has been accepted.

That he is the sole person who fought against the deproclamation of Fingo Village as black is incorrect, and the press media make people believe.

This issue has been fought for 23 years by different bodies among which there is Grahamstown Municipal, the Urban Bantu Council, and the Bantu Council of Fingo Village.

That Mr Zondani fought against the deproclamation of Fingo Village as black is incorrect, and the press media make people believe.

This issue has been fought for 23 years by different bodies among which there is Grahamstown Municipal, the Urban Bantu Council, and the Bantu Council of Fingo Village.

The author would like to conclude by saying that the deproclamation of Fingo Village as black has been accepted.
Masferg gives FVB extra biff

By HOWARD FREECE

FEDERALE Volksbeleggings has completed the formalities of its take-over of Massey-Ferguson (South Africa) and thus added powerfully to its already impressive industrial muscle.

Masferg, now delisted from the Johannesburg Stock Exchange, becomes Fedmech Holdings with FVB having a 75.1% stake and Massey-Ferguson of Canada the remaining 24.9%.

The Canadian parent used to hold 51% and FVB 39%.

Although the Canadian decision partially to disinvest might have been politically influenced, the deal has many advantages.

Local borrowing restrictions are no longer a limiting factor and FVB still has the benefit of technical and financial links with the Canadian group.

It is in the area of diesel engines, however, that FVB may particularly gain — apart from Fedmech's traditional tractor business.

The South African Government has decided to push through the R400-million Atlantis diesel engine project which will effectively mean that only two diesel engine groups will function in South Africa, Mercedes and Perkins.

Perkins is owned in South Africa by Masferg, or rather by FVB.

The diesel engine market at present is worth over R100 million a year.

Masferg has also had around 23% of the South African tractor market and this could improve, particularly as the local component programme for tractors is stepped up.

Atlantis is due to come on stream in mid-1981 — although the Government will have to make an early announcement on such final details as the amount of protection the engines will get if that target is to be met.

The switch to locally produced engines will in itself boost the local component value of tractors from little over 20% to well over 40%.

FVB said yesterday: "The decision by the South African authorities to establish a single diesel engine manufacturing plant to supply all tractor and truck manufacturers to the virtual exclusion of all other diesel engine makers, followed by a directive to the Board of Trade and Industries to investigate and make recommendations regarding the increased local manufactured content of tractors, led to the present stage of developments regarding Fedmech Holdings."
Canadians still want to do business

Finance Reporter

Canadian businessmen are still looking towards South Africa and its potential, even though Canadian politicians might not be quite so sympathetic. A whole host of Canadian companies have made requests to the Canadian Embassy in Pretoria for at least South African representation.

LCA Canada, for example, would like to appoint a distributor to handle its range of chandeliers.

Sispro line wants an agent for the Innoxa range of do-it-yourself fencing and Desmarais and Frere of Montreal which is currently exhibiting photo albums at the Cologne exhibition, would welcome any interested South African importer.

Interconnect Communications are interested in appointing distributors for a device which restricts calls other than local ones, and Masayan Trading Corporation, which manufactures polypropylene, polyethylene, cotton and jute bags is also looking for a South African importer.
OTTAWA — Any initial reluctance to invest in South Africa has long since disappeared for Qit Per Ft Titanium Inc., 31 percent owner of the troubled Richards Bay Minerals Company, according to Qit president, Richard Leveille.

Mr Leveille said he had been advised in only the most sketchy detail about recent Richards Bay labour problems. He said that only South African company officials had been in touch with him and that there had been no approach to Qit from either Mr Matthews Oph- phant, general secretary of South Africa's National Federation of Workers, or Zulu Chief Gaasha Buthelozi.

"I know Chief Buthelozi well," said Mr Leveille, "and he is a good man. He hasn't been in touch with me. We have a policy in our company that any union which can prove it represents more than 50 percent of our workers will be recognized right away, but we haven't had any such evidence.

"When the right union comes along, I am sure a majority of workers will join and we will recognize the union."

Share market: Price 550c (1977-78: high, 580c; low, 244c; trading volume last quarter, 57,000 shares). Yields: 20% on earnings; 3.4% on dividend. Cover: 5.9; PE ratio: 50.

Yields, PE ratio and cover converted at C$1.29=R1.

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* Canadian cents. 1 On 6m shares. 1 On 9,375m shares.

Copi had a good year thanks to the sound performance of its widely diversified interests which left it unaffected by local conditions. While group sales increased by 23% to a record C$50m, pre-tax profit rose by 38.7% to C$14.3m. For shareholders this translated into a 25% increase in dividend to 24c Canadian (or 18.6c SA) and a 1-for-4 stock dividend, these shares ranking pari passu and qualifying for the cash dividend.

According to president Tony Kalman son, this improvement stemmed from what is a relatively rare occurrence for a multi-national. There was, he says, a broadly based improvement in all manufacturing operations and a significant improvement in investment and other income as well as profits realised on sales of marketable securities.

While there was a rise in stocks from C$8.9m to C$11.2m, Kalman son reassures shareholders that this was not

COPI

Spreading the risk

Activities: Canadian-based international packaging group with interests in the UK, West Indies, Kenya and Iran. 50% controlled by the Kalman son interests.

President: A Kalman son.

Capital structure: 7.5m ordinaries of no par value. Market capitalisation: R41.3m.

The age of work involving by Bantu Labour Officers. It could not be regarded as

There were also 246 system of labour relations that when it was subjected employers showed a even the State implemented

...ckly to overhaul the n this regard. Its evoked wide interest, and comment as well as proposals for its improvement were received from most of the major employers' organisations, from trade unions, individual employers and other bodies. As a result the authorities altered the original Bill and later introduced the Bantu Labour Relations Regulation Amendment Bill.

The new machinery retained the three-tier system, which had operated for twenty years, with certain important differences.

23. Ibid.
John Deere earthmoving equipment franchise holder Terraquip, has outgrown its leased premises and agreement in principle for the purchase of a larger piece of ground has been reached for about $200,000.

Both BSS and Terraquip are doing well. Turnovers are not disclosed so margins are not known, but they must be slim as both areas are highly competitive. But expansion into in-house manufacture of BSS products should improve profit margins for this division which increased its contribution to profits by only 9.7%, though BSS provided over 71% of profits.

A supplier of belting and ancillary equipment to the broad spectrum of industry, BSS is well placed to benefit from an economic upswing. Certainly, Frencorp's directors expect demand to increase and stocks of belting and related products are 51.7% up at R2m.

The need to stock expensive finished goods to such an extent should fall away once the BSS plant comes on stream early next year. Financing the plant will require immediate earnings contributions of $2m.

Terraquip was no slouch in benefiting from the increased activity in the construction industry and the company's contribution to profits rose 31.3% to R213,000 while sales equipment dropped 28.4% to R1.7m. As the revival in the construction industry picks up steam the John Deere franchise could considerably boost Terraquip's contribution. And even a small amount of local content, perhaps a possibility in the expanded premises, could widen profit margins.

Frencorp's metamorphosis from relatively static portfolio management into active industrial trading is now complete and the old Hemus investment company is thereby a shell. Apart, that is, from a speculative holding of 40,000 Financemark shares.

Although Hemus is now dormant it will, says the company, keep alive. Presumably because it is an investment portfolio run side by side with trading operations can provide a useful pool of funds and in Hemus could be the means for any further Canadian investment in SA.

Frencorp's record is both financially sound and well respected in the market.
The share's limited marketability - only 27% of issued shares were traded in the first quarter - is a drawback.

Frencorp may use its borrowing facilities too conservatively, but it pays a good return on capital employed so the market rating, and a P/E ratio of only 3.4 compared to the 3.8-4.0 quoted in the investment trust days, remains an enigma. The answer must lie in the tight control over the issued equity.

There is some speculative interest in this as further expansions could be equity funded to spread the shareholding. The shares are worth buying on weakness.

Financial Mail June 8 1979
40 Canadian firms accused of aiding SA

GENEVA — A United Nations expert has accused 40 Canadian firms of giving economic assistance to South Africa and one of aiding Zimbabwe Rhodesia in a list submitted here to a UN subcommission on discrimination and protection of minorities.

An accompanying report did not specify the nature of the assistance. It said the list, compiled by Mr. Ahmed Khalifa of Egypt, updated one published last year. It was based on information taken from previous reports by the UN and non-governmental organizations and other publications.


The report also accused Falconbridge of giving unspecified military assistance to South Africa.

"The company alleged to have aided Zimbabwe Rhodesia was named as All Can."

The list also named 12 Canadian banks which it said gave economic assistance to South Africa:

They were: Ames (AE) Ltd., Bank of Montreal, Canadian Imperial Bank of Commerce, Dominion Securities Corp Ltd., Greenshields Inc., Harris and Partners Ltd., McLeod Young Weir and Co Ltd., Nesbitt Thompson and Co Ltd., Richardson Securities of Canada, Royal Bank, Toronto Dominion Bank, Wood Gundy Ltd.

SAPA-RNS
30 percent of firm's cars not roadworthy

Canadian Motors say that 30 percent of all cars sold by them do not have roadworthy certificates and "out of every 100 cars we sell, some will have problems." This was the firm's response to 23 recent complaints to Star Line, a newspaper which has a high proportion of roadworthy certificates or registration papers.

Eight complaints were from people who said that after paying their deposits for a car they were then shown a selection of "inferior" cars to select from. Seven -complainants said that within a few days of buying a car - usually three days - the vehicle ceased functioning. Repair bills estimates were allegedly as high as $500 and $800 in two instances.

Mr. J. F. Mogotie of Kreggar, assistant manager at Canadian Motors, said the customers would have been given the choice of another car or a refund. Mr. R. M. Mogotie of Kreggar, who was buying a car from Canadian Motors, said that within a few days of buying a car - usually three days - the vehicle ceased functioning. Repair estimates were allegedly as high as $500 and $800 in two instances.

At that time was authorized to do this Star Line spoke to a Mr. Nol of Canadian Motors. He said that $400 was paid for insurance for the car for two years. The car, he said, actually cost $200.

"I would not sell a car without a roadworthy certificate - out of our sales is sold without a receipt.

When told of Mr. Hamburger's conflicting comments about receipts, he said he had been interested in what Mr. Hamburger said: 'I don't need your roadworthiness. You can't take my life. He is my customer.

He put the telephone down on the Star Line investigator.

REFUND

Mr. Hamburger went to Canadian Motors and said to Mr. Nol, and was told that the $400 had been paid back. The $400 represents the legal years of savings for Mr. Mahlangu, who earns $90 a month.

Mr. Nol refused to comment further. Mr. Hamburger outlined the way in which Canadian Motors operates. He told Mr. Hamburger that people come here without reference after having paid a deposit, we either refund the money or give them a cheaper car of the same choice.

SPEAK ENGLISH

Mr. Hamburger said Canadian Motors had approximated $1 million worth of bad debts in the last five years. "Of every two cars we sell, one buyer will pay and the other will disappear." He denied anything was wrong with their credit rating system.

Mr. Hamburger said he saw no need to print hirepurchase contracts in an African language or have a member of staff translate them for prospective buyers.

"Ninety-nine percent of our business is to blacks. They are not very literate."

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"Ninety-nine percent of our business is to blacks. They are not very literate."
MASSEY-FERGUSON/FVB
Deal at last?

Once again, Massey-Ferguson Canada and FVB are negotiating the future of Massey-Ferguson's local interest. This time something firm might materialise because it is probably not full control which is being sought. FVB, which already holds 30.7% of Massey-Ferguson, must be taking a long-term view of the fortunes of the tractor industry, where there is talk of rationalisation. What is probably materialise, if FVB has its way, is that the Canadians will sell off a portion of their local 51.3% stake in order to be left with marginally less than 28%. The obvious reason is that Massey-Ferguson could then be reclassified as a local operation, thereby relaxing restrictions on borrowings.

Such a move would make sense, especially for FVB. At the moment, borrowing restrictions are being loosely applied because of the ready availability of funds in SA. But in the long-term, these regulations might well be more rigidly enforced, thus inhibiting further expansion, especially if the foreign parent refuses to pump more funds into the local subsidiary. And this could well be the case since the Canadian parent has had a checkered performance record over the past few years (For March 30).

At present, local content for tractors is extremely low relative to the motor industry, and it is not inconceivable that increased stipulations in this regard will be made. Massey-Ferguson should ensure that it is well placed to take on the challenge when it materialises, especially since the Perkins engine, which powers its products, will be manufactured at SA's new diesel plant at Atlantis.

FVB is aware of the potential for rationalisation in the industry, and this makes Massey-Ferguson an attractive proposition. With the Canadians retaining a share in the company, FVB would still have access to expertise, which is an advantage which should not be discounted.

Massey-Ferguson has a healthy share of the local market, estimated to have been 23% in September, behind Ford, which had about 25%. It has lost market dominance in recent years as the result of supply problems caused by strikes at its British factories, but this problem has been overcome, and puts the company back into a favourable position to capitalise on local engine production.

Massey-Ferguson ... will the Canadians become trekkers?

As yet, nothing has been divulged as to the method of the takeover or the price range. Although talk during the March negotiations put this between 400c and 500c. Pre-suspension price was 360c, up from about 220c, presumably after rumours about negotiations leaked.

Considering the recently announced poor first-half figures and the passing of the interim dividend last year a 25c total was paid, around 360c would appear a fair price. Assuming the Canadians hold on to 24%, this would mean an additional R2.5m-risk for the parent. But, to make the bid attractive to minorities, and depending on how FVB sees the future of the tractor industry, this offer could well be topped.

The minorities, mainly institutions, presently hold 18.7%. They might not be keen to offload unless the price is attractive. Much depends on whether FVB wants to retain the status quo with respect to minorities, or whether it is ultimately looking for a delisting.
Up for grabs?

One of the more intriguing rumours on Diagonal Street this week was that Massey-Ferguson's controlling Canadian shareholder, Massey-Ferguson (Toronto), wants out and that FVB, which already holds a strategic 31% stake, has made an offer at 500c a share.

FVB has in fact been discussing the acquisition of part of the Toronto group's stake to give it control - not so much because the Canadians wish to divest, but rather because they are loth to pump more money into the SA operations.

For the background to the negotiations, however, one must look to Toronto where Massey is having financial problems of its own and which has become the focal point in the Black brothers' (Conrad and Montegu) power-play for the asset-rich Argus Corporation.

Conrad Black, profiled by Fortune as "boy wonder of Canadian business" wrested control last March of CS200m asset, power base Argus and its slumbering CS41 billion industrial empire.

Included in these holdings is de facto control of such disparate holdings as Hollinger Mines (64%); Noranda Mines (11%); Dominion Stores (30%); and Massey-Ferguson (16.4%).

In his grasp for power, Black has instigated several executive shake-ups, notably at Massey, which has been reported to be on the verge of bankruptcy, and which last paid pref and ordinary dividends in 1977. Massey's dividends have always been crucial to Argus, which has relied on them to service and repay the bank loans that have fuelled recent acquisitions.

Black has lately shown signs of feeling constrained by Argus's dependence on dividend income and has been mulling over the advantages of transforming Argus into a growth-oriented, operating vehicle generating operating income and tax advantages.

Black is, however, currently preoccupied with keeping Massey out of bankruptcy. And to do so he might well still consider selling its SA operations.

His aggressive management shake-up and slashing of operations are already showing up positively in Massey's books, admitted with help from foreign accounting rules. Recently Massey sold off two minor interests in North America, office furniture in Canada and garden tractors in the US, and has tightened inventories by CS230m in the first quarter. But it did have to seek relief from some restrictive debt covenants last year to prevent it falling into default and hopes to get still more covenants rewritten. Without such action it would have to earn CS265m before any dividends could be paid.

Canadian Imperial Bank of Commerce is reported to have an estimated CS300m out to Massey and is feeling uncomfor and South African Farm Equipment Manufacturers. So it is not new to the business and is by no means a passive investor.

Market talk has is that FVB opened the bidding at 400c, which was rejected, and came back with an offer of 500c. Judging from Massey's press release, this too has fallen by the wayside.

One of the probable stumbling blocks is that Massey is in a cyclical trough at the moment and is earning but 12% on capital employed. This follows through to the nav of about 800c and on just how to realistically evaluate the worth of the business.

FVB says that negotiations have been discontinued "for the time being". My feeling is that since the funding requirement of Massey SA are not going to evaporate, the longer the matter drags on, the more likely Conrad Black is to say - sell.

John White
Credibility problems

Employment codes in SA have flourished since Leon Sullivan of the US spelt out his six principles in early 1977. Foreign companies and governments have latched on to such codes to escape disinvestment pressures. But, argue many critics of the codes, their proliferation and the growing number of subscribers doesn’t mean very much, since monitoring is either nonexistent or ineffective.

The main codes are the Sullivan code (for American firms), the EEC code, the Canadian code, and the local Sacco code. The latter was initiated by the Urban Foundation and Saccos, which claims to represent about 90% of South African firms. Neither the Canadian code nor the Sacco code have any monitoring device. The Canadian government merely recommended to Canadian firms that their subsidiaries in SA adopt its code and report to shareholders.

The monitoring of the EEC and Sullivan codes is based on company reports, often in the form of answers to questionnaires. Since March 1977 the number of signatories to Sullivan has leapt from 12 to 135, and the third progress report is out (see box). The report says that seven “task groups” (made up of representatives from signatory companies) have developed “guidelines, objectives and timetables for action programmes.” This, it argues, illustrates their commitment to the principles. Nonetheless, relying on company reports is by no means a satisfactory basis on which to monitor. And as long as this is the case, the report’s credibility will remain suspect.

The EEC code was adopted two years ago. But its monitoring is only just getting off the ground. Britain and Italy are the only two countries now receiving the secrecy.

Financial Mail November 30 1979

Amendations to represent the main points in the text

1. The Third and Fourth Schedules to the Companies Act of 1973 shall remain in force for the period of one year from the date of promulgation of the Act.

2. The Third and Fourth Schedules to the Companies Act of 1973 shall remain in force for the period of one year from the date of promulgation of the Act.

3. Any proclamation issued under any Act or regulation shall remain in force for the period of one year from the date of promulgation of the Act.

4. Any proclamation issued under any Act or regulation shall remain in force for the period of one year from the date of promulgation of the Act.

17. Proclamations.—(1) The State President may by proclamation in the Gazette from time to time amend or add to the provisions of the Schedules to this Act.

(2) Any such proclamation may prescribe different provisions in respect of different types of companies.

(3) The provisions of any such proclamation amending or adding to—

(a) Table A or B contained in Schedule 1 shall not apply in relation to any company in respect of which the provisions of the Table in question are applicable immediately before the date on which the proclamation took effect.

continued on page 505
Canadian
looks at
South Africa

LAST week I met a
"foreign investor" —
one of that elusive breed whose current
disenchantment with
South African politics
has been held responsi-
ble for the country's in-
ability to borrow abroad, as well as the
depressed state of the
stock market.

But for a pleasant change
the conversation did not
centre on the negative fac-
tors of investing in South
Africa.

On the contrary, the
foreign investor in question,
Mr. Douglas Heagle, who
represents a substantial
group of Canadian investors,
was refreshingly optimistic
about South Africa and in-
vestment prospects here. Mr.
Heagle's group, which in-
cludes the quoted Central
Fixed of Canada, bought ef-
etive control of the former
French Corporation invest-
ment trust some two years
ago. Since then, local man-
aging director Gavin
Dingley and his team have
rapidly turned Frenco from
an investment trust into a
soundly based indus-
trial company.

And instead of distin-
sivating in South Africa, as
some overseas companies are
doing, Mr. Heagle has just
spent two weeks here look-
ing for ways to expand Fren-
corp.

Some time back my
group did a world study to
find the countries which we
thought offered the best in-
vestment opportunities. The
two countries we decided to
invest in were America and
South Africa," Heagle told
me.

First on the list was South
Africa.

"While it is true that South
Africa does have its political
problems, there are few
countries in the world that do
not have other problems of a
similar or greater magnitude.

"The thing that always
strikes me about South
Africa, and I have heard
many other Canadian
businessmen say the same
thing, is that for a country
supposed to be on the brink
of a racial confrontation,
there is no sign of racial
tension on the street. Now in
America, for instance, this
is not so. I have encountered
groups of blacks in the
United States who, when I
walked past, have been
openly hostile.

"I see this country's
political evolution very
much in terms of the 'kettle
theory'. There are the rising
aspirations of the blacks
which are controlled by the
will of the white Govern-
ment. Sometimes the pres-
sence of the black aspira-
tions is very great, such as
during the riots of the last
year, and the Government
gets away with no pressure despite
outcry from the right wing.
At other times, it digests
heels in and the left wing are
up in arms.

"But at the end of the road,
Heagle is optimistic that
black aspirations will be
satisfied and that in time the
black man will have his due
share of economic and
political power.

"The recent cries of one-
man-one-vote heard at Vien-
na," said Mr. Heagle, "strike
me as rather unrealistic,
when one considers that the
general principle did not
become a reality in Britain
thought by many to be the
home of modern democracy,
until as late as 1948. Now if it
look so many centuries to
delivered states of af
fairs in England, I think it is
rather unrealistic to think of
a one-man-one-vote situation
in this country im-
mediately.

"Mr. Heagle feels strongly
that "too much time is spent
in analysing South Africa's
genetic points in the excul-
sion of its many attributes.

"Your country is a
storehouse of natural
resources, which other
countries need to run their
economies. Your economy
has enjoyed tremendous
growth in the past. As the
black population becomes an
ever increasing part of this
economy so should con-
tinue to grow."

He feels that overseas
vestors who withdraw from
or refuse to fund South
Africa now are doing
themselves a double
injustice. Firstly, they lose out
on the country's potential
growth, secondly, they deny
themselves the possibility
of bettering the lot of the
blacks through the medium
of investment and industrial
expansion.

"Our attitude to South
Africa is that we are here to
stay, which is the only way
to participate in a country's
economic growth."

Meanwhile the growth of
Frencoorp should not be
overlooked.

The group imports and dis-
tributes John Deere
earthmoving equipment and
also owns an industrial
nelling distribution com-
pany. For the 14-month
period ending February 28,
pre-tax profits more than
doubled to $683,000 while ad-
justed earnings rose from
$4.4 to $5.3.

I expect Frencoorp, which
is liquid and underwritten,
to get on the acquisition trail
again soon and it will be
most interesting to see into
which area of the economy
the group moves. Until then
the shares at 101c have an
earnings yield of 53,6 per
cent and a dividend yield of
16.5 per cent. Certainly one
to watch.
Financial Editor

A NEW cargo service, using Ellerman and Bucknall ships, is to be established between South African ports and the East Coast of Canada. The Great Lakes of Canada and the U.S.A. will also be covered by this trade link.

This was announced in Durban yesterday by Mr. Stewart Ferrier, general manager of McLean Kennedy Ltd., of Toronto.

Mr. Ferrier said that the first ship would load on the South African coast next month (March). It would be the City of Glasgow. Then there would be monthly sailings in both directions. The ships would be adapted for carrying containers. There would be no facilities for passengers.

“I have been surprised at the amount of cargo which is available in South Africa for shipment to Canada. We will take containers and bulk cargo too. “However, we want to encourage trade between the two countries of every kind to make this new direct service a success.”
This week’s closing of its 40-year-old trade office in Johannesburg is not the only form of pressure which Canada is exerting against apartheid. Hard on the heels of the EEC’s code of labour practice and of that mooted by Australia, a code for Canadian firms operating in SA is being discussed in Ottawa.

Departing consul-general Milton Blackwood says about 30 major Canadian investors in SA are likely to be urged to implement such things as equal pay and opportunities for all employees. “I expect it will be broadly the same as the recent EEC code,” he tells the FM.

In addition to closing the Johannesburg trade offices, Ottawa will next week reduce its six-man commercial staff to a single commercial officer in Pretoria. He will be a SA national, and his job will be to help visiting Canadian businessmen without actively trying to boost Canada’s trade with SA.

Blackwood also says that from April 10 all SA residents will need visas to enter Canada. The 12 000 SA businessmen and tourists making the journey each year have hitherto escaped this restriction.

The anti-apartheid measures announced last December by Canadian External Affairs Minister Don Jamieson — among them the cutting off of export credit insurance — have not yet directly affected Canadian businessmen visiting SA, however. They still get 50% of their air fares paid, along with $70 a day living expenses and 50% of certain other costs. These export boosting inducements are still under review in Ottawa.

Canadian exports to SA, led by sulphur, motor car parts and heavy mining equipment, were worth R64m last year. SA exports to Canada, dominated by sugar (R73m) and manganese and ferro-manganese, earned R115m.

Canada will buy 215 000 t of SA sugar this year.
Economics
5/6/76.
‘defeating apartheid’

The Star Bureau
WASHINGTON — An American study of the labour market in South Africa has found signs that economic progress is working against strict apartheid.

The most significant effects of economic growth, according to a 90-page report by the Investor Responsibility Research Centre Inc, are increased demand for labour which can only be met by hiring Blacks, an overall increase in Black wages and hence in the size of the market for South African products, and a growing number of more liberal, commercially minded Afrikaner businessmen.

The report, designed to answer questions among corporations and shareholders about the moral implications of investing in South Africa, notes that American investments there earn an extraordinary rate of profit. Most of the profit, however, is reinvested.

It also says that, despite the recent recession, the heads of many US subsidiaries in South Africa expect growth in the future to be as rapid in the recent past, with sales climbing by 10 to 15 percent a year or even more.

One manager reported a five-fold growth in sales in two years and predicted growth to continue at 25 to 30 percent a year.

FUTURE GROWTH

Discussing the effects on future growth, the report says South Africa is plagued by shortages of semi-skilled, skilled and management-level workers.

"An important aspect of these shortages is that they will be alleviated mainly by the use of Africans, because White labour is almost totally utilised.

"The high demand for scarce White workers and the simultaneous failure to draw effectively from the Black labour pool have created shortages which, in turn, have contributed to South Africa's high rate of inflation.

"Per capita productivity of workers is declining, wages for White artisans are inflated, skilled White workers are becoming hard to attract and then hold."

The report is unflattering about White workers in South Africa, saying they virtually hold management in ransom because of their scarcity.
Whiskey giant puts off plans for KwaZulu

Finance Reporter

SEAGRAMS, the Canadian whiskey firm, has shelved — for the time being — plans to build a multi-million rand distilling plant in KwaZulu.

Seagram's area manager, Derrick Stretton, was unavailable for comment this week but a spokesman confirmed that the project has been dropped for the present.

Seagram sent an American team of consultants to South Africa last year to look for feasible sites for the plant. It was indicated that the company was keen to go ahead with the project.

Initial cost of the plant was estimated to have been in the region of R10 million, but the eventual cost could have been much higher.

KwaZulu was chosen as the likely location for the plant. Apparently an important consideration was the availability of large quantities of suitable water.
Vast project

Vitamin NO fanfare of rumpets the Industrial Development Corporation, Union Corporation and Quebec Iron and Titanium are on the brink of making one of the greatest—if not the greatest—mining decisions yet taken in South Africa.

The IDC's annual report briefly referred to the R250 million heavy minerals project in the north of Richards Bay. This received small coverage in the Daily Press because the decision to embark on it has still to be taken.

I learn, however, that these corporations are seriously considering going ahead with the project and that a decision can be expected shortly.

If so, it will be a mining landmark for several reasons, including these:
- The rate of mining will be greater than previously envisaged on any project in South Africa.
- The dredging capacity will be up to 86 000 t a day when the mine and plant are in full production.

**Scientific**

- Rehabilitation of the countryside after the mining will be scientifically undertaken by an agronomist, an ecologist and by foresters and consultants. The area will be left covered in vegetation without unloading dumps or piles.
- The products will be: rutile at 70 000 t a year, zircon at 100 000 t; titanium slag at 600 000 t and low manganese pig iron at 30 000 t.
- There are several firms in this project. It will be the first mining enterprise in South Africa employing dredging techniques.
- It will employ an African labour force of about 600, who will be housed in townships with their families. They will travel daily to work by company transport.

This is a welcome departure from the usual employment of non-African, single labour. Although the area will not be in Bantu Trust land, royalties will be paid to the Bantu Mining Corporation, which acts for the Bantu Trust.

**Recovery**

The decision to incorporate the coastal strip in part of the Richards Bay White area, while providing industrial areas to the kwazulans in exchange, was made before the mineral sands project was envisaged.

On the production side this operation should earn about

embarrassment but the production of this pig iron will be achieved by a unique Quebec process developed after 25 years' work.

The proposed mining area is 17 km long and between 2 km and 3 km wide. It is insland from the beach and the base of the sands containing the heavy minerals is about 0.5 m above sea level.

Two ponds will be built by earth-moving machinery. The dredges and a floating primary recovery plant will be sited in the ponds. The concentrate from the floating plant will be pumped ashore and then be transported 10 km inland to the main concentrator.

The ilmenite, which in the past has sometimes been unsaleable in Australia, will be converted to titania slag and low manganese pig iron in the smelter.

Provided the project gets the go-ahead, Union Corporation will hold 26 per cent of the equity, IDC 25 per cent and Quebec Iron and Titanium 50 per cent.

Two companies have been incorporated for the project: Tisand Pty for the mining and separation activities and Richards Bay Iron and Titanium (Pty) for the smelter operation.

Tisand is controlled by Union Corporation and IDC jointly, whereas Quebec Iron and Titanium will control Richards Bay Iron and Titanium.

**Satisfied**

The rutile produced by the recovery process is used mainly for the chloride route in the production of white titanium dioxide, which is used in paint.

Zircon is used in ceramics, refractories and in foundry sand, and the titanium slag will go to pig iron production on the sulphate and chloride routes.

One of the most significant features of the project is the attention being paid to the rehabilitation of the mining area.

Consultants with Australian experience have been appointed. The plan is to stockpile top-soil and use it with fertiliser for replanting grass, shrubs and trees on land
The Swiss roll

Swimming against the disinvestment tide, Swiss chemical and pharmaceutical heavy-weight Ciba-Geigy (CG) is ploughing some R10m into a self-medication division for its South African subsidiary. CG has few — if any — worries on the disinvestment front because Switzerland is not greatly interested in taking political sides.

The move is part of the Basle-based company’s diversification into over-the-counter medicines in world markets, notably in Europe and the US.

While prescription-only business still offers pharmaceutical companies big profits, the rate of new-product development is slowing, with costs being increasingly pared to boost bottom lines.

Kobus Nel, head of CG’s self-medication division, estimates the value of SA’s self-medication market at some R500m. “It’s the right time to expand and we hope to capture roughly 8% of this market by the early Nineties,” he says.

Already on the self-medication trail in SA are traditionally prescription-only companies Hoechst and US-owned Lederle Laboratories.

CG’s South African operation earned the group R140m last year, with the pharmaceutical division’s turnover rising to R40m, from R32m in 1984. A similar 20% increase in turnover is slated for this year.

The spadework for a self-medication division in SA started four years ago and CG has now drawn up a list of some 12 established over-the-counter drugs on the market that it hopes to add to the division’s product portfolio.

Head of CG’s pharmaceutical division Johann Niclaus stresses that the company intends to stay clear of high-abuse areas, such as central nervous stimulants.

Late last year, CG bought Salusa 45, a multi-vitamin tonic, from Noristan for an undisclosed sum, and the next product launch is expected in 1987.
Foreign Firms in S.A

- CANADIAN -

April '90 - June '97
This year the Department of Education and Training plans to build 37 new secondary schools which will provide an additional 1,454 classrooms. According to the DET's monthly newsletter, "Focus on Education", a total of 194 new classrooms will also be erected at 11 different schools. In addition, DET plans to complete 25 new primary schools and make additions to 19 existing schools to create 609 additional classrooms.

The DET welcomed this year's R2.5 billion budget which showed an increase of 36 percent compared to last year. It also welcomed the additional R150 million granted by State President F W de Klerk for capital expenditure.

"One of the most serious problems faced by the DET is a problem created by the great demands that the rapid increase in the school-going population is making on expenditure," the article said.
Massive US and Canadian investment planned for blacks

JABULANI SIKHAKHANE

THE United States and Canada are considering a "massive" investment in black business ventures in South Africa.

The US programme is part of the campaign to support the "victims of apartheid" as laid down in the US 1986 Comprehensive Anti-apartheid Act.

Barry Walkley, Press information officer at the US embassy in Pretoria, confirmed this week that AID was investigating the feasibility of a private venture capital company to make 'commercially viable investments' in black business.

The project is part of AID's seven-year Black Private Enterprise Development Project (BPEDP) launched in 1987.

Financial assistance will be targeted at initiatives supporting micro and small black enterprises, facilitating black participation in the primary economy, and strengthening the capacity of black business institutions to describe and articulate alternatives to the economic inequities caused by apartheid.

Managerial talent

AID has had discussions with the US Export-Import Bank (Eximbank) to investigate the feasibility of making the Bank's services available to black business.

The emergence of black business institutions, according to a USAID document, is critical to the development of a successful black-controlled South African economy.

Such ventures, the document says, can serve as vehicles for building black managerial talent and as catalysts for further black economic empowerment.

"Moreover in a community where capitalism often connotes racism, these institutions can provide visible examples of business working for, rather than against, the interests of black South Africans," it says.
No to nukes, SA links

The Star Bureau
WASHINGTON — Montreal is to become the first Canadian city to enact by-laws which would allow it to discriminate against companies linked to South Africa. Several US cities have passed similar by-laws.

Until now, Montreal and other Canadian cities have been legally obliged to award contracts to the lowest bidder, even if the bid was by a person or company with South African ties.

This is in spite of the city officially being opposed to apartheid.

The city administration has now proposed changing Montreal’s charter to allow it to refuse to do business with any company linked to South Africa or involved in the production of nuclear weapons (another issue the city administrators feel strongly about).

City lawyers and officials are already compiling a list of companies that would be banned from doing business with the city because of their South African links.

CP council halts publicity subsidy

By Glen Elsas, West Rand Bureau

The Krugersdorp Town Council decided at its monthly meeting to stop its annual subsidy to the Krugersdorp Publicity Association and also to evict the association from its offices.

Mr. Sakkie Nel, chairman of the town’s management committee, made the recommendation and suggested the council should investigate the possibility of appointing its own information officer.

The Krugersdorp Publicity Association is an autonomous body. Although the council cannot force it to close down, by withholding its annual subsidy and evicting it from municipal offices, the association will be placed under extreme financial pressure.

EXPRESSION OF DISPLEASURE

Mr. Nel expressed his displeasure at a remark made to a Sunday newspaper by Dr. Benoni van Graan, a councillor and president of the association, concerning the Miss Krugersdorp competition.

Dr. van Graan denied having made a remark that the CP-dominated council’s policy was ridiculous. The Miss Krugersdorp competition was cancelled this year after a council decision that only white entrants could take part.

He offered to resign as president of the association and put forward a recommendation that the association be given R21,000, as well as the money earned by its staff.

His recommendation was rejected by nine votes to four while Mr. Nel’s recommendation was accepted.

During a lengthy debate in which most of the councillors took part, Mr. Chris Viljoen said that Krugersdorp had become too big for the publicity association.

He referred to the autonomous associations of Durban and Johannesburg.

He said that both these areas were slowly turning black and asked whether this was the plan for Krugersdorp with its publicity association.
WASHINGTON — The South African media has decided to relax its sanctions on Rhodesia, the country's black majority, in response to the signing of the new constitution. The move is seen as a significant step towards reconciliation and cooperation between the two countries.

The Canadian government has also announced plans to re-establish diplomatic relations with Rhodesia, following the signing of the new constitution. This decision is expected to have a positive impact on the economy of both countries, as trade relations are expected to improve significantly.

However, the move has not been without its critics. Some politicians in Canada have expressed concerns about the potential for increased violence and instability in the region. Nonetheless, the majority of analysts believe that this is a positive step towards a more stable and prosperous future for both countries.

In contrast, the South African government has faced criticism from some quarters for its decision to relax its sanctions. Some have accused the government of abandoning its anti-apartheid stance and of being too accommodating to the pressures of the international community.

Despite these challenges, both countries are determined to move forward and work towards a brighter future. The new constitution in Rhodesia is seen as a significant milestone on this journey, and both countries are eager to build on this foundation and create a more prosperous and equitable society for all.
A safe rand hedge

Depreciation of the Canadian dollar, after some years among the world’s strongest currencies, helped Canadian Overseas Packaging Industries (Copi) to achieve a strong profit performance. The share price responded on the JSE, rising 25% to a record R35.

Earnings from manufacturing operations advanced by more than 20%, while investment and other income declined 19%.

Foreign currency gains were C$3,4m, up from 1991’s C$2,2m. Depreciation of the Canadian dollar is reflected in the balance sheet by a reduction in the cumulative translation adjustments deficit from C$77m to C$5,5m. The deficit results from the conversion into Canadian dollars of assets held in countries in which Copi operates.

The directors’ report is peppered with phrases like “satisfactory” and “excellent.” There is certainly evidence of profound self-satisfaction. Jamaican Packaging Industries did well enough, Trinidad-based Caribbean Packaging Industries didn’t. The Jamaican dollar weakened substantially and the country’s interest rates of 40% a year (something for SA businessmen to ponder) rose to 55%.

The lion’s share

In 1991, investment income provided the lion’s share of profits, but in 1992 manufacturing contributed more than half of total C$25m earnings.

Combined market value of quoted investments and cash, including short-term deposits, rose by almost C$22m.

Market value of investments improved. In June the portfolio was valued at C$93,6m, against a cost of C$86,6m. This would have been higher but for the disappointing performance of the Japanese market, which has since partially recovered. Year-end combined investments and cash were held in North America (70%), Europe (19%) and the Far East (11%).

Management remains cautious on prospects for manufacturing this year. Moreover, if world interest rates continue to decline and economic conditions remain difficult, investment income will fall.

As a rand hedge, the share has long been rated favourably on the JSE. A p/e of 11,4 and dividend yield of 3,6% compare with the paper and packaging sector average p/e of 12,8 and yield of 7,8% — though this may not be the best yardstick.

Kate Rushen

Activities: Packaging in the Caribbean, UK and East Africa. Also invests in securities and currencies.

Control: The Kalmanson family.

Secretary: M C Johnston.

Capital structure: 17,6m ords. Market capitalisation: R598m.

Share market: Price: R34. Yields: 3.7% on dividend; 9.0% on earnings; p/e ratio, 11.1; cover, 2.5; 12-month high, R35; low, R26.

Trading volume last quarter, 56 000 shares.

Year to Jun 30

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C$ Canadian dollars. Cc Canadian cents.
Canadians sink R40m into SA mines

This section of a newspaper article discusses a mining project in South Africa, where Canadian investors are sinking R40 million into a mine. The article highlights the economic implications and potential outcomes of the investment. The text suggests that the project aims to increase production and potentially boost the local economy. It also mentions the role of Canadian companies in investing abroad as a means to diversify economic ties and secure resources.
Gencor to sell R865m in assets

Canadians buy big SA mining stake

Johannesburg — Gencor, the mining house, has struck a $193.3 million (R665.4 million) deal with Canadian company Eldorado Gold in which Eldorado will acquire two mines in South Africa and exploration sites in Ghana from Gencor, the companies announced yesterday.

"Eldorado's participation in a South African greenstone gold operation will be the first major Canadian investment in the South African mining industry," Gary Maude, Gencor's executive director, said yesterday.

The deal encompasses two operating gold mines in South Africa and nine exploration projects, including the proposed merged Fairview/ETC mine near Barberton, in which Gencor has a 45 percent interest with Avgold, and the Burnstone development.

Eldorado will have the exclusive right to negotiate the acquisition of Gencor's interest in Burnstone for the next six months. In addition, Gencor has offered Eldorado its 90 percent stake in the Bogosu mine in Ghana; exploration projects in the Yumfo gold trend and Centenary deposit, also in Ghana; and other sites in the west African country.

"Gencor's substantial cash injection into South Africa and the introduction of a new mine-management style to the country, which will see the abolition of fees and an independent management structure, will result in Fairview/ETC becoming the largest greenstone mining operation in South Africa and one of the largest worldwide," Maude said.

The deal includes $140.3 million "upon closing" and up to $53.3 million payable as deferred compensation, settled through the issue of $76.3 million in cash and $105.9 million in Eldorado convertible non-voting shares. A further $7.4 million will be paid as a 1.5 percent smelter royalty. Gencor will keep its voting interest in Eldorado at 40 percent.

The agreement depends on the approval of the Reserve Bank, the regulatory authorities and the Ghanaian government.

Eldorado's gold production would be boosted this year by 18 percent to 230 000 ounces and next year by an expected 50 percent to 375 000 ounces, the company said. Its gold resources would be extended 81 percent from 5.2 million to 9.4 million ounces and by a potential increase of a further 1.6 million ounces in the near term.

"The company expects to achieve this growth through the development of its international asset portfolio ... and its association with Gencor," the two companies said.

The Canadian company has interests in five gold mines: La Colorada and La Trinidad in Mexico, Sao Bento in Brazil, Bogasu in Ghana and now Fairview/ETC in South Africa.

It has an 18 percent interest in Ceresius Mining, which operates the Binduli mine in Australia and gold developments in Argentine, Brazil, Ghana, Mexico, Turkey and South Africa.