FOREIGN FIRMS IN SOUTH AFRICA - FRENCH

17/1/75 - 18/9/81
Une mine d'or pour l'historien

A qui sait les lire, les petites annonces apportent quantité d'informations économiques. Les lecteurs s'amuseront à les chercher dans le pays de 1875. Tous seront frappés par une atmosphère générale fort distincte de l'actuelle. On vole, par exemple, qu'il s'agit moins, en 1875, de prouver son savoir-vivre : il faut montrer que l'on appartient à la bonne société, et cela, surtout pas 1875 sait mieux que les autres comme serveur.

Pour aller plus loin dans l'information économique, il fallait quelques éclairages de base. Par exemple, comment comprendre cette annonce relative aux "Grands balles très confortables sur place et à domicile" et l'on sait pas qu'en 1875 les salaires de bains privés étaient encore rarissimes, même dans les appartements les plus luxueux : les personnes qui voulaient prendre un bain chez elles s'adressaient donc à un entrepreneur qui venait à l'heure convenue avec sa baignoire portative, son eau chaude et bien entendu, les convoyeurs nécessaires à ce déménagement.

Comme aujourd'hui, les loyers sont doublés, un indice officiellement reconnu du volume des offres et des demandes d'emploi, c'est le nombre d'appartements, de maisons de compagnie, de concierges et de comptables apparaissant alors beaucoup plus fréquemment qu'aujourd'hui. Cela tient d'abord à une part faite que le Figaro était alors un journal mondain : mais cela est dû surtout au fait que l'usage des petites annonces est entré désormais dans les moeurs du grand public.

Ces annonces sont aussi très intéressantes quant aux prix et taux de change : par exemple, la référence pour apprécier ce que représentait en 1875 un loyer de 600 F par an, ou ce que pouvait être une dot de 20 000, 100 000 ou un million de francs.

Cette référence doit être trouvée dans les salaires ou dans le coût de la vie. Il faut savoir alors que l'indice général du coût de la vie a été multiplié par 600 de 1875 à la fin de décembre 1875. Ce qui, en francs nouveaux, donne le coefficient 6. Il faut savoir aussi que le salaire horaire tait 2 650 heures de travail de manœuvre soit environ 23 000 de nos francs actuels.

La ligne des petites annonces coûtait 1 500 F en 1875 : soit sept salaires horaires. Elle coûtait aujourd'hui sept francs, soit moins d'un salaire horaire, pour les demandes d'emploi. Par contre elle monte jusqu'à 71 F pour le titre "affaire", ce qui fait huit salaires.

Le numéro d'un journal quotidien était vendu 15 centimes soit 2/3 de salaire horaire ; on époque à laquelle il n'y avait pas d'impôt sur le revenu ; il gagne aujourd'hui 120 000 francs soit 7 5 fois plus, mais il a à reposer à l'État l'impôt sur le revenu dont chaque peut calculer. Le poste de chiffres rouges de ce chiffre est à rapporter de celui de 28 pour le salaire journalier : il est de peu supérieur à celui de 6, qui mesure l'évolution du coût de la vie de 1875 au début de janvier 1875.

Cela étant, le lecteur constatera combien les prix de vente des immeubles de Paris et de province étaient faibles en 1875. Il pourra rêver de cet hôtel du faubourg Saint-Honoré offert à 330 000 francs ; de cet autre, boulevard Malesherbes, offert à 310 000 ; de cette maison de Chatou à 24 000 ; de cette maison de Blois à 8 000 francs. La vente de ces maisons à des prix inférieurs à ceux de l'année récente l'actuelle annuelle montant l'immobilier du Figaro sur les Champs-Élysées, nous donne un aperçu de l'année suivante, ces maisons étaient vendues à 300 000, à 350 000, à 310 000, à 34 000 francs.

Du franc germinal au franc nouveau

Lorsque l'on compare les prix de janvier 1875 aux prix de janvier 1876, les premiers en francs (nouveaux) de 1875 et les seconds en francs (germinaux) de 1875, on trouve les coefficients de multiplication suivants :

- Terrains à bâtir .................................. 100
- Salaires horaire total ................................ 39
- Salaires journalier .................................. 28
- Salaires horaire total ................................ 20 à 30
- Salaires journalier .................................. 15
- Prix d'un établissement ................................ 5 à 40
- Prix d'un établissement ................................ 15
- Prix d'un établissement ................................ 7
- Prix d'un établissement ................................ 6
- Coût de la vie (201 articles) ...................... 5,5
- Prix d'un établissement ................................ 4
- Prix d'un établissement ................................ 0,1
- Prix d'un établissement ................................ 0,1

L'écart de la dispersion des prix est donc de 0,1 à 1,00.

Moyen total du salaire horaire dans les villes de province était en 1875 de 2 centimes et demi. La durée moyenne du travail est 11 heures, cela donnait un salaire journalier moyen de 2,50 F. Les chiffres comparables sont aujourd'hui de 8,50 F pour le salaire horaire, et, avec huit heures de travail seulement, de 7,40 francs pour le salaire journalier.

Le prix de la vie est donc plus élevé, en moyenne, de 35% en 1875. Le salaire horaire est de 2,50 F en 1875, soit 104 francs par an, et de 7,40 F en 1876, soit 37,040 francs par an.

Jean FOURASTIE, de l'Économie.
COROIDEAL IN ENTÉE FRANCE, S. AFR

PRESENCE VALORIE CHERCER D'ENVISING

SUNDAY TIMES CORRESPONDENT
Nóg Franse slae kom

VERDERE roeringe op beleggings- en ander fronte kan in die nabie toekoms van Franse kant verwag word. In opvolging van vorige Franse stigings na Suid-Afrika was hier so pas twee belangrike geldmanne en drie van hul makkers om hulself van toestande te kom vergewis.

Die twee houbankse mane, Michel Captain, voorsitter van die Companie Financière de Suez, en J. Maxime-Robert, voorsitter van die Banque de l'Indochine asook van die Franse Bank van Suidelike Afrika, het net voor hul vertrek gesê dat hul besprekinge nog eens die belangstelling van die Suez-groep en sy filiaal, die Franse Bank, in die uitbreiding van die SA ekonomie en in die uithouing van sakebande met Frankryk bevestig het.

Die Suez-groep is jare gelede gestig om die Suez-kanaal te bou. Daar- naam, die hulle nywerheids- en ander belange bekom en ook sterk tot die bankwese toegtree. Verlede jaar het die groep en Banque de l'Indochine hul belange saamgegooi.

Later vanjaar word die naam van die nuwe bankgroep verander tot Banque de l'Indochine et de Suez. Die nuwe samestelling maak van hom die grootste private bankinstelling in Frankryk.

Die onlangse sending, met magtige kapitaal agter hom, het met hul be- soek samesprekings ge- voer met politieke en voor- aanstaande sakemanne. En hulle is deodtvrede met wat hulle gehoor en gesien het.

Vandaar dat 'n mens roeringe kan verwag. En dit sal dinge van formaat wees dit is seker.
HOMELANDS VENTURES ON THE MOVE

Michael Chester, Financial Editor

Investors from at least five of the main European nations have started to lay plans to pursue the possibility of launching new ventures in the South African homelands.

'Paramount,' Chief Kater Matanzima, disclosed in Paris that a number of French bankers and industrialists had met him and were now planning a series of missions to the Transkei to evaluate investment opportunities.

The Paris correspondent of The Star reported today that the Banque Nationale de Paris, one of the biggest in France, had confirmed it had now begun investigations into the potential of the Transkei as an investment zone.

The bank was reported to be considering the financing of a Transkei motor plant to assemble Berliet trucks. Chief Matanzima held talks with executives at the Berliet factory outside Lyons during his current tour of Western Europe.

The Chief Minister also said he had a "positive reaction" from French banking and business circles to his proposals to provide the Transkei with a port capable of handling export-import shipping.

NEW PORT

Mr Franko Maritz, managing director of the Kloof Development Corporation, who accompanied Chief Matanzima on arrival of the tour, said on his return to South Africa today that there were now appeared very real chances of the building of a new big port along the Transkei coast.

He said speculation that what would probably be Fort St John was off the mark. Fort St John was impractical, he said. But there were several alternative points along the coast that were to be studied.

The response among potential investors in the wake of the tour - highlighted by special seminars in both London and Hollands - has been "most encouraging.

Missions to the Cape homelands were also now being planned by investors in Britain and the Netherlands and were expected to arrive around November.

"The climate is perfect at the moment to talk to European investors about ventures in Southern Africa," said Mr Maritz.

"It is not only labour costs that is a big consideration in their thinking - it is the prospect of labour stability.

"Investors in Britain, in particular, are thoroughly fed up with the unrest among labour forces and the excessive demands by the UK trade unions.

"Also, investors are looking at the potential of the Transkei as a launching pad for "export" drives into Black Africa. Some of them even see chances of 'export programmes' back into Europe itself.

Mr Maritz was also optimistic about a new flow of investment from West German industrialists with whom he held talks.

The Rome correspondent of The Star reported that Chief Matanzima was due in Milan today on a three-day tour of Italy.

He will in particular be holding talks with the huge Bertrand-branded company of Biella.

A Bertrand spokesman said: "Our company has a very strong interest in investing in the Transkei. We have already drawn up a programme for the development of textile factories there for fabric distribution on the South African market."

I understand the first phase of the Bertrand's proposed plant will involve an investment of more than $2m but the ultimate investment plan grows to $12m.
French interest in SA mining

DURBAN. — France is interested in the rare minerals and advanced technology to be found in South Africa, a top French politician has said here.

Mr Jean-Philippe Locat, a former minister of information in the Pompidou Government, is on a three-week tour of South Africa as head of a French Government committee studying the problem of the world's decreasing supply of raw materials.

"Here you have interesting achievements in technology and there are many materials, such as minerals, that France would like to have," said the 40-year-old MP.

There is a great opportunity for co-operation between France and South Africa."

PRESIDENT

He indicated a specific interest in uranium — the mineral which is a by-product from gold mining — and the operation of producing oil from coal at Sasolburg.

At the end of the tour, Mr Locat will meet the Minister of Information, Dr C. P. Mulder, and the Minister of Mines, Dr P. G. J. Koornhof, in Pretoria.

During his two-day stay in Durban, he has met the State President, Dr N. Diedericks, and discussed the sugar industry with senior officials. He has also invited Kwa Mashu and the Tongaat Sugar Estate.

"I was very impressed with facilities at Tongaat for the different race groups," said Mr Locat.

This problem of relationships between the peoples of South Africa is the subject of very important debate in France.

On political relationships between the two countries, he would say little, except that French foreign policy was not to interfere with internal problems of other countries, but to continue trying to force closer economic links.
KwaZulu's
R11m boost

African Affairs
Correspondent

CHIEF Gatsha Buthelezi announced yesterday that a French mining company would soon invest R11 million in KwaZulu.

He said the company, operating under the name Sithobe Mica (Pty) Ltd., would mine mica and sericite in the Nkandla district. Work would start within three months.

The company was also seeking to open a factory at Sithobe, though its headquarters was in Johannesburg.
Peugeot merger did it

Move from PE a test of skills

THE FIRST Citroen came off the Peugeot's new factory in South Africa, the Citroen of the future.
You can afford

The French model

"..." with stylish arrangement

When French hair

NEW WAGON - SUPERITE

Pacey and Cronen

 Citroen Survey

SUNDAY TIMES BUSINESS TIMES SUPPLEMENT APRIL 11 1976

PACSA

on Phase 3

CLOSING UP
Afroxy works. Yes, in gas.

Gas works in myriad ways.

The earth now makes a serious deviation from the future that is made.

Economy does not have to look dull.

Clows can show you the Clown.

Gaseous works. Yes, in gas.

Support Exhausts

This engine is about to come alive.

Economy does not have to look dull.

The Clowns make a serious devotion to the future that is made.

Clows can show you the Clown.
drive an executive's car

If you're a dashing executive,
PENGEO

3M 3M

CITREON SURVEY
SUNDAY TIMES Business Times Survey, April 11, 1976

CITROEN SURVEY

PACSA sales make it a firm No.5

TOTAL sales of Citroens and Peugeots last year amounted to 17 968 — placing PACSA firmly into fifth position of the passenger unit market.

Examining the performance of individual models more closely, the 404 must be singled out because it was the only car in its category to have shown an increase over 1975 sales. Cheverlet, Ford and Audi — in this category — lost a total of some 9 000 units.

Total 404 sales last year were down compared with 1974 but this has been attributed mainly to a general decline in the medium car market, which represented 34 per cent of the total market at the beginning of 1975, but only 29 per cent towards the end of the year.

The 404 share within this market segment dropped slightly from 10.5 per cent to 9.6 per cent. The Citroen GS, on the other hand, showed a significant drop in a rapidly growing small car market because of substantial price increases and the uncertainty in the network concerning the future of Citroen in South Africa.

However, PACSA is convinced that the GS will, this year, return to its pre 1975 sales level of around 6 500 units. The 404 station wagon was new and this model is to be replaced at the end of this month by the 404 station wagon.

The 404 station wagon was dependent on the 404, where it sold only for over 50 per cent of total production.

GS packs are and will be, available from France for a long time to come, ensuring the future of the 404 outside Europe, said Mr. Maingard.

The 404 was responsible for 17 per cent of Peugeot's total export sales during last year. In Africa alone, where the full Peugeot range from the 104 to the 504 is sold, the 404 represented 36 per cent of total sales.

Mr. Maingard said: "Contrary to rumours emanating from certain sections of the media, the continuity of the 404 passenger cars and light commercial vehicles is assured and we would like to state categorically that we look forward to its continued success for many years.

"We know that this vehicle is ideally suited to South African conditions and has become something of a legend here. Our company is continuing its local content programme on the 404 to enable it to meet all future Government requirements."

Mr. Maingard said the Citroen GS range of cars will enjoy the same high standards of quality and workmanship already enjoyed with the Peugeot and that the GS fits in well at the bottom of the 404 range.

The addition of Citroen gives the group 14 variants based on only three models all with four-cylinder engines and selling between R1 000 and R1 300.

A tradition of skill... in the production of precision engine components

In an ever-changing world one thing remains certain. Man will continue to strive for improvement.

Since the turn of the century the companies of the AE Group have played an important role in many diverse fields — particularly in automotive engineering. The Group has also contributed...
World wide furore looms
French win atom deal

The R800-million contract for the construction of South Africa's first nuclear power station was awarded by Escom tonight to a French consortium - setting the scene for a further international furore over the project.

The Swiss-Netherland-United States consortium was the favourite to handle the massive project.

And the industrialists who have fought desperately in the past few weeks to push through their bid in the face of political opposition in the United States and the Netherlands are now certain to round on the pressure groups who blocked their efforts.

Associates of the consortium have been pleading with officials of South Africa's Electricity Supply Commission in the past few days to hold off their decision until they could get the guarantees of political non-intervention in the project on which Escom was insisting.

But Escom officials reveal that on Monday this week it had suspended negotiations with the consortium of US, Swiss and Dutch companies for the supply of the two-unit nuclear power station.

This had been done because of the failure of the Dutch Government to provide the necessary guarantees and assurances of supply by the specified date of May 21.

Tonight's announcement said the contract for the construction of the power station at Koeburg, 28 km north of Cape Town, had been awarded to the French consortium consisting of Framatome, Alstom and Spie Batignolles.

Framatome would handle the nuclear reactors, Alstom the turbo-generators and Spie Batignolles—who took part in the Sishen-Saldanha and Orange Fish tunnel projects—would be responsible for the civil engineering works.

German bid

The third consortium bidding for the contract was Kraftwerk Union of West Germany, in collaboration with Murray & Roberts.
German bid

The third consortium bidding for the contract was Kraftwerk Union of West Germany in collaboration with Murray & Roberts.


It was the front runner until the political row upset the applecart.

Neither the French nor the West Germans apparently had any difficulties in obtaining the necessary guarantees from their Governments on linking up with South Africa on a nuclear power basis.

An indication of the likely reaction in the Netherlands, for instance, is the fact that if the Rotterdam-based Rijn-Schelde-Veolme group had taken part, it would have provided jobs for 1,000 people for five years.

Dutch trade unions have remained largely silent on the issue.

Opponents of the project have said the Koeberg reactors could produce about 450 kg of plutonium a year—enough for about 100 Nagasaki-sized atomic bombs.

South Africa has not signed the nuclear non-proliferation treaty, they say.

They have argued that an official of the South African Atomic Energy Board said publicly in 1974 that South Africa possessed the technical capability to make atomic bombs, and that its nuclear programme was more advanced than that of India, which exploded its first nuclear device earlier that year.

The two-unit power station will consist of two pressurised water reactors, each with an electrical output of 322 Mw—each almost enough to feed Johannesburg.

The first unit is scheduled for commissioning in November 1982 with the second unit to follow one year later.

The contract also provides for the supply of fuel elements for the initial charge of five reloads for each unit, to be manufactured by the Franco-Belgian Fuel Company from enriched uranium hexafluoride provided by Escom.

Last year Escom signed a contract with the US Enrichment Authority for the enrichment of uranium hexafluoride it is to supply. — Sapa
France tries to allay fears

PARIS. — The French Foreign Minister, Mr. Jean Sauvagines, in an interview published here yesterday, sought to allay fears that France was helping to spread nuclear weapons by selling foreign countries nuclear technology.

The interview, in the news magazine Le Point, came as South Africa announced that its first nuclear power station would be built by a French consortium.

Mr. Sauvagines, who gave the interview before the South African deal became public, said that France had imposed strict controls on its sales of nuclear knowhow. The technology was meant for peaceful purposes.

The $775-million deal was expected to arouse protests in France and abroad against close relations between Paris and Pretoria. But diplomatic sources expect protests from France’s West African allies to be on a formal level only.

Leaders of a number of French-speaking African countries met in Paris earlier this month and Prime Minister Valery Giscard d’Estaing was presumed to have told them of the deal.

There will be trouble, warns press

PARIS. — Warnings have already been sounded that “there will be trouble” in France over the nuclear plant it will sell to South Africa.

The State-run “Francetel” radio ran its first news bulletin with the news from South Africa and commented: “France is bound to be asked about it.”

France’s only national Sunday newspaper, Journal de Monde, had a headline over five columns, “There will be trouble.” It said that it was a “fabulous contract” but “it risks also causing some political worries.”

The secret of the contract, added that “the Americans will also not be very warm about the contract because they told the French President when he was visiting the United States only a week ago that France should not adopt such a free policy in selling its nuclear plants abroad. The United States favors some kind of control.”

The interview concluded that “the safeguards given by South Africa for choosing France that the United States and the Netherlands were putting up political obstacles — could start polemics.”

The secret of the contract is...
lands consortium of General Electric, United States, Boevert of Switzerland and Rhein-Schelde of Holland. It will bring nuclear power to the country, dependent on linking up South Africa on a nuclear power basis.

**JOBS FOR 1000**

The indication of the European Commission in the United States, West Germany and the United States on the introduction of the system of the nuclear power plant in South Africa has been a significant step in the development of the country's energy sector. The French manufacturer, Alsthom, has been chosen to supply the equipment for the nuclear power plant.

**HAPPENING IN NUCLEAR POWER PLANTS**

The French and American manufacturers have already started construction work on the first nuclear power plant in South Africa. The plant will be located in the Western Cape province and will have a capacity of 1,000 megawatts.

**DURENEFONTEIN**

The nuclear power plant is being built on a site in the Durenefontein area, 20 km north of Cape Town, and will be used to supply electricity to the surrounding region. The plant is expected to be operational in 1984.

**ESCOM**

ESCOM, the South African electricity supply company, has ordered the construction of a nuclear power plant at Durenefontein. The plant will be operational in 1984 and will generate electricity for the Western Cape region.

**MATTER OF TIME**

The nuclear power plant in South Africa is expected to be operational in 1984, and it will be the first of its kind in the country. The plant will be used to generate electricity for the Western Cape region and will be a significant step in the development of the country's energy sector.

**WELL JUDGED**

The decision to build a nuclear power plant in South Africa is well-judged, as it will provide a reliable source of energy for the Western Cape region. The plant is expected to be operational in 1984 and will generate electricity for the region.
The French President when he was visiting the United States only a week ago that France should not adopt such a free policy in selling its nuclear plants abroad. The United States favours some kind of control.

The newspaper concluded that "the semi-official reason given by South Africa for choosing France—that the United States and the Netherlands were putting up political obstacles—could start polemics."

The secret of the contract was well kept and the French press looked on the American-Swiss-Netherlands consortium as having already won it. But there is no doubt that President Giscard is going to run into a major political storm over the next few days.

The disposal of a third country.
French officials were embarrassed when Libya confirmed that the project had been put at Egypt's disposal during the 1973 Middle East war.

French authorities are expected to reply to criticism of their nuclear sales to South Africa by stating that other Western countries were prepared to clinch the deal.

The United States Under-Secretary of State for scientific affairs, Mr Myron Krater, told a Senate commission in Washington last week that the United States intended to sell South Africa two nuclear reactors.

France has also agreed to sell nuclear technology to Iran, Iraq, Pakistan and Libya. — Reuters

The announcement of the front-runner for the poltical race is an official of the South African Atomic Energy Board and publicly stated in October 1974 that South Africa had possession of the nuclear capacity to make atomic bombs, and that its nuclear programme was more advanced than the one of India, which exploded its first nuclear device earlier that year.

The two-unit power station will consist of two pressurized water reactors, each with an electrical output of 650 MW — each almost enough to supply Johannesburg.

The United States-Swiss-Netherlands consortium is favourite to clinch the deal.

The Swiss-Netherlands-United States consortium was the favourite to handle the massive project. And it is the fact that it has been the front-runner.

The French government and the West Germans have already had any difficulty in obtaining the necessary guarantees from their partners on United States nuclear power basis.

JOBS FOR 1,000

An indication of likely reaction in Netherlands, for instance, is the fact that Kessberg reactors could produce some 100,000 pounds of plutonium if used each year — enough for about 100 Nagasaki-sized atom bombs. They are in South Africa has already joined the Nuclear Non-proliferation Treaty.

The announcement said the contract for the construction of the power station at Koeberg, 28 km north of Cape Town, had been awarded to the French consortium consisting of Framatome, Alsthom and Spie Batignolles.

Framatome would handle the nuclear reactors, Alsthom the turbo-generators and Spie Batignolles — who took part in the Sichen-Saldankha and Orange-Fish tunnel projects — would be responsible for the civil engineering works.

The third consortium bidding for the contract was Kraftwerk Union of West Germany in collaboration with Murray and Roberts.

The United States-Swiss-
Fuel plant seen as reason for French

TOM COP
Political Con

THE FRENCH GOVERNMENT now seems to supply long-term first nuclear power stations for South Africa, as part of an overall strategy, to advance France's technological and commercial interests.

The ability of the French contractors to supply the fuel for the South African reactors is an important element in the French Government's decision to sell its technology to South Africa in recent years.

The French consortium won the contract ahead of bids by an American-Dutch-Swiss consortium and a German consortium in collaboration with South Africa's Murray and Roberts. It was the only one which could provide the necessary credit guarantees and assurance of supply.

OPPOSITION

it appears that strong political opposition in the United States and in Europe has made it clear that the nuclear power project must be compatible with the interests of the American-Dutch-Swiss consortiums to meet the fuel assurance required by the French.

Informed sources point out, however, that the political debate in these countries has been largely irrelevant since South Africa — through its uranium-enrichment process — is able to make atomic bombs anyway irrespective of the nuclear power project.

Neither France nor South Africa has yet signed the nuclear non-proliferation treaty, but it seems likely that the French governments may agree to the non-proliferation of fuel products through a bilateral agreement.

MATTER OF TIME

The Koeberg power station 28 km north of Cape Town is expected to be operational this year. The site and how the station at Town, will be named Koeberg, according to power station is more than 1,800 grid, making it in South Africa.

The Koeberg power station, once recovering power to produce their foundation Koeberg nuclear power station this year, of two processes of producing high-grade fuel elements.

It had therefore been left with two alternatives: Either additional PT head power stations could be constructed in the Transvaal and linked to Cape by further high-voltage transmission lines, or a nuclear power station capable of supplying Koeberg's immediate as well as its future power needs could be built in the Western Cape.

VITAL RESOURCES

A conventional coal-fired station at Koeberg's capacity, consumed between four and five million tonnes of coal a year, and Koeberg would therefore contribute considerably towards conserving South Africa's vast coal resources. Inland generation of coal from the Colours of Koeberg contract.

Furness of Switzeland and Rijn-Schelde of Holland. It front runner will be manufactured by the Franco-Belgian fuel company from enriched uranium hexafluoride provided by Escom.

Last year Escom signed a contract with the US Enrichment Authority for the enrichment of uranium hexafluoride it is to supply.

The contract has been awarded on a turnkey basis, and the capital works include the design, manufacture, delivery, construction and setting to work of the entire station and all auxiliary and ancillary works.

Thus, as announced, the tenders must provide the entire nuclear power station.
N-contract causes storm in France

Own Correspondent

PARIS. — A major political and diplomatic storm yesterday broke over President Valery Giscard d'Estaing, after announcement of France's nuclear contract with South Africa, described as "a fabulous deal" by supporters and "a mistake, a political crime" by opponents.

Warm seawater won't spread too far—expert

Staff Reporter

The proposed nuclear power station at Koeberg will have only a localized effect on marine life, says a University of Cape Town zoologist.

Professor A C Brown, head of the Department of Zoology, said yesterday that the discharge of coolant — estimated at 100 tonnes a second — would tend to drive away some species and attract others.

"Of course he warmest parts will be unbearable for some creatures, but the temperature will vary with distance and it is likely that this zone will support species normally found on the south coast between Cape Point and Port Elizabeth."

Professor Brown would not say whether sharks would be among these. He commented: "There are already sharks in Table Bay."

The university completed a three-year study of the effects of the discharge on marine life at the end of last year, and a report was produced for Eskom.

Professor Brown said the question of possible contamination of the seawater was also studied, but he could not comment as the information in the Eskom report was classified.

He did not think it likely that the beaches at Koeberg would be opened to the public for recreational purposes — in spite of the warmer water. The sea temperature near the site is approximately 13 percent C. The water used to cool the nuclear reactors will be discharged at a temperature of about 23 degrees C.

France's official line is that "the contract must be seen purely on the technical and commercial level — it has nothing to do with politics."

A spokesman for the Quai d'Orsay Foreign Ministry, questioned by reporters yesterday, said the nuclear plant was "a classic electricity-producing factory" and there was no question of France giving South Africa the key to nuclear bombs.

The evening Le Monde newspaper made a point mentioned by a large section of the press when it said: "Giscard d'Estaing was elected President on his promise to conduct a liberal and enlightened foreign policy — this deal contradicts this policy."

In favour

The mass circulation evening France-Soir asked, "Has the French Government signed an excellent commercial contract, or concluded a bad political bargain?"

It said the French left was describing the contract as "a mistake, a political crime."

But the newspaper argued in favour of the deal.

It said that it was useless to criticize the contract as not being part of a liberal French policy because "there are too few liberal countries in the world today — one has to"
The reactor vessel at the Brayton nuclear electric station was involved.

Nuclear vessel at the Marcoule power station, France, where the rector vessel is located.
New delay in signing of N-contract

Own Correspondent

PARIS. — A last-minute delay in signing the Escom-Framatome R1 000m nuclear contract, scheduled for last Saturday, has at least made clear that France is determined to conclude the agreement.

For French officials and Foreign Ministry staff worked overtime to translate documents into French and English for the initialling of the inter-state contract last Thursday. For four feverish days and nights, South African officials here received the fullest cooperation from their French counterparts.

While Escom announced in Johannesburg yesterday that the delay would only last for a few days, there is concern here over any possible hitches to the contract, which must be signed by France, South Africa and the International Atomic Energy Agency in Vienna.

The SA Ambassador to France, Mr Louis Pienaar, flew to Vienna on Friday for talks with the agency’s Secretariat-General with a view to preparing all necessary papers for signature by the board, which meets on September 17 in Rio de Janeiro.

Six weeks

But there are 103 members of the agency, and many are bitterly hostile towards South Africa. They will have six weeks to lobby against the deal.

It is known here that France and South Africa did not plan to sign the contract till the agency’s board met next February. But they were forced to act more swiftly, owing to growing world criticism levelled at France for selling nuclear reactors which it is claimed could manufacture atomic bombs.

While it is true that “differences” between Escom and Framatome are “purely technical”, it is understood here there is some disagreement about the safety devices to be “built into” the two plants, which raise their total cost.
French Conch Connection

$15.6 million Koppernunder Power plant

is a pointer

Koepber deal

French Conch Connection

SA-FRENCH TRADE

Business Times Survey, September 2, 1976

SUNDAY
Investment in SA doubles
The sweet smell of success

Svelte, rapier slim and quintessentially French. That’s Bernard Lanvin, director-general of Lanvin Parfums and administrator of Jeanne Lanvin SA, the Paris-based fashion house which includes Lanvin Couture and Lanvin men’s fashions. Now, elegantly based at No 22, Faubourg Saint-Honoré, the House of Lanvin was founded by his great aunt Jeanne Lanvin in 1888. It’s all in the family.

There’s nothing namby-pamby about Lanvin. Married to a stunning American fashion model, he’s a keen jazz fan, tennis and golf player, ski enthusiast and addicted to his Honda 750. He likes nothing better than roaring down the Paris avenues at full throttle. At 40 he looks at least ten years younger. He’s quite a guy.

Pleasures apart, he’s also an astute business manager. An arts graduate from Williams College in Massachusetts, he then studied at the University of Madrid, did a three year army stint and joined Lanvin six years ago.

His special interests are imaginative creative advertising and the marketing of Lanvin products worldwide. He sees himself as the chef d’orchestre, having assembled a team of experts around him. “We create the exact image we want. That of prestige and quality in our advertising.” The emphasis is on high fashion promotion. On his recent visit, Lanvin showed his 1977 winter collection valued at R100 000. He

hikes over the last 10 years with corresponding perfume price hikes, the demand for the product escalates. Total 1975 retail turnover in perfumes, men’s and women’s fashions in 115 countries passed $155m (60% of sales was in fashions, 40% in perfumes). Growth rate is estimated at 25% annually. Sales in Japan have shown a

Lanvin . . . We want to be everywhere

launched his new perfume Via Lanvin at the same time.

Despite the cold winds of austerity and economic recession, Lanvin sees demand for his quality products likely to increase. “People come back to what they know. They may not be buying cars or TV sets but they’ll always buy good French perfume.” It seems that the rich, like the poor, will always be with us.

Despite massive raw material price staggering 50% annual growth over the last five years.

How slavishly does the House of Lanvin follow fashion dictates? An almost visible shudder of disdain convulses Lanvin’s spare frame. “We don’t follow, we initiate fashion.”

And between $1 500 and $4 000 a garment there’s no shortage of buyers. The celebrities, the wives of the oil barons, industrialist tycoons’ wives, all stand in line.

And Lanvin, secure in the knowledge of the House’s established name and product, faces the future with no qualms. He stands by his marketing philosophy. “Lanvin has to be everywhere.”
R800m from France

Who says SA can't get overseas capital? Escom has just concluded an R800m export credit agreement with a consortium of French banks to finance the Koeberg nuclear power station. Terms are said to be "very favourable" and there appears to be a grace period to 1982 (when Koeberg comes on stream) after which interest and loan repayments fall due over a 5 6 year period.

The group of banks, led by Credit Lyonnais and Banque de l'Indochine et de Suez (parent of French Bank) is providing buyers' credits for use in financing the nuclear power plant.

The exact amount, terms and conditions are being kept secret. A spokesman for Credit Lyonnais claims that any information of this nature "is dynamite overseas" and that details are "between Escom and its suppliers". Framatech, leader of the French consortium putting up the plant, on the other hand, claims that the information can only be released by Escom and its bankers. Escom, for its part, indicates that its lips have been sealed by the banks, though chairman Dr Straszacker, confirms that the credit is about R800m.

This credit is the second foreign financial deal to be arranged specifically for Koeberg. In September, a R600m medium term syndicated loan was put together by a group of French banks, again led by Credit Lyonnais. The five year loan — at 1.75% over the London interbank offered rate ( Libor) — was used for financing local expenditure and as the down payment on certain imports.

A third arrangement, namely a credit to pay for nuclear fuels supplied by Framatone, is currently being negotiated and has "almost reached finality". In this, Framatone will supply the nuclear fuel element for the Koeberg reactor, from enriched uranium supplied by the US — from SA uranium.
Mystery over French arms ban cleared up

PARIS — The mystery over a reported French Government decision to clamp a total arms embargo on South Africa seems to have been cleared up.

A news agency reported the decision earlier this week, pinning it on official French sources.

But it was learned here that Foreign Ministry officials were preparing briefing papers for the current four-nation East African trip by Foreign Minister Louis de Guiringaud — and this included an answer to a hypothetical question about French arms sales to South Africa.

The Minister was advised to stick to the same answer he made during his West African trip last month when he said there was an arms embargo, without giving details.

This answer was leaked to a journalist as being a new Government decision. This may have been to placate African opinion at a United Nations conference on Southern Africa next month.

It is unlikely such a major policy would be taken now as the entire Government, except the Premier, is on holiday.

But it can be expected that Mr Guiringaud may make statements on the arms issue in the capitals he is visiting — Nairobi, Lusaka, Dar-es-Salaam and Maputo.

French foreign ministers have little police-making powers in the Cabinet, and Mr De Guiringaud has even less than his predecessor, Mr Sauvagnargues.

Even if he returned to Paris convinced of the need for a total arms embargo, it would carry little weight here. — DDC.
In his celebrated essay to the capitalist sectors of outside the subsistence sector the worker's current product course referring to the unskilled industrial wage given here).

The calculation is compiled by Tomlinson at R44 in 1951, a per cent higher) would obviously ablest and strongest member of the farm instead of going to added R42 to the family income, Tomlinson's figures).

Lewis assumed, however, the surplus of Labour, or "disguise be withdrawn without causing about the underfarming and so then this was not the situation.

Tomlinson claimed (p. 35) of a black farm labourer on other members of the family who claim, together with his under basis for his conclusion that the reserves: "for their prof is a good deal higher than wh..."

But Tomlinson's figures extraordinary overestimate as twenty years later, the average R135.

The figures suggest that the farmer. Not only were wage kind. Even on the Tomlinson worthwhile for the average for cash wage (R36). There was (including corporal punishment) the farm and unable to leave the "stigma" attached to fam...
'n OOREENKOMS is in Johannesburg onderteken vir die ooriging deur Fedmis van die eerste suiwingsaanleg vir kunsmis-suwelsuur in die Republiek. Die swuwelsuur word deur die Fedmis-fabriek te Phalaborwa verskaf vir nywerheidsgebruik.

Die nuwe aanleg wat sowat R4-miljoen sal kos, sal gebruik maak van die kundigheid van Azote et Produits Chimiques (APC), 'n staatsbeheerde Franse Maatskappy.

Die vergunningsooreenkomste tussen die twee maatskappe is onderteken deur Mr. Maurice Besnard, 'n direkteur van APC, en Mr. George Mrkucic besturende direkteur van Fedmis.

E. L. Bateman sal verantwoordelik wees vir die konstruksie van die aanleg by Fedmis se Sasolburgse fabriek. Na verwagting sal dit teen Januarie 1980 in bedryf kom. 'n Produk sal gelewer word aan Polyfos vir die voorvaardiging van 'n spesiale fosfaat, wat hoofsaaklik gebruik word in die produksie van reinigingswaspoesies deur Suid-Afrikaanse seepvervaardigers.

Die nuwe produk van Fedmis sal die plaaslike vraag 'n hele aantal jare kan bevredig en buitelandse valuta bespaar deur invoer uit te skakel.
French to mount major SA export drive this year.

Many French companies would like to find South African industrial partners to increase the high technology French capital goods and systems manufactured under licence in this country with a highest percentage of local content, according to the French trade commission in Johannesburg.

In a statement issued here, the commission said that French companies would be encouraged to export technology and know-how to South Africa. The statement added that trade between this country and France was booming.

"It becomes clear that France has earmarked 1978 for an important effort to increase exports to South Africa in the shape of imported goods and French products manufactured under licence in South Africa — with an emphasis on high technology capital goods and systems but without neglecting the market of consumer goods where France is well known for its perfumes, cosmetics, clothes, food and wines."

South Africa’s exports to France were continuing to escalate. South Africa’s increasing coal and other mineral exports to France had made the Republic one of France’s major external sources of supply. Of France’s imported coal, 25 percent came from South Africa.

"Final figures for 1977 are not available, but it is known that South African exports surged sharply at the end of last year to bring 1977’s trade balance figures into a state not far from equilibrium with only, and for the first time, a slight shading in South Africa’s favour," the statement said.

In 1975 French exports to South Africa were about R250m while South African exports to France were worth about R11m.

— Sana.
French Industry Moves in on SA
Activities: Registered commercial bank and foreign exchange dealer. French-based Banque de l’Indochine et de Suez owns 54.3% of the equity and Union Corporation holds 30%.


Capital structure: 5.9m ordinaries of 50c. Market capitalisation: R5.3m.

Financial: Year to December 31 1978.

Share market: Price: 90c. (1978-79: high, 95c; low, 48c; trading volume last quarter, 23 000 shares). Yields: 17.6% on earnings; 8.9% on dividend. Cover: 1.9, PE ratio: 5.7.

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French Bank’s quest for new clients and its diversification into new fields has had a significant effect on its banking mix.

The most important change is in the type of credit offered by the bank. The annual report shows that acceptances accounted for 15.5% (13.0%) of total assets amounting to R214.2m (R198.4m). According to chairman Gerard Dangelzer the increase was partly due to increased utilisation of banking facilities in the last two months of the year and the changed interest rate structure resulting in a substantial movement from advances into acceptances. This is borne out by the bank’s final BA 9 quarterly report last year, which shows a doubling of acceptances to R33.2m (R16.6m) in the December quarter. Current account deposits decreased to R10.4m (R15.3m) in the same period. This is probably due to the bank’s overseas operations, which are sizeable and stem from its parent, Indosuez.

Instead of financing imports from foreign sources, importers probably switched to local financing on an increasing scale when rates turned favourable towards the end of last year.

Dangelzer points out that handling of imports of capital goods on a large scale was one of the reasons for the bank’s improved results and increased assets in a period when clients were particularly liquid. This activity is to be further broadened by the addition of new financing schemes and an increased number of exporting countries.

Bills discounted increased from 12.5% to 13.7% of assets. The rise took place in the last quarter when the figure rose to R110m (R63m). Changing to this type of financing is part of the bank’s strategy of diversifying and curbing seasonal fluctuations.

Last year French Bank made its first foray into the capital market with a R6m loan issue for Pietermaritzburg and R2m for Springs. With the major merchant banks now vying for a smaller market, French Bank will probably find the going tough this year.

The bank’s facilities are used mainly by the industrial and agricultural sectors. While an almost unchanged 29.3% of the facilities was applied to the industrial sector, the agricultural sector played a slightly more important role, using some 18.4% (16.4%) of facilities. Civil engineering’s share declined from 14.8% to 11.8% due to the generally depressed conditions in that sector.

Forecasting is made difficult by the practice of declaring profits out of hidden reserves. However, French Bank does appear to increase its earnings and dividends in line with its performance. This year a 9c dividend for a 10% prospective yield could be paid.

Peter Pittendrigh
Four Won't Talk on Sullivan Principles

Page 3
TWO of Homes Trust Life's senior Black managers who have been appointed to special general management committees are seen in conversation with the company's general manager, Mr F. A. Jacobs. They are Mr A. Netshandama (left) and Mr A. Senne.

BLACKS JOIN IN DECISION MAKING

HOMES Trust Life, the Cape Town-based insurance company, is to appoint four of its senior Black managers to special general management committees. The move is designed to improve communication between head office and the field staff and also to enable its Black employees to participate in the company's decision-making processes, says the general manager, Mr F. A. Jacobs.

It is of increasing importance that Black employees have a say, especially when decisions affecting them are taken at head office, he believes.

The move means that the four managers, who are based on the Reef, will attend monthly committee meetings in Cape Town.

They are Mr E. Tshabalala and Mr A. Senne, who will serve on the marketing management committee, Mr A. Netshandama, who will join the agents' training committee, and Mr A. W. Makheke, who will serve on both the public relations and training committees.

Mr Jacobs says the move is a continuation of the programme to give Black employees more responsibility.

The company appointed its first Black branch manager in control of a total branch of Black staff in 1971. Since then 14 Black branch managers have been appointed and they now control a staff of about 700 Black employees in the rural and urban areas of South Africa, the Homelands and Lesotho.

How do the four managers feel about their new roles?

Mr Tshabalala, who has been with Homes Trust since 1962 and now manages one of its Soweto branches, says he learnt a great deal from the marketing management committee meeting he attended this week. One important result is that it has helped him understand why company policies have been framed in the way they have. Mr Senne, manager of the company's Gallabouwa branch, substantiated this.

Mr Netshandama, manager of another Soweto office, welcomed the move as it would greatly improve communications between head office and the branches. He believes that his main contribution to this week's proceedings had been in calling for certain standards for Black agents to be raised to the same level as those for White agents. This proposal is being accepted.

Mr A. Makheke of the group's public relations office in Johannesburg said he found it satisfying to be part of the decision-making process, to have others listening to him and to have his suggestions accepted.
Africans rush to work the computers

Labour Correspondent

The Johannesburg Stock Exchange received 1,094 applications after placing six newspaper advertisements offering African male clerks training as computer punch operators.

The Stock Exchange hired 36 men after turning down half the number of applicants for not fulfilling the advertised requirements. The other applications were whittled down after a series of tests and selections.

The advertisements placed in daily newspapers called on clerks with two to four years' experience to be trained as IBM punch operators. The applicants had to be under the age of 35, have a minimum education of JC, live in Soweto and be permitted to work in Johannesburg.

An article in the latest edition of Systems, the bulletin of the Computer Society of South Africa, says JSE decided to hire African male staff because of the high turnover of White women staff.

The men were brought in on the same salary grades as the women.
BLACK STAFF FOR TWO BIG BANKS

By CAREL BIRKBY

THE COLOUR BAR has been dropped in South Africa's two biggest banking chains, the Standard and Barclays National. They are now employing Africans, Indians and Coloureds on an equal pay for equal work basis. Some have recently risen to the rank of accountants.

The non-Whites have their own trade unions which function in parallel with the White South African Society of Bank Officials (Sasbo). This was established as a trade union 39 years ago, but by law may not include other races.

However, Sasbo's staff and offices service the non-White unions, even to salary negotiations with the banks. The three unions share one general secretary.

An African teller, Mr. U. S. Poonul, has just joined the Standard Bank's Rosebank (Johannesburg) branch, which caters for a large number of wealthy people in the Northern Suburbs. He is very popular and respected by the customers.

The Standard Bank uses African staff in Soweto and other African areas, but in White areas, it has already appointed two Indian accountants in Natal White areas and a Coloured accountant in a "White" bank in the Cape.

Graduates

The African tellers working for the Standard in the Transvaal are mostly university graduates, a bank spokesman told me.

"Africans with degrees have almost been queueing up for jobs, because many of them cannot use their qualifications elsewhere," he said.

"These men go through exactly the same training as White bank officials. Our experience has been that the Africans are successful, not only in dealing with African messages sent by employers on banking tasks, when misunderstandings can often be avoided, but also in their more delicate relationships with our White clients.

"It is most gratifying that the Whites have so readily accepted the Africans as, indeed, have our White staffs."

Barclays National Bank's official policy is that it is non-racial. Like the Standard, it allows no discrimination in the treatment of
by 1970, this figure had decreased to 15.7%, indicating that the whites had improved disproportionately to the "coloureds". Similarly, for children 1 to 4 years of age, during the period 1941 to 1970, the white mortality experience as a percentage of the "coloureds" had decreased from 15.2% to 7.1%. It should be noted that the 0 year age specific death rates are higher than the corresponding IMRs. This is because the denominator for the former is the number of live births whilst for the latter it is the mid-year populations under one year of age.

Fig. 4 provides an indication of the proportional contribution of selected causes of death to the overall mortality experience of the white, "coloured" and African communities.

During the period 1929 to 1970, the whites have shown a changing spectrum of mortality which is classically associated with an improving health status. Infectious diseases have become less important and the major causes of death are increasingly related to Cardiovascular and Neoplastic diseases. The "coloureds" and Africans, however, have a persistently high proportion of deaths caused by infectious diseases. The Africans exhibit a spectrum of mortality which is characteristically associated with developing communities, whilst the "coloureds" appear to occupy an intermediate position between the whites and Africans, although it is clearly much more similar to the Africans than it is to the whites.

What is of particular concern about the 'intermediate' position of the "coloureds" is that it would appear to incorporate the worst of both the developed and the developing experiences. This becomes apparent from Table II which provides a more detailed analysis of the different diseases contributing to the overall mortality of the whites and "coloureds" in the form of cause specific mortality rates for defined age groups. Thus, although cardiovascular diseases are consistently responsible for a fairly small proportion of the overall mortality of the "coloureds", Table II indicates that the actual rates for cardiovascular diseases have been fairly similar for both whites and "coloureds" since 1941.

Clearly, the broad diagnostic categories used in this analysis conceal a certain amount of information. However, because of the changes in disease classification which have taken place since 1929, it is not possible to examine the temporal changes of mortality rates in greater detail. Disease categories with rates greater than 5/1 000 appear in italics in Table II. It will be noted that the mortality experiences of the "coloureds"

(v)Proportional Mortality, accounted for by specific conditions.

(vi) Expectation of Life. This was calculated both at birth (e₀) and at 45 years of age (e₄₅) for both males and females. It expresses the average number of additional years an individual would be expected to live beyond birth and 45 years.

For Africans, the proportional mortality was the only index calculated.

RESULTS

The infant mortality rates for whites and "coloureds" have been lower than the whites have experienced since 1929, the "coloureds" static IMR since 1950 and has not changed. From 1941 to 1970, the IMR showed an improvement of 57.6%, decreased from 164.8/1 000 to 92.2/1 000. This is of particular concern in IMR, the more easily shown in SMRs between 1941 and "coloureds" respectively.

The age specific mortality rate is inevitable, it is the experience of younger age groups in mortality amongst classes that for both whites and the age of 65 years have shown a rising trend. It is of some note that the mortality rates have also increased between 1960 and 1970 for "coloureds" in the 25-44 and 45-64 years age groups.

The imbalance between the age specific mortality rates of whites and "coloureds" has improved or remained constant for persons between the ages of 5 and 64. However, for children less than 5 years of age, the gap between whites and "coloureds" is widening. In 1941, white children under one year old experienced 28.3% of the mortality of "coloured" children;
Total buys District 6 site

By LEON BERKER

THE Total Oil company has bought a site in District Six which Shell South Africa decided not to buy.

Total’s decision touched off a storm of protest from community leaders yesterday.

Mr Casielem Allie, secretary of the Western Cape Traders Association, said yesterday Total was a subsidiary of a French company, and he would send a telegram to the French President, Mr Valery Giscard d’Estaing, if Total did not rescind its decision.

The Cape Times reliably learned from official sources yesterday that Total had decided to buy a 1.390 square metre site in District Six’s New Hanover Street. The site is vacant and zoned for commercial use.

Mr Alphonse Hough, the managing director of Total, said in an interview yesterday that he was not aware that his company had bought a site in District Six.

He said he would look into the matter and comment more fully at a later stage.

Mr Hough confirmed that there were “French interests” in his company. His board of directors, however, was completely autonomous, he said.

Shell took an option to buy the site from the Department of Community Development in 1976 but last November the company announced that it had informed the department that it would not be taking up the option because it was "aware of the sensitivity of District Six".

Mr Andre Liebenberg, public affairs manager for Shell, said in an interview yesterday that his company’s decision had not been made as a result of pressure from its Dutch parent company.

"The way things were developing with District Six helped us make up our minds, however," he said.

Mr Allie said he did not want to cross swords with Total, but his advice to the company was: Don’t anger your customers.

The company was co-operating with the authorities and assisting them with their policy of apartheid, he said.

Mr Allie said he had telephoned Mr Hough to protest about the purchase.

The Rev John Pausin, an Anglican priest in District Six, and secretary of the District Six Ministers’ Fraternal, yesterday appealed to Total to reconsider its decision.

"No reputable company, which I believe Total is, would want to soil their hands with tainted land. I’m surprised they haven’t learned from Antik Data Systems (another company which cancelled plans for a District Six development) and Shell what the honourable course of action is."
Talks next week on total six in district six
3. METHODS OF HEALTH CARE FINANCE

The percentage of GNP is a common rough measure of the resource share devoted to health care. The figures in the table following are cited more by way of illustration than for purposes of comparison. There are the endemic problems of comparability in definition, relative prices, coverage, and the costing basis which are ignored here. The highest shares, not unexpectedly, relate to the richest countries so that there appears to be a positive association with income level. Further discussion of the relationship will be found in other contributions to this conference, notably that by McCraith (1978).

The private health insurance movement was initiated institutionally in 1929 with the foundation in Texas of the first Blue Cross plan and later Blue Shield, although the basic idea is probably much earlier in origin.

Real growth occurred after World War II in the United States and other high income countries (Klarman 1977: 220). Considerable impetus was given, it is said "by the threat of President Truman's proposal for compulsory national health insurance", and by the early seventies about 80 per cent of the American population had some form of private insurance but with differing degrees of protection (Somers 1973: 127). The institutional form can be by individual or group subscription. In the latter instance, decisions to join a plan might be less voluntary than job related and therefore compulsory where membership is a fringe benefit supported by employer contributions. In 1970, 88 per cent of the full-time employed had private health insurance coverage but only 27 per cent of the unemployed in the United States (Davis 1976: 63).

A more significant feature of health insurance, not evident in the table, is the prevalence of governmental involvement in health maintenance plans. The first of these was the Kaiser Permanente plan, introduced in 1945 as a plan for Kaiser workers. These governmentally sponsored health plans now provide care to about 8 million enrollees (Henderson 1975: 146).

The Kaiser Permanente plan had been a "closed" health plan, but in the 1960s a "restructured open plan" was introduced, allowing enrollees to choose their doctors and hospitals. This plan is now available across the United States.

The substantial success of the Kaiser Permanente plan has encouraged others to follow its lead, resulting in a significant increase in the number of enrollees in governmental health plans. The total number of enrollees in governmental health plans is now estimated at 17 million (Henderson 1975: 146).
Total SA wants to extradite site was in SA spy

TOTAL SA became aware of the sensitivity of land deals in Cape Town's District Six only after buying a site from the Department of Community Development.

A spokesman in Johannesburg said today that Cape Town representatives of the company probably knew the site was in District Six, but head office became aware of this only when the District Six issue came to a head.

Johannesburg executives were unaware that Zonnebloem was the new informal name for District Six.

The spokesman confirmed that the company's marketing director, Mr. Athens Kupe, would meet the secretary of the Western Cape Traders' Association, Mr. G. A. de Klerk, to work out mutual differences in a positve manner.

The spokesman stressed, however, that the land deal was irreversible and was totally committed to the development of the site.

Mr. Aliie said in an interview today that he was quite prepared to meet Mr. Hough in a spirit of mutual cooperation and good will.

But Mr. Hough would meet a solid wall of opposition to any land deals in District Six, Mr. Aliie stated.

He added: "When I put to him that I felt others, like Father Basil van Reesburg of the Ministers Fraternal, should also be included in the talks he agreed that they could be included in later discussions."

"However when I prepare my case I will base this with the other organisations concerned," Mr. Aliie said.

He would base his case on the non-political aspect that District Six was the historical national home of the coloured people.

Any development in a closed 'white only' District Six would be demeaning the coloured people of their rightful home.

Mr. Aliie said he would point out to the coloured people that the coloured people would be quite happy to share the area with other races.

The Western Cape Traders' Association and others have proposed Shell and Anluer Data Systems to submit plans to develop in District Six.

X-bray

Argus Bureau

LONDON.--A scheme to build Britain's first concrete hospital is being considered by East Devon planners, the £15 million project to include an X-ray room and operating theatre, would be on a double-storey block.

OK fresh!
Meeting on District Six site

12/13/19

Speaking from Pretoria last night, Father Basil van Rensburg of the District Six Ministers Fraternal said his attempts to discuss the situation with Mr. Hough had failed. While he was the appointed priest of the 10,000 people living in the area, Mr. Hough had “not five minutes to spare,” he said.

According to Mr. Hough, Mr. Hough refused the suggestion that Father Van Rensburg could have been made to the government to reconsider its policy.

Yesterday being the 14th anniversary of District Six being declared a white area, renewed calls have been made to the government to reconsider its policy.
Total refuses to withdraw from Dist Six

TOTAL SA (Pty) Ltd has refused to withdraw from District Six, a spokesman for the Western Cape Traders Association (WCTA) said yesterday.

In a statement issued last night Mr J Ross, assistant secretary and trustee of the WCTA, said Total had decided not to develop for a year the site they bought in District Six.

If District Six was re-zoned a coloured area they would then develop the site and sell it to a 'coloured' businessman. Total undertook to have further talks with the WCTA after a year.

The WCTA rejected the decision taken by Total which was made known to them after a meeting yesterday afternoon between the managing director, Mr Alphonse Hough of Total in South Africa and the general secretary of the WCTA, Mr Cassiem Allie.

Mr Hough told Mr Allie he supported the coloured and black people and was not a racist. He felt the situation may have changed in District Six after a year and undertook not to develop the site in District Six and to hold talks with the WCTA after a year.

DECISION

The sub committee of the WCTA met last night and decided that Total should not develop at all but could come back once the claim of the coloured people for resettlement in District Six had been achieved.

'Once the claim for the coloured people has been met then we will have no objection to Total or anyone coming into District Six but at this juncture we don't want Total in District Six,' the committee decided.

Total has bought a 1300 square metre site in District Six which Shell South Africa decided not to develop because it was aware of the sensitivities of building in District Six. The site in New Hanover Street is vacant and zoned for commercial purposes.

Speaking from Johannesburg today Mr Hough said he was irrevocably committed to the land bought in District Six by the company.

Asked why he refused to see Father Basil van Rensburg, a member of the Ministers Fraternal in District Six, he replied: 'I'll see Van Rensburg if I can also bring my spiritual leader.'

'Don't pull me into your emotional turbulence,' he said.

Mr Hough said he had nothing against the coloured people, the Government or District Six.

'I'm just a happy businessman,' he said.
access, but this is the only unifying thread. The most ambitious variant, the Health Security or Kennedy-Corman bill, could be placed in the present category, although financing is to be jointly through payroll taxes and general revenues. Eligibility is universal, coverage of services is relatively broad and there are no co-payments by patients so that medical care would be free at point of service with federal agencies paying providers directly (Marmor 1977: 78, Glasser 1976: 44-5).

Other illustrations of the category are the East European systems with taxation and profits of public enterprises the predominating sources of finance. But there are interesting variations. Government supplies 96 per cent and 99 per cent respectively of funds in Bulgaria and the USSR at one end of the spectrum in contrast to 46 per cent and 48 per cent from social insurance in Hungary and the GDR at the other. Hospitalisation is universally free, yet surprising features are
(a) some measure of payment by certain patients for treatment and medication, for instance in the GDR, Poland and Rumania.
(b) direct charges for drugs: 30 per cent of all pharmaceutical prescriptions in the USSR in contrast to 5 per cent in the British NHS, and
(c) the tolerance accorded private medical practice even though it is controlled by licensing and heavy taxation (Kaiser 1976: Ch.1).

4. CURRENT PROBLEMS OF ALLOCATION AND FINANCE

This section will examine certain practical difficulties as well as theoretical issues in the production and delivery of services designated as health care. The distinction between practice and theory is a rather forced one, given that the peculiarity of the commodity and the social attitudes towards it are held to be root causes of the deficiencies experienced in the sector. Nevertheless, such a division of topics is convenient for exposition.

There is a general consensus that cost escalation is the most visible and pervasive defect of health systems in rich countries from an economic perspective. This has generated alarm and widespread talk of crisis. Medical care costs rose faster in the past one to two decades than the general price index. In the United States after 1966 "expenditure for
District 6 leaders hit out at Total

TOTAL SA has been sharply criticised by community leaders for its refusal to withdraw from District Six.

Father Basil van Rensburg of the District Six Ministers' Fraternal said in an interview:

'No business house in South Africa today can afford to go against the wishes of the community and Total has set itself firmly in conflict with the wishes of the coloured community.'

Total has bought a 13000 square metre site in District Six which Shell South Africa decided not to develop.

IN CONFLICT

The company's managing director, Mr Alphonse Hough, has said he is irrevocably committed to the land but has undertaken not to develop the site for a year.

Father van Rensburg said that Total was the only firm in the country that had placed itself in conflict with the coloured community by securing land in District Six. He was speaking from Johannesburg where he has delayed his return to Cape Town in an attempt to try to arrange a meeting with Mr Hough.

'As the priest in charge who knows and has shared the suffering in District Six I am deeply dismayed that the managing director of Total refused to give me some time last week to tell him about the suffering,' he said.

Mr Tom Walters, the city councillor for Ward 8 which includes District Six, said he was shocked at the attitude of Mr Hough.

'Mr Hough has said he does not want to be pulled into the emotional turbulence of the issue. I should think the emotional turbulence caused to residents of District Six should make him a very unhappy businessman,' he said.
TOTAL are prepared to delay development of their District Six site indefinitely, but will not call off its deal to buy the land from the Department of Community Development.

The managing director of Total SA (Pty) Ltd, Mr Alphonse Hough, said: “I am a reasonable man. I will delay development for one year, two years, three years...They (the coloured community) can call the time.”

After talks with the Western Cape Traders Association (WCTA) this week, it was announced that Total was prepared to delay development for 12 months.

This was rejected by the WCTA, who felt “Total should not develop at all, but could come back once the claim of the coloured people for resettlement in District Six had been achieved.”

This week, Father Basil van Reinsburg, the Catholic priest in District Six and a leading figure in the campaign to stop the Group Areas Act removal of the coloured people, saw Mr Hough in Johannesburg in a second attempt to get Total to withdraw from the deal.

Mr Hough said he would not back out of the District Six deal – Total is reported to have paid R50,000 for the land.

When the site was developed as a garage, he would do his best to put a coloured proprietor there to operate it on his own account and for his own profit.

And, he “solemnly” undertook to do his utmost to sell it.

The factory workers were “Coloured”, more than half of the men who were on contract workers. In spite of the threat of being endorsed by the African workers are standing firm with their ‘Coloured’ brothers and sisters. On the first day of the strike, men from the Department of Labour tried to separate ‘Coloured’ and African workers who had gathered outside the factory. The workers refused to be separated. One said, “We were all there for the same purpose.”

Moves of solidarity with the striking workers are increasing. At a solidarity last week more than 500 university and college students from U.W.C., Hewat, Peninsula Training College and Bellville Technical College called for workers to be re-employed and for a boycott of Fattis & Monis products.

The Western Province Traders Association says it will instruct its members not to sell the factory’s products unless there is negotiation.

The South African Council of Sport (SACOS) has called on all sports bodies and schools affiliated to SACOS to support a call for re-employment of the workers and a boycott of the factory’s products.

More than 400 students from the University of Cape Town held a meeting and called for a boycott of all Fattis and Monis products.

The Women for Peace movement has called on the factory to negotiate with the workers.

The Cape branch of Nafcoc - the National African Federated Chamber of Commerce - has issued a statement in support of the dismissed workers.

Fattis and Monis insist that there is “no dispute”. However a director of the firm says he is worried about calls for a boycott of the factory’s products by blacks because much of the factory’s trade is with blacks. The management have kept production going by employing scab workers in the place of the striking workers. However production has slowed down.

Who are Fattis and Monis? Fattis and Monis is the factory which produces the following products: The following Record flours; Self-raising flour, Cake flour, Bread flour, Sifted flour, Unsifted flour, Wheatite Treat flour; Philadelphia flour; Koeberg Mille pack - mealie meal; all products with the Fattis & Monis brand name. These include icecream cones, cake cups, wafers, macaroni, spaghetti, large and small shells, pasta ribbons - brood, narrow, plain and green, pain rings, dilatines. Fattis and Monis also pack their pasta products under the following brand names: Princess, Pot o’ Gold, Pick n Pay no name brand, Checkers and Roma. Fattis & Monis also control a number of bakeries in the Cape Town area. These include the Good Hope Bakery in Elsies River, Wrench Town Bakery in Observatory and the Ultra Bakery in Somerset West.
Oil firm refuses to scrap District Six deal

By IVOR WILKINS

Group Areas Act removals of the coloured people, saw Mr Hough in Johannesburg in a second attempt to get Total to withdraw from the deal.

Two companies, Shell Oil and Askar Data Systems, had been persuaded previously to cancel deals to buy and develop sites in District Six.

Father Van Rensburg said after the meeting that Mr Hough had refused to budge.

He had asked Mr Hough either to withdraw from the deal or to develop the site for the benefit of the community, rather than for commercial gain.

"He refused and said he supported Government policy and that if he withdrew, he would join the demonstrators," said Father Van Rensburg.

Mr Hough said this was not true.

In the meeting, Father Van Rensburg said he accused Mr Hough of seeking to protect his Government contracts by refusing to move out of District Six.

Mr Hough angrily denied that.

He said the company's Government contracts were based on business principles and nothing more. He conducted his business on sound principles, not on blackmail, from whatever source.

Economic

He said he would not back out of the District Six deal — Total is reported to have paid R50 000 for the land.

"I have bought the land on sound economic considerations in the same way that I have bought dozens of pieces of land in coloured and white areas," he said.

When the site was developed as a garage, he would do his best to put a coloured proprietor there to operate it on his own account and for his own profit. And he "solemnly" undertook to do his utmost to sell it to a coloured person one day.

Mr Hough said he had sympathy for the situation in District Six.

Although Mr Hough said he had told the WCTA they could "call the time" on development of the site — he said it was the WCTA who had asked for a 12-month delay — the organisation expressed surprise about this yesterday.

Mr Jimmy Ross, assistant secretary of the WCTA, said: "We asked Total to stay out altogether. It was their offer to delay development for a year which we rejected."
New Total site talks

STAFF REPORT

AFTER pressure from a number of their Cape dealers, Total SA (Pty) Ltd have requested another meeting with the Western Cape Traders Association (WCTA) to discuss the company's controversial purchase of a District Six site.

The general secretary of the WCTA, Mr Cassiem Allie, has consented to the meeting, and yesterday discussed with other groups and individuals interested in District Six a policy to put to the managing director of Total, Mr Alphonse Hough.

At an earlier meeting between Mr Hough and Mr Allie, Total agreed not to develop the District Six site for a year.
Total out of District Six

Staff Reporter

TOTAL SA (Pty) Ltd last night agreed to withdraw from its controversial purchase of a District Six site on which it had intended to build a service station.

This emerged during talks last night between representatives of the Western Cape Traders Association (WCTA) and Total. The meeting was called by Total.

After the meeting in the City last night, a WCTA member said that Total had withdrawn after "very friendly, fruitful and cordial" discussions had been held.

"Other suggestions were put to us, which we are not yet prepared to disclose, but these will be put to the various other organizations concerned," Mr. Khan said.

Those representing the WCTA at the meeting were the general secretary of the WCTA, Mr. Cassiem Allie, a former city councillor, Mr. Dawood Khan, Mr. S. Mohammed, Mr. S. M. Alnord and Mr. G. Khan.

They met Mr. Alphonse Hough, managing director of Total SA and Mr. G. Esterlinzen.

Earlier this month it was announced that Total had decided not to develop its District Six site for 12 months. Later Total undertook to have further talks with the WCTA.

The site from which Total have agreed to withdraw is the same site which Shell last year decided not to develop because it was "aware of the sensitivity of building in District Six".
SA has 38% of Total

A MULTI-MILLION rand deal has gained the Rembrandt Group a 20% interest in the South African subsidiary of the French petroleum company, Total SA Pty Ltd.

Total’s shareholders have agreed to increase the company’s capital by 25% through the issue of 9 million ordinary shares.

"Negotiations have now been concluded whereby existing shareholders unanimously decided to issue the new shares to Partnership in Industry Ltd, a wholly-owned subsidiary of Rembrandt," a Total spokesman announced yesterday.

The existing shareholders in Total SA are Compagnie Francaise des Petroles of France, the Volkskas Group and Old Mutual.

The new purchase increases South African holdings in Total SA to 38.4%.

Sunexp 2/3/80 64
Liquor prices in bars to increase

Staff Reporter

FROM March 3 the price of all spirits except whisky will rise one cent a tot in Cape Town hotels, bars and restaurants, while whisky will rise by three cents a tot, according to reliable sources in the City last night.

The price increases form part of the snowball effect KWV price hikes and overseas whisky price rises have had on the industry.

Sapa reports that in Johannesburg the price of spirits will go up an average of five cents a tot in hotels, bars and restaurants, and wine will go up an average of 50c to 55c a bottle — making it the most expensive drinking city in the country.

Whisky recently rose an average of 15 percent in price overseas while wine rose between 10 and 12 percent in Johannesburg.

Anticipating possible consumer resistance, the Transvaal Hotel, Liquor and Catering Association has attempted to halt the cost spiral.

"Even though hotels have had increases in running costs in the past year, we have decided not to incorporate them into a liquor price increase," a spokesman said.

The Transvaal association has recommended that hotels and bars do not increase the price of liquor above their usual mark-up on the wholesale price increase.

Prices will vary from hotel to hotel, largely dependant on star ratings and area.

Most Transvaal hotels are still working out how much more they will charge. As one five-star hotelier said, "Hotels don't have to take cognizance of the recommendation.

It has been pointed out that the higher wine prices are hardly geared to boost consumption of the aging fruit of the vine, badly crippled by the beer war eroding profits.
Van Gertrud Koop
Michelin, the French tyre manufacturer, has no intention of pulling out of South Africa, Mr Bob Harrison, Michelin director for Southern Africa, said in a statement today.

Mr Harrison, who has just returned from Paris, described as "completely untrue," a report that the company did not have the production capacity worldwide to supply the demand for its car, truck and earthmover radial tyres.

"The confusion may arise from the fact that in June we gave notice to Leyland South Africa, a long-term distributor, that the distribution agreement would end in December.

"Distribution from January will be handled by a special Michelin division being set up by the Sigma Powes Corporation.

"Far from pulling out of this important market, we look forward to renewed expansion under the new distribution arrangement," said Mr Harrison.
The director of MICHELIN, the French tire giant, has said it was "untrue" that the firm's 
operations in South Africa were "harmed" by the question of the future of the Apartheid system.

Michelin, which is owned by the French government, has been accused of supporting the apartheid regime in South Africa. But the company has denied these allegations.

"We are not interested in the future of the Apartheid system," the company's chief executive, Mr. Bob Harris, said in a statement. "We are interested in the future of our business in South Africa, and we will continue to invest in the country."
CAPE TOWN — A massive injection of capital — probably more than R15-million — is likely to come to the Western Cape in terms of a contract being discussed by Leyland South Africa and Renault of France for Leyland to make Renault cars in South Africa.

Leyland are not willing to discuss the contract but I understand that it will be to make a big Renault, probably the successor to the 1.7 litre Renault 12 which will be built with tooling supplied by Japan. Other parts — probably injection-moulded, plastic body items — will be imported from Britain. The car would be on sale late in 1982.

The Renault Five, the only model being manufactured in South Africa, is produced by Motor Assemblies in Durban, where they also turn out Toyotas.

The plant would continue, however, to build the Five for the rest of its model life but does not have the capacity to take on Leyland. On the other hand, in spite of its open-ended contract to build Sigma commercial vehicles, the plant still has spare capacity at its Cape plants and is easily able to take over the making of the bigger Renault which would increase its own profit and provide more job opportunities in the Western Cape.
FRENCH
TO OPEN
BANK
3/5/51
SUBSIDIARY

Finance
Correspondent

FRENCH Bank is to set up a new merchant bank, to be known as French Merchant Bank.

Pretoria has already approved a banking licence for the new bank, which will have an initial authorised share capital of R2 million.

French Bank is 55 percent owned by the giant French group Banque de L'Indochine et de Suez (Indosuez). The merchant bank will be a subsidiary of French Bank, so no new money will enter South Africa from France.

The new bank is expected to be in operation before the end of 1961 and full details of its operations will be released later.

A French Bank spokesman said: "We have a lot to talk about and to think about before we get cracking". He added, however, that the bank’s business will cover "normal merchant banking activities. French Merchant will be South Africa’s ninth merchant bank.

French Bank itself ranks near the top of South Africa’s smaller clearing banks, but well below the five giants. Its assets totalled R812 million at the end of 1959.
Continuing progress

Activities: Registered commercial bank and foreign exchange dealer. French-based Banque de l’Indochine et de Suez owns 54.5% of the equity and Gencor 30%.

Chairman: G. Dangelier; managing director: M. Morcel.

Capital structure: 5m ordinaries as preferred shares of 50c. Market capitalisation: £9.6m.

Financial: Year to December 31 1980
Share market: Price: 120c (1980-8 high, 180c; low, 98c; trading volume last quarter, 47,000 shares). Yield: 16.3% on earnings; 8.8% on dividends. Cover: 1.8; PE ratio: 6.1.

French Bank’s profit performance in 1980 mirrored the growth in the economy and also reflected benefits from expansion of the range of services offered. The result was a net profit increase of 37%, which compares very favourably with the growth rates of the larger banks.

<table>
<thead>
<tr>
<th>Description</th>
<th>1980</th>
<th>1979</th>
<th>1978</th>
<th>1977</th>
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</thead>
<tbody>
<tr>
<td>Total assets (fkm)</td>
<td>158</td>
<td>214</td>
<td>232</td>
<td>213</td>
</tr>
<tr>
<td>Return on assets (%)</td>
<td>6.4</td>
<td>4.4</td>
<td>4.2</td>
<td>4.5</td>
</tr>
<tr>
<td>Return on equity (%)</td>
<td>14.0</td>
<td>11.3</td>
<td>13.3</td>
<td>12.4</td>
</tr>
<tr>
<td>Taxed profit (fkm)</td>
<td>817</td>
<td>927</td>
<td>1,041</td>
<td>1,068</td>
</tr>
<tr>
<td>Deposits (fkm)</td>
<td>344</td>
<td>264</td>
<td>258</td>
<td>252</td>
</tr>
<tr>
<td>Advances (fkm)</td>
<td>893</td>
<td>762</td>
<td>113</td>
<td>110</td>
</tr>
<tr>
<td>Earnings (fkm)</td>
<td>13.0</td>
<td>16.5</td>
<td>17.7</td>
<td>19.6</td>
</tr>
<tr>
<td>Dividends (fkm)</td>
<td>8</td>
<td>8</td>
<td>9</td>
<td>10.9</td>
</tr>
<tr>
<td>Net asset value (fkm)</td>
<td>59</td>
<td>138</td>
<td>152</td>
<td>185</td>
</tr>
</tbody>
</table>

This improved performance meant a fairly substantial gain in the return on equity to 12.4% (11.3%) which, though lower than figures reported by the big three banks, is back on track to the 14% recorded in 1977.

Presumably French Bank’s return on equity is lower than others in the sector because of the nature of its business – like the financing of capital equipment in a period of high liquidity. And its exposure in the fast-growing consumer sector where demand for HP financing has helped keep it banking profitability growing. In addition, French Bank is not present in the merchant banking field where the other major banks have invested large sums. Moreover, recent gains can be established in a merchant banking role, with a profit benefit from the balance sheet.

Major contributions from French Bank’s profit performance included the financing of imports and exports. French Bank finances the financing of banking both internally and externally, and expansion of this activity is planned.

Last year, the bank also reported an improvement in its leasing department despite the general high level of liquidity in the economy. And, for the first time, the bank entered the leverage leasing market.

Chairman G. Dangelier says the money and capital market division continued active with increased market penetration. He hopes for some relaxing of official controls in this market, which would create better opportunities for the banks.

Changes to asset structure included a drop in investments – notably listed dated securities – to £11.3m (£22.3m), presumably a reflection of the bottoming of interest rates. On the other hand, advances increased £2.1m to £11.85m, cash by £3.8m to £12.1m and bills discounted by £1m to £27.5m.

Performance this year, judging by management comments, should reflect continued progress, with new operations set to contribute to profit. In addition, results could benefit if the De Kock Commission recommends a relaxation of controls in the banking industry.

The share traded at 120c, yielding an historic 16.3% on dividends, which compares with a 6.4% sector average. In view of diversification plans, an improvement in the price seems possible.
Southern Africa.

The industry's role of transport in the region was highlighted in a report on business transport under the headline "Some French businessman in bid for SA trade." The report discussed the importance of transport in Southern Africa and its impact on the region's economy. It highlighted the challenges faced by the industry and the need for investment to improve transport infrastructure.

The report also mentioned that over 1,500,000 tons of goods pass through Southern Africa annually, and the region is a major trading hub between Africa and Europe. The report concluded that the industry must focus on improving its infrastructure and services to attract more businesses and investors.
French manufacturers of transport equipment are among the most sophisticated and prolific in the world but, as an industry, they have a relatively low profile in South Africa where comparatively little of their equipment is being used.

French equipment already in use in South Africa is here more as the result of South Africans scouring world’s markets for the best there is for a specific use — the Airbus is an excellent example — than of the manufacturers of the equipment trying to open this market and establish a presence here.

Seven French manufacturers of transport equipment will be taking part in ITEC ’81 and they will be making a determined effort to capture a significant share of the local market in the sectors in which they operate.

The seven are: Equip Rail, Francorail, TCO, Mors, UTA, Paulstra and Sofredu. They are part of an industry which employs between 20 and 30 percent of France’s entire working force; an industry that has supplied some countries with their entire rail transport systems; one which competes on level terms with the giants of West Germany and America in their own countries.

The French shipbuilding industry is reasonably well known in South Africa, having built a number of vessels for the Conference lines serving South Africa, as well as some of our naval vessels, and supplied before the application of the UN-inspired arms embargo.

Commercially, the French aircraft industry is known in this country more for the Airbus than any other type of aircraft.

There are French trucks that, one feels, would operate well under South African conditions, but it would be difficult to introduce them to this market which is already very well served by a number of manufacturers who are not only already well established, but already supply an across-the-board range of products.

The biggest opening on the South African transport scene appears to be for France’s manufacturers of railway equipment, who are third in the world as far as volume of products is concerned, ahead of even West Germany — one of the main suppliers to South Africa — and behind only the USSR and America.

This industry has a 13 percent share of the world’s export market and supplies more than 40 percent of Europe’s rail transport equipment.

This sector of industry employs more than 30,000 people whose productivity is twice as high as the national average. In 1980, its turnover was more than R1,4-billion and its orders for exports were 406 locomotives, 4,295 goods wagons and passenger carriages.

The French rail industry has achieved an impressive number of technological break-throughs, many of which are now being used worldwide. Among them are improved suspension and braking systems, the widespread use of thyristors which has led to locomotives having to be called in for inspection only every 2-million km and new types of transmissions.

The flower of all this is the TGV (Tres Grande Vitesse), or very high-speed train, which in February, set a new high-speed record of 380 km/h.

By the end of 1983, there will be 87 TGV trains in operation in France, built at a cost of R400 000 each, but they will cruise at a more modest 260 km/h and will, for example, reduce the time for a journey between Paris and Lyon from 2.5 hours to 1.5 hours.

At the beginning of June, this sector of industry sent a mission consisting of representatives of 17 firms, under the leadership of Mr Henri Julien, to South Africa to establish contact with the SAB, which is to spend R180-million on development during its current financial year.
No brake on French presence

Business Reporter

EDWARD L BATEMAN, one of the leading engineering companies quoted on the JSE, has concluded an agreement with the multi-million rand French Valeo group to market fluid couplings and industrial disc brakes made by one of its subsidiaries, Sime Industrie, in Southern Africa.

Sime is not the only large French company to set its sights on expansion and the establishment of a presence in South Africa. As reported in the Sunday Express on July 19, seven French firms will be exhibiting at Itee, the biggest transport exposition yet held in South Africa, which starts at Johannesburg's Milner Park showgrounds tomorrow.

Some will be showing their flag in this country for the first time — at a time when some of the hierarchy of the new socialist regime in France is making decidedly anti-South African noises.

However, as a French businessman pointed out in the Sunday Express of July 19, President Francois Mitterand needs money to implement his policies and is not too particular where it comes from.

He did nothing last week to stop the export of the reactor for the Koeberg nuclear power station in the Cape.
The problem arises when the investment is not accounted for on the Equity Method, and we are to consider the capitalised interest relating to such borrowings. The question arises as to whether the full interest should be eliminated from the earnings of the associate before the investor calculates its share of the profits, or just 40% of the profits, based on the percentage holding. The views of two prominent accounting firms, with which I concur, is that the investor should...

Associate company are discussed, interest financial state-
tements of the associate is also lefts, as can be seen from the fol...

NUREMBERG - Maschinenfabrik Augsburg-Nurnberg, MAN, says a consortium it forms with Alsthom Atlantique of France has obtained a letter of intent for a R300-million South African turbine order.

MAN expects the letter from Ecorun to lead to a firm contract by the end of 1981 or early 1982. The order will be for six 600 megawatt turbines for the coal-fired Matimba power station in North-Western Transvaal.

It will only be possible to say what MAN's share will be when a firm order is obtained. Finance will be largely obtained outside South Africa, as most of the order will be manufactured in Europe. — Reuters.
Foreign Firms in S.A. French

1982 - 1985
French warned on investment in SA

Mail Correspondent

PARIS. — French bankers, financiers and businessmen have been officially warned that they have only another five good years to invest in South Africa.

From 1986 onwards there could be major financial losses caused by Pretoria's apartheid policy, says an official French trade guide.

"There is little short-term risk over the next five years," it says.

The guide is known as Moci — Moniteur de Commerce Internationale — and it is published by the official French Centre for External Trade.

It does not necessarily express the policies and views of the External Trade Ministry, but it reflects Government thinking and is never ignored by French businessmen.

Its world political risks forecast said: "There is only 25% investment risk over the next 12 months, but a 45% risk of major losses in five years."

The business environment risk index said: "A 50% risk over the next 12 months and 57% over the next five years."

It warns there will be "violence and disorders affecting foreign firms between 1985-86. These firms must watch the thrust to the right which is opposed to unrestricted free enterprise."

Risks were currently

France is South Africa's fifth trade partner (5.3%) after the United States, West Germany, Britain and Japan. Moci figures show that France's exports to South Africa in 1989 totalled about R3 620-million.
Institute warns of violence in SA

Own Correspondent

PARIS — Violence and disorder will hit foreign firms operating in South Africa over the next five years, a commentator has warned in a bulletin of the French Foreign Trade Institute.

"Foreign firms must watch for action from the right, opposed to the unrestricted activities of free enterprise," the Beri Economic Forecasting Institute warned in the report.

Another commentator described the current "disunity between blacks and the white minority" as a key element in future trading with South Africa.

France is currently South Africa's fifth largest supplier behind the United States (19.2 percent of foreign trade), West Germany (18.3 percent), Britain (17.1 percent), Japan (12.7 percent), and has 5.3 percent.

The Monitor for International Trade bulletin points to increased interest in French technology which "was not known only a few years ago."

"France has a good delivery record, a better after-sales service and a weaker currency than its main competitors," said the institute which tends to reflect the line of the Foreign Trade Ministry.

South Africa was a "good payer" the magazine noted, but it stressed other risks connected with separate development. Although there was little sign of trouble in the short term the Institute warned companies to take precautions and keep a low profile.

The Beri agency also warned of increased labour problems in the coming years, with an increasing demand for recognition by the black unions "and an attempt by the Government to eliminate them."
French radiators

FERODO will spend more than R25-million this year on a new factory at Pinetown, Natal, which will make the French Sofica car radiator.

The company is determined to capture at least half of the lucrative R50-million a year car radiator market in SA within three years.

Announcing the development, Ian Duthie, MD of Ferodo, said his company had decided to establish the factory after investigating the market and reaching an agreement with the Valeo Group in France who developed and manufacture the Sofica radiator.

"The Valeo Group is Europe's largest producer of automotive radiators and heat exchangers," says Duthie. "They have made 17-million since 1973. Ferodo's parent company, Turner and Newall, has an equity share in the group.

"While most of the radiators are made in France, Valeo also has subsidiary companies in Italy, Spain, America, Brazil and Mexico. The group has granted licences and manufacturing agreements to Volkswagen in Germany, Japanese manufacturers, British Leyland and Autopal in Czechoslovakia."

Duthie said that the Sofica Division of Ferodo would be housed in a Pinetown factory and assembly of car heater heat exchangers would begin in July this year, with full manufacture of car radiators beginning in January 1983.
Some Monday mornings can be worse than others. Take Monday June 16, 1980 at the Volkswagen factory in Uitenhage. At 8 in the morning 4,000 workers downed tools and streamed from their places of work to congregate on the lawn outside the Managing Director's office.

Following events included:

- A history of political activism, particularly by the ANC and Black Consciousness movements, in the Eastern Cape;
- Major investment by Ford, General Motors and Volkswagen creating a high degree of prosperity and dependence in the Port Elizabeth-Uitenhage area;
- Increasing organisation of white, coloured and African trade unions in the Eastern Cape motor industry;
- A protracted and messy strike at Ford in 1979 dragging on into 1980;
- The creation of highly active and politicised black community organisations in Port Elizabeth and Uitenhage (PESCO and UDOG) in 1979, protesting a range of issues including equal housing conditions;
- A focus on international attention on the automobile manufacturers as a result of pressures on their parent companies and their commitments to the Sullivan and EEC codes of employment practice;
- Wage rates for less skilled workers in the FE-Uitenhage automobile industry being higher than those in the competitor companies in the PWV area, but pressures being maintained for still higher wages in the Eastern Cape;
- Booming economic conditions demanding increased output;
- Industrial Council negotiations in progress for a new management-union agreement for effect from 1 August 1980, but not yet signed.

The result is a substantial five-day case running to nearly 400 pages of text and exhibits and creating opportunities for:

- Environmental scanning and insights;
- Strength and weaknesses, access for management and union teams;
- Developing perception and empathy for management and union dilemmas;
- Handling international intervention.

But most important of all the case sketched the "big picture" of industrial management in South Africa. Many other companies in Uitenhage organized strikes this time. Some had industrial links while others were "locally owned and run." Union officials and company management had to work within a complex bridging array of corporate, community, regional, national and international pressures.

It is an ongoing process that the learning experience for participants will be different and the corporate policy options, as opposed to a narrower industrial relations field, are relatively flat.

In the last year the case was given a final run by a GSB team over two days, with a group of participants from industry and commerce. It will be developed further this year on the MBA and selected executive courses, the intention being ultimately to make the case available for wider use outside the GSB.

New friends and some valuable lessons

Prof. Simpson's visit to U.S.A.

It was of great interest to see the tremendous pressure on the American economy, Professor Simpson said on his return from a recent trip to the United States.

"We found the market conditions were much tighter than we expected," he said.

"The big companies are running in losses that they simply cannot continue handling indefinitely.

"Profit in the auto industry has been traditionally derived from the sale of durable consumer goods," he said. "In addition, with the high cost of fuel, the decision to spend in the next case of the problems experienced by such corporations in the U.S. economy.

"Also," he added, "in a growing number of American and beginning to question whether "Teeraphims" is working."

The main purpose of Professor Simpson's visit was to develop links with other Graduate Schools of Business and to establish new ties with prominent individuals at these schools.

In that respect I believe the visit was a success," he commented. "We now have very strong ties with a number of universities, including Harvard, Wharton, Columbia and Chicago. The result is we find we have access to potential skill for our GSB to a greater degree than ever before - even to the extent of having a choice of candidates."

A highlight of Professor Simpson's American visit was his attendance at the annual Consumer Research Association's convention at St Louis, where he met people who speak collectively at the forefront of consumer marketing in the world.

"We had to be dreadfully concerned at the lack of an understanding theory on the marketing vacation among academics but based on the subject matter in the future."

What was of value was that at least the experts were beginning to talk about the subject matter.
SOLUTION TO: GL5

ACCOUNTING A
ONE OF the recent surprises in international commerce has been the continuing close ties between France and South Africa.

When President Mitterand took office last May, it was widely assumed that he would take a hard line on economic ties with Pretoria. The socialist party's programme committed the new government to curtailling France's considerable investment and trading ties with this country in favour of warmer relations with neighbouring black-ruled states.

Relations with South Africa remain undisturbed, however. A French banker in Johannesburg says: "I don't see any difference — better or worse."

The French Trade Commission in Johannesburg, manned by 20 people, is one of the biggest of any foreign country.

President Mitterand's inaction on South Africa is widely ascribed to nothing more than typical Gallic pragmatism or, less kindly, France's eagerness to have its bread buttered on both sides.

South Africa remains a lucrative market for French goods. French exports totalled 5.5 billion francs in the first 11 months of 1981, 46 percent higher than in the same period a year earlier.

Much of the increase has been in power station equipment. Alsthom Atlantique and a subsidiary are members of two consortia awarded contracts to supply turbine generators and boilers for new coal-fired power stations.

French companies are already major suppliers for the Koeberg nuclear power station now nearing completion. Despite the international furor over deliveries of nuclear fuel to South Africa, the French company Framatome has unashamedly admitted that it has taken delivery of enriched uranium for the manufacture of Koeberg's fuel rods.

Several large contracts have been awarded since the Socialists took office, despite efforts by companies from other countries to convince South African purchasers that the French would no longer be reliable suppliers. A French company Courret has won a $3.8-million order from South African Railways to install an experimental automatic ticketing system.

Coface, the French Export credit guarantee agency, has not restricted cover, even though its exposure to South Africa is understood to be among the highest to any country.

Tony Ewen, managing director of Fulmen Africa, a wholly-owned subsidiary of Compagnie Generale d'Electricite (CGE), says "Applications for financing have been handled more expeditiously by the present government than the past one."

Between 50 and 60 French companies have significant direct investments south of the Limpopo, but no efforts have so far been made to restrict their activities. Indeed, Fulmen Africa has doubled its share capital since the Mitterand government took office.

South African exports to France have risen slowly in the past 18 months, moving up by only 5 percent to 5.9 billion francs between January and November 1981.

The reason is not political, but the result of lower demand for uranium, manganese, wool, fruit and other South African mineral and agricultural products,
TOTAL withdrew from District Six two years ago and the matter of its involvement in the area was dead, Total's chairman, Mr Alphonzo Hough, said today.

Mr Hough was commenting on a statement in Parliament by the Minister of Community Development, Mr P. Kotze, that Total had asked on March 9 this year for its 1979 purchase of a District Six site to be cancelled.

'We withdrew in 1980 in consultation with the coloured community, who are good customers of our firm. There have been no further developments since February 1980,' Mr Hough said.

'I can't account for the Minister's records. Our file was closed two years ago.'

He said Total had kept its doors open to the coloured community and would do business with them again on their request if certain areas were declared open.

Senior officials of the Department of Community Development said today they could not comment on the Minister's statement, which was in a written answer to questions by Mr Colin Eglin (FPF, Sea Point).

Mr Kotze was not available for comment.
District Six site not wanted

By MICHAEL ACOTT
Political Correspondent

A MAJOR oil company has requested cancellation of its purchase of a District Six site where it had planned to put up a filling station.

Total South Africa (Pty) Ltd bought the 1 866 square-metre site in December 1979 for R60 000. It was the first business organization to take up land in the area from which thousands of coloured people have been moved since it was declared white in 1966.

The Minister of Community Development, Mr Pea Kotze, disclosed yesterday that the company had asked on March 9 this year for the sale to be cancelled and that this request was being considered.

Replying to questions tabled by Mr Colin Eglin (PPF Sea Point), Mr Kotze said Total was one of four private organizations which had bought land for a total of R200 317 in District Six. Three other sites had been sold to the Department of Community Development for R191 000, while the Technikon had paid R5 million for a campus site.

The details led Mr Eglin to repeat his appeal to the Prime Minister, Mr P W Botha, to reverse the Group Areas Act decision and allow coloured people to return to District Six.

The Total move showed the reluctance of Cape Town's business community to become involved in a "whites only" District Six, in spite of repeated government invitations, he said.

Mr Kotze told Mr Eglin that the Total company's request for cancellation of the sale had to be considered by the Community Development Board and the Treasury, because cancellation could be interpreted as amending a contract to the detriment of the State.

The other three private sector organizations to purchase land in District Six were M Raw Investments, which bought a site for a bottle store, Metier (Pty) Ltd, which planned group housing and an old aged home, and the Afrikaanse Christelike Vroue Vereeniging, who planned a creche and office complex.

NOTE CAREFULLY

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Made in South Africa

Preliminary Draft
MOTOR INDUSTRY

New leader for Sigma

Fred Butter, MD of the troubled Sigma Motor Corporation, has resigned abruptly to take up an unspecified business undertaking of his own. He is the sixth top Sigma man to go since April last year.

Butter’s resignation was announced at a top management meeting this week by chairman Chris Griffith, who took the opportunity to introduce the new MD, Spencer Sterling. At the time, Butter was on leave after attending last week’s golf tournament at Sun City in which Sigma has a sponsorship stake.

Sterling, 48, is a South African with a BSc Eng from Pretoria University. He has held senior posts with Ford in various countries for most of his 25-year career in the industry. This gives him a wealth of experience in product engineering and production, which Butler lacked, having come to the job via the retail side of the business.

Sterling’s last job entailed directing a major Ford expansion in the Republic of China (Taiwan), but he returned to SA this year to become MD of Autocast foundries in the Messina group.

Motor men describe him as “not easy to push around.” He will probably need to be, to stand up to Griffith who has been accused of extraordinary involvement in the management of Sigma and not letting the professionals get on with the job. Griffith disagrees. Last month, he told the FM that Sigma’s difficulties were partly due to the fact that the companies under him in the Amic group were too decentralised.

But whatever the merits of Griffith’s involvement in the day-to-day running of the company, he must bear most responsibility for the high turnover of its top management. It could be argued that they were poorly chosen in the first instance, poorly supervised or poorly motivated in the second. In fact, Griffith told the FM that those who had left were not up to standard, despite the fact that some now appear to be in better jobs.

Forecast

There are other areas where Griffith has shown his inexperience in the motor industry. He has convincingly demonstrated a poor ability to forecast its trends. Last year, he predicted a return on capital employed of around 12% for 1982; he now concedes the company will make a loss.

In the Seventies, he predicted that there would soon be only four motor manufacturers; there are still 10. Early last year, the company announced a R320m capital expansion programme which must have had his approval. It is now trimming its plans.

Some time ago, Griffith set as a goal a 25% share of the car market for Sigma. Its current share is around 16%. It has only one big seller, the Mazda. Of its other two makes, Griffith admits that the Peugeot is not likely to get a big market share and admits that the Colt is a little long in the tooth.

For the first time in its six-year life, Sigma has an MD with long experience in motor manufacturing at its head. Perhaps, if Griffith has at last made the right management choice, he should also take a back seat and let the new MD get on with the job.

MACHINE TOOLS

Trial for tools

Mitco Tools’ project to manufacture Spain’s Holke turret milling machine tools locally may be a prime candidate for protection by the means of production subsidies rather than import tariffs.

The idea of this form of protection has been mooted by Reserve Bank adviser Professor Jan Lombard (FM November 12). The advantages are that the costs would not be hidden as is the case with tariffs and that they would have to be debated in Parliament, which would force a more thorough cost/benefit analysis of the industry requiring the protection.

Another advantage is that when the protected industry cannot fully supply local demand, imports to make up the shortfall would not have to carry any duty.

Mitco’s application for 30% import duty on turret milling machines, 20% on parts (with a mass above 40 kg) and rebates of duty on certain parts to be imported by Mitco has drawn strong protest from importers of built-up machines.

Objections made by Robert Skok, chairman of Robert Skok & Sons, include:

Sigmas top managers last April. Those marked X have gone. They are from left: Caton, Moss, Meyer, Butler, Jackson, Gorlei, Lemmer, Short and Shirley
now attracting people who would not ordinarily look to building as a career.

All costs, including accommodation, are borne by Balsa through its Building Industries Recruitment and Training Fund.

AIR FREIGHT
Clipped wings

Affretair, Zimbabwe's national air freight carrier, has been taken over by the government-controlled Air Zimbabwe (AZ).

It was originally set up during UDI with private and Rhodesian government finance to bust sanctions. It operated under many names, and flew at least one aircraft registered in a middle-east country, but was best known as Air Trans Africa.

Its best-known coup was the air freighting of several tonnes of Rhodesian beef for an OAU conference in Libreville, Gabon.

Hard times

During the past year, Affretair fell into hard times and was rumoured to be in financial difficulties.

Its MD, Jock Mulloch, a former World War 2 fighter pilot, was killed in February when the rebuilt Spitfire he was flying crashed during a storm. And one of its aircraft was seriously damaged by an electrical fire.

LEAVING LEAVES

SA tobacco production has dropped some 41% in the past three years.

According to the latest Tobacco Board (TB) Report, the figure dropped from 47 700 t in 1979 to 27 800 t in the 1981-1982 season. At the same time consumption has remained fairly constant at about 37 000 t.

Since 1979, a total of 1 300 producers have left tobacco farming, with 9 000 ha less land being cultivated. Many of those who have left are smaller producers who have turned to other crops.

An industry spokesman says the move away from tobacco was caused by the surplus in 1979, increasing costs of production and upgraded quality requirements of the TB and health authorities.

Slackening production is already taking its toll on imports and exports. Flue-cured tobacco imports jumped from almost 2 000 t in 1980 to 7 000 t in 1982; exports of 6 200 t in 1981 have fallen to 3 300 t this year.
Venda lands R16-m
12/12/82
French C. credits

Finance Editor

VENDA is to get R16 million in capital lines of credit for agricultural and industrial development from a French bank.

The arrangement has been negotiated by Agtec, an LTA Mitec company specialising in agricultural projects.

"This represents a breakthrough for Venda," Hans Kruger, chief executive officer of the Venda Development said this week. "The French aid will be of considerable value in planning future economic development."

Two general credit loan agreements with the development corporation and the agricultural corporation have just been signed in Sibasa.

The first project to benefit will be the Tshandama Estate agricultural scheme.

The French lines of credit will be used for farming, irrigation and processing equipment, all to be supplied by French manufacturers. Certain planning and engineering services may also be carried out in France.

The French credits are understood to have been offered under very favourable terms of interest and repayment.
**TECHNOLOGY**

French-SA link in coal project

A new force in national coal processing has been forged between France's leader in coal-processing technology, Five-Car Babcock (FCB), and Titaco Projects of Braamfontein.

The stimulus behind the joint venture, owned on a 50:50 basis, is the boom in the national coal industry and the massive increase in coal exports.

**NO 4 SPOT**

South Africa has moved from a non-exporter in 1960 to the world's No 4 and is expected to be No 3 by 1990.

The partners have formed a new company, FCB. Initially it will concentrate on coal processing but, as it gathers strength, FCB's extensive knowledge of coal handling and processing built up over 60 years and its involvement in 200 plants, will be combined with Titaco's ability in the managing of big national projects.

FCT managing director Mr R P Meyjes said, when launching the company, that every one, including the Government, realised that the economy needed a replacement for gold to earn foreign exchange.

As a result, the exportable coal quota had been increased to 80 million tons a year towards the end of the present decade.

"All this put together means large-scale investment in the coal industry."

"The implications of 80 million tons a year, in terms of new plant capacity, is that at least 12 new plants of from three to five million tons-a-year capacity will have to be built before 1990."

"France, South Africa's biggest customer for power-station coal, realises this potential more than others. "Increase in market share, however, goes hand in hand with marketing development, which, again, goes hand in hand with an increase in the level of local representation.""

In addition, he said, the engineering market had grown rapidly more sophisticated in the past 10 years. This means that any company wishing to sell a costly plant on a turnkey basis must have local engineering and process representation on a commensurate level to that of its clients.

**CONCLUSIONS**

FCB had been moving in this direction since 1960 but lacked the project-engineering partner.

"Titaco, formerly Barbeton Iron and Steel, quickly came to the same conclusions and the link was forged," said Mr Meyjes.
Terrorists hit SA—French nuclear deal

Own Correspondent
PARIS — France's most dangerous and mysterious terrorist movement has warned the French Government to drop plans to sell a second nuclear power plant to South Africa.

The Bakunin Movement, named after the 19th century Russian anarchist Mikhail Bakunin, has already attacked 14 targets with explosives in Paris in the past year. Yet police are no nearer to discovering the size of the movement, identifying any of its leaders or members or finding its real aims.

The most recent victim was Belgian industrialist Baron Edouard Empain whose small aeronautical equipment firm in Paris was blown up on Sunday.

A letter sent to three newspapers and signed by the movement claimed to have attacked the firm because it was "selling arms to massacre peasants in the Third World". It then went on ominously to say that "if the French Government does not abandon its plans to sell a second nuclear power plant to South Africa then it will have to bear the consequences".

Police are taking the threat seriously. Previous targets have included several firms trading with the Soviet Union and the communist bloc, firms dealing with rightwing dictatorships in South America and a branch of the Rothschild Bank in Paris.

The Soviet ambassador here last month requested special police protection for his diplomats.

The movement's 14 previous explosions were all carried out just before dawn, usually on Sundays when nobody was about. So far there have been no casualties.

Police believe the movement is composed of militant anarchists who have clearly been given special training to carry out sophisticated explosive attacks.

South Africa has so far not asked firms to tender for a second nuclear power plant but in the past four weeks the French Press has reported a split in the French Cabinet over such a deal worth 2000 million.
Renault R42-m expansion: new model, new name

By Don Robertson

RENAULT Africa, soon to be known by its new name, Euromotors, plans to invest R42-million in South Africa over the next two years to launch the new RS model, European "Car of the Year" in 1983.

To finance the project, which will herald a concerted attack on the local market, the company has established a unique, six-year leasing agreement with a group of financial institutions headed by the French Bank and Barclays.

The balance will be provided by the parent company in France.

In terms of the local borrowing facility, R26-million will be provided by a group of financial institutions which will buy the tooling and other equipment and lease it to Renault for a period of six years.

Tax concessions and "favourable" interest rates will mean that the company will pay an effective rate of between 4% and 5%, according to managing director Bernard Vernoux.

Regie Renault of France will provide the remaining finance in the form of spares.

At the end of the six-year leasing period, Renault will consider the establishment of its own assembly plant.

The new model will be produced at the Leyland assembly plant in Eithes River, which is operating at well below capacity and threatened with staff lay-offs. The RS model will continue to be assembled by Toyota.

Renault currently enjoys a 2.5% share of the SA market, but hopes to boost this to around 6% in the second half of the year after the launch of the RS model, expected in June.
Renault returns to SA with R42-m

After an absence of nearly seven years — during which time the Renault 5 was manufactured and marketed by the Wesco Group — Renault has returned to the South African car market as the 11th independent car company marketing passenger cars and light commercial vehicles.

The new company, Euromotors, operating as Renault Afrique, is based at its custom-built new headquarters at Jet Park near Jan Smuts Airport, from where sales and marketing administration, training, national parts distribution and after-sales will be co-ordinated.

With a total investment of R42 million during the next two years Renault has illustrated its determination to become a major force in the South African car industry. The Renault 5 will continue to be manufactured at the Toyota plant in Natal, while the Renault 9, which has had much success in Europe, will in terms of a manufacturing agreement with Leyland South Africa be built at the company’s Elsies River plant in Cape Town.

Spearheading Renault’s return to South Africa is Mr Bernard Vernoux, managing director of Renault Africa, who has served Renault in various executive capacities for the past 23 years.

He is assisted by Mr A P van Z (“Mossie”) Mostert, previously an executive director of Renault in the Wesco Group and now appointed marketing director of Renault Africa, and Mr Alec Botha, the new company’s after-sales director. There is a staff of 100 at head office and 15 engineering technical staff at the two plants.

When the Renault 9 is launched later this year it is Renault Africa’s aim to sell in the order of 1 000 units a month for the balance of 1983. “We see the Renault 5 maintaining sales of between 550 to 600 units a month, while we have set a target of at least 1 400 to 1 500 units a month for the Renault 9 during 1984, its first full year of production in this country,” Mr Vernoux says.

Referring to the marketing of Renault cars, Mr Mostert says the company’s dealers are well-motivated and positive with regards to their future with Renault.

Mr Vernoux says the South African car market has changed considerably during the last few years, largely as a result of higher fuel prices, bringing it in line with the European scene.

“Our new entry — the Renault 9 — we believe will combine economy, modern engineering and styling, excellent aerodynamics and an overall package attractive to the private buyer and the fleetowner.”

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Perrier, the top person's mineral water which costs up to R1.20 for a 260ml glass in Johannesburg's trendy eateries, has caught on here at last.

Imported by Stellenbosch Farmers' Winery on a three-year contract, the French-bottled bubbly water has increased sales in South Africa by 30% in the past 12 months — and the market is still growing.

In the US, Perrier water has cornered 90% of the mineral market. The French Perrier group sells 2,000-million bottles of mineral water a year, including the waters it markets for home consumption such as Vichy and St Yorre.

Of the 2,000-million bottles, 800-million are Perrier water, of which 250-million are sold in the US and the balance exported to 100 other countries.

The mineral and bottled water market in South Africa is generally growing, but no figures are forthcoming from other producers.

Generally speaking, Perrier high-profile promotion and emphasis on upmarket acceptability have uplifted the once-static local sales.

Perrier isn't exactly a cheap drink ranging from 5c for 200ml to R1.20 for 700ml in stores or 70c to R1.20 for a 200ml sip in restaurants.
The Free State producers did best, the largest rise of the day being President Steyn which climbed Re to R51.50. Western Holdings added 50c to R51 and St Helena RE2.25 to RE4.50.

Among the other 40c to 410c. Fergals 50c to R31 and Western Areas 6c to 75c.

Performances on the mining houses and mining financials boards were not as impressive. Anglo American, for ex-

SOUTH AFRICAN DRUGGISTS LIMITED

STATEMENT & DECLARATION OF ORDINARY DIVIDEND

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Dividends tax and extraordinary items

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Net claim resulting from the investment in the ordinary shares of subsidiaries

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Net claim resulting from the ordinary share of subsidiaries

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Dividends on ordinary share

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Pharmaceutical Wholesale and Distributors Durban improved by 21% compared to the previous year. The operations of the company increased turnover by 5%. However, the gross profit margines of these operations have declined as a result of increased trading conditions existing during the year.

The shares of the company have increased due to the increased in the last year. The shares of the company have increased due to the increased in the last year.

The shares of the company have increased due to the increased in the last year.

Hotel chain looks at SA

BY SIMON WILLSON

A PARIS-based international hotel chain is to commission a feasibility study into establishing hotels throughout South Africa.

This was confirmed yesterday by Lord Hirschfield, president of Hirschfield & Hartley International (H&H), a worldwide management consultancy.

Lord Hirschfield is in South Africa to visit the consultancy's subsidiaries in Johannesburg, Cape Town and Durban.

One of the company's functions is to undertake market research and feasibility studies in the tourism industry. It has been approached by the French chain to assess market possibilities in South Africa.

A senior development executive from the chain will be in Johannesburg last month to start groundwork for the project.

Lord Hirschfield will have talks with the Ministry of Industry, Commerce and Tourism, Dr Dawie de Villiers, in Cape Town on Monday.

The agenda will include prospects for the tourism industry, assessing its annual budget and evaluating its promotion abroad.

H&H publishes annual reports on the hotel industry of 12 advanced industrial countries, and is considering the inclusion of South Africa.

Rubber use rises

NEW DELHI—India's production and consumption of natural rubber rose to 165,630 tons and 165,350 tons respectively in 1982-83 from the previous year's 152,000 and 148,420.

Production and consumption of synthetic rubber totalled 22,320 tons and 49,118 tons in 1982-83.

Financial Times.

LUC LIMI PREL

The unaudited results for

OPERATING INCOME BEI INTEREST AND TAXATION DIVIDENDS INCOME INTEREST PAYABLE INCOME BEFORE TAXATION - UNDISTRI"
A MULTINATIONAL pharmaceutical company has called for an investigation of the awarding of contracts totalling R1-million by the Transvaal Department of Hospital Services.

The company claims the deals will cost the taxpayer more than R300 000 — the amount it says was overpaid by the province.

The multinational, Maybaker, of Port Elizabeth, part of the giant French-owned drugs empire, Rhône-Poulenc, has challenged the awarding of contracts for X-ray film chemicals to a fledgling Johannesburg company whose quoted prices for the chemicals were up to 70% more than those of Maybaker.

Mr Stanley Anderson, chief executive of Maybaker, confirmed he had written to Mr Daan Kirstein, MEC in charge of Transvaal Hospital Services, asking for an investigation, "so that we can establish certain facts". He showed that our products were inferior to those of the successful tender.

The successful tenderer, Mr Bill Sykes, managing director of X-ray Imaging Services, said: "We are following the same procedure as the other companies bidding for the tender."

Maybaker's total quote for the X-ray imaging equipment was R431 075 for developer, R251 075 for fixer.

Two telegrams from Maybaker to Dr Grové in June, seeking an explanation about the quality of their products, and asking for an answer, were answered by an acting director, Dr P Hauptfleisch, who wrote a standard letter, referring inquirers to a deputy director, and refusing to give reasons for non-acceptance of the tenders.

"Rest assured," Dr Hauptfleisch wrote, "all tenders are treated equally."

However, when the samples of their products, which had been submitted for testing, were returned to Maybaker, in accordance with standard procedure, it became apparent that they had not been tested.

"We are at a loss to understand how a panel of experts drawn from various hospitals were in a position to adjudicate on factors such as quality and suitability," the company wrote to Mr Kirstein.

It also pointed out that according to state policy, if provided quality was satisfactory, preference should be given to locally-produced materials.

Asked for comment, Mr Kirstein said: "The best person to speak to is probably Dr Hauptfleisch." (Dr Hauptfleisch had already referred inquiries to Dr Grové.)

"I do remember that one of the MPCs mentioned the name Maybaker," Dr Grové said he was unable to comment. He referred all inquiries to Mr. Kirstein.
TOTAL South Africa's diversification programme has resulted in the purchase of an 80% interest in Paulstra, a metal bonding company specialising in the supply of parts to the transport industry.

Total has not disclosed the exact amount paid for its interest but managing director Mr Bernard Lafitte said it involved an investment of "a few million rand".

He indicated that the amount included a significant quantity of funds allocated to modernise the existing plant and to acquire some sophisticated testing equipment.

"We hope the motor industry will recover in the near future and we expect our turnover to increase by 30% over the next two to three years," said Mr Lafitte.
Peugeot and Samcor rift

By David Carle

PEUGEOT cars are in South Africa to stay, says Automobile Peugeot of France, even if it means a divorce from Samcor.

A divorce is likely, says Spencer Sterling, managing director of Samcor.

"We won't be making Peugeots for ever. We'll go on in terms of our contract for the meantime, but we are helping them to find another partner."

Neither Peugeot nor Samcor will name potential partners, but the French company has had talks with Alfa Romeo, Leyland and Renault.

Legal threat

In a written statement to Business Times, Automobile Peugeot of Paris, the second-biggest motor-maker in Europe after Fiat, stresses that it will stay in the SA market, even if it has to go it alone. If it cannot find a partner in the motor industry, it could look at other industries. Peugeot says Samcor is contractually bound to make and market its cars and that it will seek legal redress if the contracts are not honoured.

Peugeot also expresses unhappiness with the way first Sigma, then Amcor and now Samcor handled its product.

"We used to have 85% of the South African car market and now our share is down to 1,1%. Peugeot is prominent in nearly every other African country."

Structure

Mr Sterling said Sigma might have contributed to the decline of Peugeot before his time "but you must remember the market structure has changed dramatically. The success of the Peugeot 404 pre-dates the Japanese assault on this market. All the European makers have lost market share. Think of Volvo, Fiat and Renault."

Peugeot is believed to want to make and market the 505 and the 205, a small car that has been popular in Europe, in South Africa.

Asked why Peugeot wished to stay in a small market in which only two manufacturers were making money, a spokesman said "Things are bad in your market now but we believe it will be a growth market in the long run."
Disinvestment threat by France

BY ALIDE KOOD
Paris
FRANCE would stop all investment in South Africa, if real efforts were not made to dismantle apartheid within a reasonable period, the French Prime Minister, Mr. Laurent Fabius, said yesterday.

Addressing the French parliament, Mr. Fabius announced measures to aid opposition movements in South Africa and to put pressure on the South African government.

If within "16 months or two years" France was not satisfied with the South African Government's efforts, French investment in South Africa would be stopped.

The Paris daily, Le Matin, explained that, although the ANC and Swapo would not have embassies in Paris, they would in future have access to offices and the official ear of the government.

Other measures include an increase in aid, to detainees, and political prisoners.

Anti-apartheid group may disrupt meeting

BY RAY JOSEPH
LONDON

ANTI-APARTHEID campaigners are threatening to disrupt a three-day conference on disinvestment in London next week.

The South African Minister of Co-operation and Development is scheduled to be a key participant.

The conference was scheduled to be held in secret.

But the news leaked to the Anti-Apartheid Movement, whose members are now working all out to mobilize opposition to it.

Other participants in the conference include Chief Gaitha Buthelezi, South African businessman Mr. Badi Horov, South African Institute of Race Relations director, Mr. John Kane-Berman, and Mr. Malcolm Rifkind, British Minister of State at the Home Office.

Warning

A source close to the Anti-Apartheid Movement said plans were being made to organize a major demonstration of "hundreds of people".

He warned: "I would not be surprised if there were disruption of the conference itself. We will get into the conference and disrupt it if we can."

The general-secretary of the Anti-Apartheid Movement, Mr. Mike Terry, claimed that the meeting — being arranged by the Business International group — was "aimed to help business people to resist social and political changes in South Africa."

He accused Mr. Rifkind of hypocrisy.

"It comes only two weeks after a Commonwealth secretariat conference to counter South African propaganda, which was attended by Foreign Office officials."
Peugeot weighs up options in search for SA partner

PEUGEOT is not only considering linking with Renault as it endeavours to find a new partner in South Africa.

Although discussions are at an advanced level between the two French motor manufacturers a number of other avenues are also being explored, says Pierre-Michel Fauconnier, Peugeot's South Africa representative.

"But the Renault-Peugeot tie-up would be a very sound French connection," he says.

Peugeot already has combined operations with Renault in other countries, and the two even share a joint production facility in France.

Peugeot cars are now manufactured and marketed in SA by Sameor, but both sides are keen to end the association.

Not all those that Peugeot is talking to in South Africa are involved in the motor industry. Some are being sought as potential investors in a local Peugeot operation.

"This would be needed because, if we start our own structure here, we would wish to launch new products and would require the necessary investment capital," says Fauconnier.

The company has three options:

□ To handle its own funding and set up its own organisation;
□ To create its own structure but use local investors;
□ To join up with a local manufacturer.

Although options are in the air, there is still no official termination of the contract between Peugeot and Sameor.

Whatever the final decision, Fauconnier insists Peugeot is intent on expanding its operation.

"There is a will in the top management in France for us to retrieve the position we had until 1978, when we still had our own structure. We want our market share and our image back. We want to expand our range here. But whether these will be some of the present Peugeot models in France, or whether they will be the new ones that are planned to be launched there, or possibly both, it is too early to say.

"The means to achieve this are still needed and our French management still has to make certain decisions. But the quicker these are made, the better."
Expansion plans set to roll

By a large number of automobile companies, which have announced significant scale of expansion to improve their current facilities or to increase their market share, Renault is one of the leading companies in this regard. The company, in a recent announcement, stated its plans to expand its production capacity by building new plants and modernizing its existing ones. This expansion is expected to increase its production by 25% in the next five years, which is a significant boost for the company.

Despite the present economic challenges, Renault remains optimistic about its prospects. The company has announced that it will invest heavily in research and development to ensure that it stays ahead of the competition. With this expansion, Renault aims to strengthen its position in the global automobile market and become a leader in innovation.

Recession sales despite government intervention

The popular Renault 9 and 11 series are on the increase despite the recession. Dealers are reporting good sales, and this is attributed to the government's intervention. The government has introduced several measures to help the automobile industry, including tax incentives and subsidies for car purchases. These measures have been well-received by the public, and it is expected that this will continue to boost sales in the coming months.

The Renault 9 and 11 series are popular among consumers due to their affordability and reliability. With the current situation, these cars are becoming more attractive, and dealers are reporting a rising demand. The government's intervention has played a crucial role in this, as it has provided a much-needed boost to the industry.

However, the company is also focusing on improving its production efficiency to maintain its cost advantage. With this expansion, Renault aims to reduce its production costs and offer more competitive pricing to its customers. This strategy is expected to further enhance its market position and make it more competitive in the global automobile market.
The Renault 25 under special importers' conditions is expected to go on sale in February, 1979 at an estimated price of £9,995.

Renault's new 25 saloon is being imported into this country by four specialists: Littler, Newall, Barnes & Co., and H.R. Owen. However, the car is not covered by the manufacturer's warranty.

The Renault 25 is marketed in two versions: the 4-door and the 5-door models, both with 5-speed manual transmissions.

The car's interior is well-equipped with automatic air conditioning and power windows. The suspension is independent at all four wheels, with MacPherson struts at the front and coil springs at the rear.

The Renault 25 is powered by a 2.5-litre V6 engine producing 130 bhp, and it has a claimed top speed of 120 mph. The car is expected to provide comfortable and quiet motoring.

Renault's presence in the UK has been growing steadily, with the launch of the 25 saloon further cementing the company's position in the market.
France in new bid to isolate SA

The Star's Foreign News Service

Paris

France is spearheading a world-wide campaign aimed at the total isolation of South Africa until it abandons apartheid.

This was the message delivered by French Prime Minister Mr Laurent Fabius to journalists in his office yesterday.

In a 300-word statement Mr Fabius announced three punishing measures against South Africa — measures which barely stop short of a complete break in diplomatic relations.

He concluded: "We hope that many other countries will join us so that justice and wisdom will finally prevail in that part of the world."

The measures were:

- The recall of the French ambassador, Mr Pierre Boyer, from Pretoria.
- A request to the UN Security Council to draw up a resolution condemning repression in South Africa and proposing a series of precise measures to be taken by the international community.
- Suspension of all new French investment in South Africa in all sectors from today.

Mr Boyer is expected to take the first plane to Paris tomorrow.

Mr Fabius made it clear it was not a simple return for consultations but a recall for an indeterminate period.

Observers in Paris believe the measures mentioned in the second point will probably mean an attempt at a boycott of mail, telecommunications and airlines as well as clear-cut trade sanctions.

Principles

Mr Fabius said apartheid was "inadmissible because it institutionalises racial discrimination and harms moral and political principles upon which our society is founded".

And he noted that "the events of the past few days show a new and serious deterioration".

Initial reaction from French business circles was one of concern.

Mr Yvon Gattaz, chairman of the powerful Patronat employers' association told journalists: "We must find out whether the freeze on investment is temporary or permanent."

But former French Foreign Minister Mr Jean-Francois Poncet, who stopped the last scheduled Springbok rugby tour of France, said: "Perhaps the Government has gone too far and its measures are excessive."

"After all, without an ambassador in Pretoria, we will be unable to influence the South African Government."

- See pages 7 and 13.
France

By Sapa

AIDS Fracas in Madrid

AIDS is spreading across Europe, and concerns are rising about its impact on the health systems of the continent. The World Health Organization has warned that the number of new cases in Europe is increasing at a faster pace than in any other region. The organization is calling for increased funding for HIV prevention and treatment programs.

The crisis is affecting not only the gay community but also vulnerable populations such as intravenous drug users and pregnant women. The European Commission has urged member states to take urgent action to combat the epidemic.

In Spain, the government has stepped up its response, with the country announcing a new strategy to fight AIDS. The plan includes increasing investment in research and development of new treatments, as well as improving access to antiretroviral drugs.

However, some experts warn that the measures taken so far may not be enough to contain the spread of the virus. They call for a more comprehensive approach that includes education and awareness-raising campaigns, in addition to medical interventions.

The European Commission has also launched an investigation into the impact of the pandemic on the economy, with some countries reporting significant losses in tourism and other sectors.

The crisis has also raised questions about the role of the EU in addressing global health challenges. Some analysts suggest that the organization should play a more active role in coordinating responses to pandemics, rather than leaving it to individual member states.

The situation in Europe is just one example of the global impact of AIDS, which continues to be a major public health crisis. According to the UNAIDS report, more than 38 million people are living with HIV worldwide, and over 1 million people died of AIDS-related illnesses in 2020.
The Argus, Thursday July 25, 1985

Success for company producing sparkling performers

by Renato Nienaber

Two years ago, the Renault Africa Baby - the vehicle which was regarded as a success story in spite of the extremely negative economic climate that characterized the second half of 1984.

"The success of the Renault Africa Baby in South Africa in January 1985, it was marketed there for more than 100 percent of its market share, is not significant," the Frenchman added. "The fact is that Renault, with the absence of commercial vehicles in its model line-up, has a distinct disadvantage, especially in the medium segment. Yet, during the first year, Renault increased its market share to at least 23.5 percent. This was achieved at a time when it was expected to achieve at least 43.5 percent, according to the 20 percent it had managed in the first six months of the year. The company has repeated this performance for the full year in no less than 20 areas," Mr. Mosie Mostert, Renault Africa’s Marketing Director, said.

"Besides this, the Renault Baby performs extremely well at the hands of its drivers, in both the market for light passenger cars and in the market for established models such as the Toyota Corolla and the Ford Escort with a market share on dealer level of over nine percent for the year," he said.

The engine, gearbox, final drive, radiator, front suspension (including brakes and anti-roll bar) and steering mechanism are mounted on an innovative steel sub-frame or cradle. The cradle is secured to the underframe of the car by utilizing only four bolts.

Mr. Mostert said that the addition of the Renault 9 range to the existing Renault 5 in South Africa, played a prominent role in the success of Renault locally. "While the worldwide success of the Renault 9, which was voted "Car of the Year" in both Europe and America during its launch year in 1982, paved the way to its sales success on the local scene, this model became popular overnight on its own merits. Its proven fuel efficiency - class winner in the Total Economy Run with 5.99 l/100 km on its first attempt - high level of luxury and specification, as well as the model's comprehensive coverage of the segment for light passenger cars, this model enabled Renault Africa on several occasions during 1984 to outsell more established manufacturers such as General Motors, Nissan, BMW and Audi," Mr. Mostert said.

"He added that the growth and improvement of Renault’s market share in South Africa has two components: the first is the company’s aggressive sales policy. "Our aim is to have a dealer network of 150. Currently, our dealer strength is 137, of which almost 70 percent market Renault exclusives. These Renault only dealers, have to date achieved more than 30 percent of total Renault sales," he said.

Renault has not only good prospects for the future, but another equally innovative model to slot in above the 1.7 4 Renault 5 and 11 models.

Renault plans to introduce a new model segment next year for the French market, and on the local scene at the same time, with a wider model range.

"The model to slot in above the 1.7 4 Renault 5, and on the local scene at the same time, is a wider model range," he said.

"Renault predicts the total passenger car market for 1985 to be in the region of 240,000 units. "Any improvement in this estimate will result in a general improvement in the market in which we will achieve some growth and which should lead toward the motor industry in the future," he said.

"Each industry and each market experiences a crisis from time to time. During these times there is an ideal opportunity to consolidate and to plan aggressively for the future, as investment in the motor industry is always a long-term commitment. Renault is the only one of the major car manufacturers in South Africa, with a long-term growth potential of the motor industry in the country," Mr. Mostert said.

According to Mr. Mostert, indications point to 1985 remaining to be a difficult trading year. "In view of the negative economic situation, coupled to the effect of a sharp increase in the price of fuel and the results of the proposed tax on fringe benefits, as far as car sales are concerned, will have a detrimental effect on the motor industry as a whole and the prospects for the immediate future are not promising. Yet, under these circumstances, the manufacturers of light fuel efficient vehicles, such as Renault, are traditionally the people to benefit from increased sales," Mr. Mostert said.

Value for money

A SMALL car with a big heart is the best way to describe the new Renault 11 TL - Brother to the popular R9.

For this excellently designed family saloon, blending French beauty with good performance from a 1.4 litre engine, has plenty of space and economy to go with it.

The car is designed and placed in the market to complement the R9 and secure a larger slice of the South African car market for Renault.
The car has a totally different visual appearance to the R6, although the front end is the same and the doors are taken from the R6.

The rear hatch with its large curved expanse of glass takes a little adjusting before one accepts it but in true French manner it is functional and gives the car a feeling of Europe.

However once seated in the plush interior with the comfortable cloth seats holding one firmly in position one realizes that the car could never become boring.

The R11 parts easily with plenty of manual choke.

The dash is loaded with lights and dials and Renault have fitted an interesting gauge that shows the state of the oil pressure.

As the engine is started the gauge rises up then descends back into a green sector to show that all is in order.

In the event of oil failure the gauge will rise into the red warning the driver of trouble.

Once the red the engine starts up fast and the car is ready for the road for a comfortable way to the drivers demands.

Although it is no rocket the 1.4 litre engine will move the car rapidly between raids and if not watched one will sorely exceed the speed limit easily.

The only time that the car feels slightly sluggish is when it is loaded with adults and luggage.

The 1.7 litre models with their low end torque and extra power should thus only be used in this area.

One of the attractions of the car is that it can be used around town allowing the driver to accelerate smoothly from about 50 km/h.

The road test with town and country driving and some hard pull always the car managed to return a consumption of 7 l/100km.

Braking matches the cars performance and it accepts hard stops with no quirk or wheel lock.

Comfort is, of course and the feel is of a much larger car. Improving on the R6 car for the business man to own.

Safety has been well catered for with excellent roadholding as a result of its fully independent suspension.

The seat belts are of a wider higher strength material and the passenger cabin is designed to survive an impact with sufficient space to protect its occupants.
Justice

Pére Fessy, the former ambassador to the United Nations, has been arrested in South Africa.

The French government announced last week that it would impose sanctions on South Africa. This decision is likely to have significant implications for the country's economy and its relations with France and other Western countries.

The sanctions include a freeze on all French investments in South Africa and a ban on the import of goods from South Africa.

The move comes in response to widespread concerns about human rights violations in South Africa. The South African government has been criticized for its treatment of black people and for its failure to address economic disparities.

The French government has been under pressure to take action, and the sanctions are seen as a strong statement of solidarity with the South African people.

The move is also likely to have implications for France's relationship with South Africa, which is a key partner in the African Union.

The French government has emphasized that the sanctions are not intended to harm the South African people, but rather to pressure the government to change its policies.

The announcement was made by the French foreign minister, who said that the government would continue to work with South Africa to improve its human rights record and economic conditions.

The sanctions are expected to have a significant impact on the South African economy, which relies heavily on French investment.

The South African government has responded to the sanctions by calling for a dialogue with France and other Western countries to discuss the根源 of the sanctions and the impact they will have on the country.

The move is likely to be welcomed by human rights activists and those concerned about the treatment of black people in South Africa.
'Sanctions will be psychological'

FRENCH sanctions would have a mainly psychological impact on South Africa, political and economic analysts said yesterday.

The French Prime Minister, Mr. Laurent Fabius, announced on Wednesday that Paris would end new investment in South Africa and recall its ambassador, Mr. Pierre Boyer, immediately in protest at Pretoria's imposition of a state of emergency on Sunday to cope with black township riots.

The South African Foreign Ministry said the French Government had not yet officially notified it of the sanctions and declined to comment until it received full details.

Human rights

But the President, Mr. P. W. Botha, responding to Press reports of the French move, said his government would take decisions in the best interests of all its people and allow others to dictate to it.

The Finance Minister, Mr. Barend du Plessis, was not available for comment after his statement last week that any loss of foreign capital would push South Africa into an annual growth rate of 2.5 percent below the 5.5 percent officially deemed necessary for economic health.

But analysts said that, as France was not a major trading partner, they expected the psychological impact to be harder on Pretoria than the economic one.

Washington recalled its Ambassador to Pretoria last month after South African troops raided neighbouring Botswana.

Political analysts saw the French move as a further deterioration in relations between Pretoria and Paris. Trade had already been slowing and the French had imposed visa requirements on South African passport holders.

Loss of capital

Last May, France reversed its policy that sanctions were pointless when Mr. Fabius said investment would be cut unless respect for human rights improved within 18 months.

One political analyst said the sanctions could also impede Pretoria's relations with black African states, about a third of which maintain close contacts with their former French rulers.

But the economic impact could be marginal, economic analysts said, commenting that France was not among South Africa's top five trading partners.

French trade with the Republic declined between 1981 and 1983 but rose last year, with exports at 4.37 billion Francs (R9.5 billion) and imports reaching 5.95 billion Francs (R1.29 billion).

French officials said France's investment, mainly in finance, oil processing, civil engineering and motor industries, stood at 14 billion Francs (about R3.04 billion), between five and seven percent of its total foreign investment — Sapae-Beueter.
Freeze on S A already costs France millions

ORMANDE POLLOK
Political Correspondent

CAPE TOWN—France’s freeze on new South African investment has already cost millions of rand in large-scale industrial orders.

Shortly after the surprise move it was learned that a South African company cancelled an order for nearly R150 million worth of French goods and it was expected that other South African businesses could take similar action.

Meanwhile, South African Foreign Minister, Mr. Pik Botha, last night described the French call for a Security Council meeting as ‘impulsive and opportunistic’.

It was noteworthy, said Mr. Botha, that the meeting of the council should have been requested by France, which had itself only recently proclaimed a state of emergency in New Caledonia, the last vestige of French colonialism in the Pacific Ocean.

According to reports, more than 5000 members of the French security forces had been sent to restore law and order in New Caledonia, an area with a total population of 140,000.

It is also significant that only yesterday there were clashes between police and demonstrators in the French-ruled archipelago of Guadeloupe.

‘Crowds of people are reported to have put up barricades around the capital and set vehicles on fire. Shops and public offices were shut. Those involved were evidently pro-independence supporters protesting against a prison sentence imposed on a militant separatist,’ Mr. Botha said.

These developments alone should have reminded France of the difficulties of coping with such emotional issues as civil and political rights.

But it had still been fit to call this meeting of the Security Council to condemn South Africa for its handling of an immeasurably more complex situation.

Mr. Botha said South Africa’s ambassador to the UN had been instructed to take part in the debate and to put South Africa’s case. — (Sapa)

See also Page 2 and Editorial Opinion

BARGAIN TILES!
French freeze 'is just electioneering'

Political Reporter

THE French Government's declaration of a freeze on new investments in South Africa might not have any practical effect, according to the president of the French Chamber of Commerce and Industry of Southern Africa, Mr Bernard Lafitte.

'We must not overreact,' Mr Lafitte said yesterday.

But the director of programmes at the S A Institute for International Affairs, Mr Leon Kok, warned that the French declaration could signal a wider move of pressure for disinvestment from South Africa from the United States to Europe.

Mr Lafitte said: 'There is often a gap between the political decision and the practical application. I would like to see what they do now.'

A similar attempt to break ties with South Africa shortly after the present French Government took office in 1981 had not had any effect, he said.

He dismissed the latest move as electioneering.

Conservative

'There are elections for the French Parliament in March next year. The newspapers are predicting the defeat of the present Government, which is going to have to do something pretty spectacular from an electoral point of view.'

Any government which relaxed the present one would certainly be more conservative, and it was highly likely things would return to normal after the election.

Even if the declaration did become law, Mr Lafitte said, it would not affect everyday trade between the two countries.

Mr Kok agreed that the move was probably the result of ideological pressure on the French coalition Government.

But he warned that it could well be a first step in the buildup of momentum in Europe of pressure for economic action against South Africa.

'Divestment is unlikely to gain the same momentum in Europe as it has in the US, but that does not mean it will not happen in the long term, especially if there is a swing to the Left in Britain and West Germany.'
France bans new SA loans

From NEIL BEERMANN

LONDON: The French Government has banned all new loans to South Africa, provided that "dumps" securities, buys, 8.75 francs, the rand is related.

A spokesman of the French prime minister's office said, "the ban on new investment in South Africa would also cover bank loans."

But export guarantees would not be affected.

The French Government would, however, no longer authorize outflows of capital intended for investment in South Africa. This would apply to both public sector and private sector loans.

"Each loan would have to be individually examined," the spokesman said.

Total French loans to South Africa were 21 billion francs (8.4 billion), the spokesman said.

The wave of South African securities sales affected the rand in London. The currency dropped to 0.47 cents at one stage, but recovered to 0.49.

The Reserve Bank was "swamped" by foreign sales of rand and had to stop supporting the currency, says London dealers.

The sales came from institutions and banks and were linked to the dumping of securities.

The rand tumbled by 8.5 percent against the French francs.

Whereas one dollar buys, 8.75 francs, the rand is related only 8.3 francs.

At one stage, sterling rose to 2.87 against the rand before falling back to 2.77.

About R3.50 of notes can buy £1.

Since April, the rand has fallen by 15 percent against sterling.

Following the dramatic drop in South African share values on foreign exchanges, selling stabilized yesterday and prices recovered marginally.

Dealers said that professionals were covering short positions.

But South African bonds on the Eurobond market performed dismally.

The price of a newly issued 30th 12.25 percent Escom Eurobond was priced at 94, six percent below par value.

On Friday, the price recovered to 96 points. Dealers said that "no one was prepared to buy South African Eurobonds this week," because of the emergency scare and French sanctions move, but the issues were traded in a very narrow market and the dealers were not prepared to quote prices.
By Don Robertson

RENAULT and Peugeot are almost certain to merge in South Africa.

All that is needed is the blessing of the two boards in France, expected before the end of December.

However, the French Government's decision to ban new investment in South Africa could have a bearing on the rationalisation of Renault and Peugeot.

Peugeot's marketing activities have come to almost a standstill and the single South African representative, Pierre Michel Faunconier, is in France.

Peugeot and Sameor have agreed to sever their links. Renault, however, does not believe that the French Government's move will disrupt its operations. Renault Africa is wholly owned through Euro Motors by Nedcor, Nedbank's long-term financing division.

Johan Theron, public affairs manager at Renault Africa, says additional investment could be raised in SA. Recently, R45-million was raised to tool up for the Renault 9. Equipment was bought from Japan and only components came from France.

The next model launch from Renault will be the 21 Renault 19, but it is not expected until 1987.
FRENCH businessmen believe the disinvestment measures announced so far will have little effect on their South African operations.

However, the implications would be serious if the French Government moved to curtail trade.

France is one of the largest European consumers of SA coal, importing about 3.3-million tons in 1984. French electronics and engineering companies have won major contracts in SA, particularly with Escom.

**Buck passers**

French exports to SA in 1984 are estimated at 4.3-billion francs (about R283-million). SA exports to France last year are estimated at 5.35-billion francs (R1.9-billion).

Efforts to confirm these figures failed, the French trade mission in Johannesburg and the French Consulate in Pretoria passing the buck between them. Neither would give figures.

Bernard Lafitte, managing director of Total SA and president of the French Chamber of Commerce and Industries of Southern Africa, believed the reason for the French Government's action lay in next year's elections.

"The Government faces an election in March and its position at present does not look good. Maybe they think they can win votes by this action against South Africa."

**Big gap**

Total SA exports about 3.3-million tons of coal a year and has another 900 000 tons a year export entitlement for the Phase 4 programme.

Mr Lafitte said Total had already provided the money needed for that expansion and did not require funds from its parent for the foreseeable future.

SA shareholders hold 44% of its operations in this country. Funds raised in SA by Total for expansion would not be affected by the French Government's ruling.

"There is also often a big gap between what a politician says he will do and what he actually does."

The French Chamber of Commerce and Industries, the South African branch of the French National Committee of External Trade and the French man-to-man committee of the SA Foundation,

To Page 3
French withdrawal leaves investment key in US hands

PARIS — France's suspension of new investment in South Africa has much greater international implications than any effect on trade and capital flows between the two countries, say French officials and industrialists.

Investment and trade links between SA and France pale into insignificance when compared with the US, West Germany, Britain and Japan.

But businessmen and officials fear that France will set the pace for varied sanctions actions by other countries. The key will be any US government decision on current disinvestment legislation.

Businessmen and officials fear that if the US decides on some form of disinvestment, Britain and West Germany may reluctantly follow.

Both these countries and the Reagan administration have so far firmly stated they are against any form of economic sanctions.

"The most worrying aspect of the decision is the consequences of economic relations between France and SA, but France's capacity to take a diplomatic lead which could drag in Holland and put pressure on the UK and Germany," says Desmond Colborne, the SA Foundation's representative in Paris.

"In the end the US will be the key," says Rudolf Graber, the foundation's representative in Bonn.

SUSPENDED

Jurgen Moellerman, Minister of State at West Germany's Foreign Office, says that on principle he is against economic sanctions. But the West German parliament is in recess and in Britain, shadow Foreign Secretary, Denis Healey, called on the government to follow France's lead and stop new investment.

France has suspended all new investment in the Republic, but officials in the office of Prime Minister, Laurent Fabius, say commercial relations will not be broken off at this stage.

The French government did not make any reference to bank loans, but bankers say most loans are trade-related.

A study on bank loans to SA estimated, however, that the nationalised French banks lent about R2.2bn to the government and parastatal organisations between 1992 and 1994. So future public sector issues may be affected.

Loss of French banking links will be no great problem for SA. Recent statistics by an anti-apartheid group show French banks as being only fifth in importance in the SA financial scene.

British banks are far and away the most active lenders to SA according to the "End Loans to South Africa" group. Its report shows 26 British banks participated in 34 loans totalling $1,957.8m while 20 Swiss banks took second place with 87 loans totalling $1,520.4m.

DISSUADED

French industrialists say the poor-performing economy and unrest have already dissuaded companies from increasing investment in SA.

Y Gattaz, president of the Parmac, France's equivalent of the Confederation of British Industry, says he hopes the measures will not hinder trade between SA and France.

France's exports to SA total FF89.37bn.

More than 50 companies in SA with a "French connection" ranging from banks to engineering concerns are still trying to clarify just what France's decision to suspend new investment in SA means to their operations, while others are convinced it will be business as usual, reports NOEL HUGHES.

Some company sources speculate, however, on the difficulty of policing the investment ban.

Other companies, expressing concern for themselves and their customers, say they hope to obtain clarification from the Commercial Counsellor at the French Embassy in Pretoria.

But when asked for comment by Business Day, Erwin Munch, administrative assistant at the Commercial Counsellor's office, said he could not offer any advice to companies yet. "We are waiting for more information too."

Peter Gray, senior GM at The French Bank of Southern Africa, whose company has a substantial local shareholding, says: "We are not in a position to judge or comment on a political decision, but our initial reaction is that it will be business as usual."

Another businessman who remained confident the decision will not have serious implications is Herbert Berger, Joint MD of IME, a Johannesburg materials handling and clearance company which deals extensively with French concerns.

"I doubt it will have any practical influence on our operations," says Berger. "The French have a way of making such statements to appease their critics while dealing with reality in another way entirely."

Eugene Wannenburg, MD of Tellemecanique SA, says he is "absolutely convinced there will be no problem in sourcing products for SA clients". The parent company, one of the largest producers of control and automation products in the world, operates in 30 countries. A spokesman for car giant Renault Africa says he is not worried by the announcement because the company is totally South African-owned and "when we expand our model range it will be totally financed in SA."

Companies in SA with French involvement include Total, which was planning to increase investment in coal-oil extraction and refining, LEP and Flamingo in the transport sector, Brown Boveri and Cournot-Loire in engineering, and mining equipment supplier France Afrique.
Two French motor companies could join forces in S A

Motoring Reporter

The prospect of the two French motor companies, Peugeot and Renault, joining forces in South Africa was good, a Renault spokesman said yesterday.

But such a marriage could only be consummated by the parent companies overseas, Renault's public relations manager Johan Theron said.

Talks between Renault and Peugeot have been going on for some time. Both sides (in South Africa) are willing,' said Mr Theron, emphasising that such agreements were given the final blessing overseas.

'Although the prospects are good there are no indications when it would take place,' said Mr Theron.

'We don't expect anything to be said before the end of September,' he added. 'It is practical. There is no model clash.'

'Mr Theron explained that Renault would take over the marketing aspects of Peugeot in South Africa, obviously involving some key Peugeot personnel.

When asked where the cars would be built, Mr Theron cited Leyland as an example of a company that could take on such a venture.

Regarding the recent withdrawal of the French Ambassador to South Africa and the effect disinvestment by French companies might have in the country, Mr Theron said Renault Africa was totally owned by Euro Motors and was a '100 percent' South African investment.

In the meantime, Peugeot's marketing activities in South Africa have all but ceased. A 'caretaker' spokesman, Mr James Vorster, said the only representative, Pierre Michel Fauchonier, was in France.

Samcor public relations manager Ruben Elias said: 'We have agreed with Peugeot. They will find another home. We know they are looking around.'

He pointed out it would be 'naive' of Samcor to speculate or comment further.

In France, the companies already have a number of joint ventures, in one instance building a 'PRV' engine which brings Volvo into the fold as a third member.

The next model to come from Renault will only reach the local market in 1987. It will be a two-litre family car that is due to be launched in France next year.
LONDON — European business leaders are showing few signs — in public or private — of adjusting their attitudes to South Africa in the light of recent unrest.

Whether British or German, French or Swedish, company executives with substantial operations in South Africa still believe they are a force for good, and that they are contributing to the improvement in living standards and civil rights for blacks.

Most find apartheid abhorrent and many believe it is hurting the development of the South African economy and their businesses.

Some are reducing their presence in the country, but few admit to thinking seriously of total withdrawal.

European industry leaders also believe that full economic sanctions would do more harm than good.

They would be difficult if not impossible to enforce, and ineffective as a means of pressuring the Government to abolish apartheid.

The disruptive effect on the economy would, the industrialists believe, hurt blacks more than whites.

These are the main points mentioned in an informal survey of business attitudes to South Africa carried out in the past few days by Financial Times reporters.

Even though these views are well known and relatively uncontroversial, few leading European industrialists were willing to express them publicly.

Some European companies with large South African operations, such as ICI, Nestle, Siemens and Unilever, refused to answer questions at all about their interests there.

Those who did respond were emphatic that their operations are, as Sir Timothy Bevan, chairman of Britain’s Barclays Bank, said last week, "a force for good."

They said they provide blacks with good employment opportunities and are at the forefront of efforts to remove apartheid in the work force.

Sir Timothy said Barclays’ South African subsidiary employs 40 percent of all blacks in the banking sector.

Dr Rolf Sammet, chief executive of Hoechst the West German chemical company, said the company’s black employees in the Cape were earning more than double the rate recommended by the European Community Code of Conduct.

Almost all the companies contacted said their South African operations complied with the EEC code, and, in most cases, surpassed its minimum requirements.

Getting out

The exceptions are the mining finance companies, because by law black workers may not obtain a blasting certificate and this limits promotion potential.

Many European industrialists have thought of getting out of South Africa altogether, but have discarded the idea.

Lars-Ivar Hising, executive vice president of Sandvik the Swedish tools group, said: “We believe the best way to contribute to an improved situation, even in a small way, is to remain on the scene.”

Anton Schrafi, deputy chairman of Holderbank, the Swiss cement concern, says the group has never thought of leaving South Africa, where it has been since 1938.

Rowntree Mackintosh said pulling out of its Wilson-Rowntree subsidiary would entail either closing down a company employing 2,500 people or merely passing ownership to someone else.

“This subject has been debated, but withdrawal was not considered to be in the interests of the business, its employees or the blacks in general,” a spokesman said.

This does not mean many companies are still investing heavily in South Africa. Many are just maintaining their existing interests, and others are reducing their presence.

Prudential Assurance sold 32 percent of the shares in its South African subsidiary in 1983 through a public share offer for £14.8 million. Associated British Foods sold its 52 percent stake in a South African company in the same year for £190 million cash.

Also in 1983 Metal Box sold its 51 percent stake in its South African subsidiary in return for £40 million cash and 25 percent stakes in two South African companies.

Metal Box said it did the deal mainly to reduce its borrowings, but acknowledges that the political and social climate was a factor.

Even Consolidated Goldfields, the British mining finance group formed 100 years ago to develop South African gold mines, is much less dependent on South Africa than it was 30 years ago.

Goldfields embarked on a diversification programme in the 1960s and today 75 percent of its £275 million in net assets are outside the country.

Rio Tinto-Zinc’s latest major investment in South Africa was the Palaborwa copper development in 1983, although the Rossing uranium development in Namibia began in 1975. Only two percent of RTZ assets are now in South Africa, and less than four percent in Southern Africa, including Namibia and Zimbabwe.

Barclays Bank has reduced its stake in its South African subsidiary from 55 percent to 50.5 percent by the simple expedient of not taking up its shares in rights issues. But the £133 million investment is still a significant one and the subsidiary’s £38 million in assets represents 8.5 percent of the Barclays total.

Standard Chartered, the other British bank with a major stake in South Africa, has also been running down its interest by standing back from rights issues of Stanbic, and now holds only 42 percent of it.

Influence

A few European companies, notably Daimler-Benz and Volkswagen and France’s Compagnie d’Electricite, have been building up their South African investments.

Daimler-Benz has invested more than R200 million in the country since 1981 and has boosted its stake in its South African holding company to the controlling 50.1 percent level. This not only secured its business interests, said the company, but also gave it more influence on the work and social conditions of its mainly black labour force.

GCCE’s CGE-Alsthom subsidiary has injected R4 million into boosting the capital of its electrical equipment assembly subsidiary in the past four years. — Financial Times.
French send shockwaves into electrical industry

FRED STIGLINGH

TELEMECANIQUE SA is out to change the stereotyped image of the electrical industry.

This French-owned manufacturer of control, automation and distribution products – an industry worth R3bn a year locally – has an elegant approach to its industrial and ecological environment.

Telemechanique has SA investments of R25m and they include sponsorship of an electrical design award, and the Natural Heritage Programme.

Logic behind the design award is to inject excitement and motivation into the electrical industry, an environment in which company MD Eugene Wannenburg feels people were "just plodding along".

Involvement in protection of natural heritage, and the micro environment in particular, coincided with a move to the new R3.5bn headquarters in Sandton last year. The company realised the necessity to consider environmental needs during development, and became so involved, they committed R30 000 to the programme, working with the SA Nature foundation as founder-sponsors.

Good reasoning lies behind an image of solid commitment. With about 35 sets of formidable competitors in the electrical control and automation industry, Telemechanique wants to be set apart.

Including production at Telemechanique, local manufacturing of control and automation products accounts for at most 5% of products on the market. It is an industry dependent on imports, and virtually every manufacturer in the world is represented in SA.

"Every guy with a bakery and an extra telephone in the bedroom is in business," says Wannenburg.

"They import control products from Taiwan, Hong Kong and Japan, and because government is not keen on protective import duties, it is unlikely that someone will come up with a programme for local manufacture."

Wannenburg sees this as the Catch-22 of his industry, as access to the market is as easy as going out of business.

"They import a product today, go bankrupt tomorrow, and cause turmoil as replacement products are no longer available to users in South Africa.

"We would rather have five very strong competitors who, like us, have an overhead structure, millions invested, and are here to stay."

Telemechanique formed a new SA subsidiary in March, a joint venture in specialised crane control, named Holst-Tec.

As things stand, the company has more than 30% of the local market share, with a few other companies accounting for between 10% and 20% each. The rest is divided among 30 small companies.

This is an advantage, as the company is "kept on its toes" to maintain market share, and with the low rand, a fiercer fight "has become a way of life."

Keeping up the way of life is paying off. Telemechanique forecasts a R25m turnover for this year.

Yet Wannenburg considers volume growth as more important, as the French parent company's profits increase in relation to larger volumes here.

La Telemechanique Electrique employs 9 000 worldwide, is quoted on the Paris stock exchange and goes back more than 80 years.

It has manufacturing plants in France, the US, Brazil, Singapore, Spain, and Ireland, and subsidiaries in 30 countries.

Wannenburg points out that, even if the parent company went back on its policy of expanding its share in SA, disinvestment would hardly affect product supply.

"We could source from any of the other manufacturing plants," he says, "or from any of the subsidiaries."

Telemechanique France is one of two groups in the country run on a points system. Apart from pay, all employees share in part of the profit according to the number of points allocated by position.

Largest single shareholder is the employees' trust fund, which administers the points system profit payout.

A measure of the company's innovative approach is that right now it's selling French products against Japanese competition in Japan.

Among the problems was one of identification, to sell the French product to people "who cannot even pronounce Telemechanique."

This led to a partnership agreement with Omron, Japanese market leader in limit and proximity switches and relays.

Omron products are sold bearing the French company name.

There is also bridging of the technology gap, as Telemechanique has access to Omron's factories, and exchanges ideas on production automation.

In February, the company expanded its 12-year presence in the US by buying the Industrial Controls Division of the Gould group for R140m.

"Our success in South Africa," says Wannenburg, "cannot be divorced from the success of our parent company."

He sees innovation and specialisation as the base of their financial achievements, while constantly bearing in mind the three Ps of people, product and price.

"We're given all the right ammunition to tackle the marketplace," he enthuses, "and customers associate us with marketing and product innovation."

He cites the example of their range of contactors (electro-magnetic switches), launched in 1978, and still copied by competitors 10 years later.

Growth in PLCs, a market worth some R20m, Wannenburg puts at 15% a year in SA.
12. I would like to find out why some people feel the reason why some people are poorer than others is lack of education. What do you feel is the reason why? (Tick one)

13. When you think of the question 'Where are they now?', do you think of?

14. Some people feel that there is nothing that can be done about poverty, other people feel that poverty is something we can do away with. How do you feel about this? (Tick one answer)

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15. Do you think that what the government is doing for poor people is enough, too much or too little?

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GM roulette seen as next in line to quit SA after Alfa's decision

The National Newspaper for Decision Makers
Renault won't be pulling out

Renault's principals in France have postponed the introduction of new models to South Africa but have not taken a decision about ceasing their operations there, Bernard Vernoux, managing director of Renault Africa, said in Johannesburg today.

Mr Vernoux said the decision to postpone the introduction of new models was taken in view of the state of the South African economy and the rand. He also said that discussions had been held with Peugeot France with a view to rationalising the Renault and Peugeot manufacturing operations in this country.

"The decision of the French Government to freeze new investments in South Africa does not prevent Regie Renault from continuing to do business in South Africa through the supply of CKD components, parts and imported models," Mr Vernoux, who returned from France last Friday after discussions with the management of Regie Renault and Peugeot France, added.

"No decision has been taken to discontinue Renault models from the South African market."

Port Elizabeth-based General Motors has no plans to disinvest "at this point in time."

This was stated by GM's managing director in South Africa, Mr RA White, when asked if the company intended to withdraw from this country.

"The entire motor industry in South Africa is at present going through very difficult times and it is considered that every manufacturer is making losses," he said.

"Obviously, manufacturers who are responsible to shareholders, cannot continue on this basis indefinitely and accordingly, some rationalisation must take place."
Renault, Peugeot may combine SA operations

JOHANNESBURG. — Speculation that more international motor vehicle manufacturers may pull out of South Africa was intensified by an announcement yesterday that Renault will delay the introduction of new models in this country.

But Mr Bernard Vernoux, managing director of Euromotors (Pty), trading as Renault Africa, who has just returned from France, said that no decision had been taken by the parent company to discontinue operations in South Africa.

Mr Vernoux disclosed that discussions have been held with Peugeot France with a view to rationalizing the Renault and Peugeot manufacturing operations in this country.

He warned that "due to the current state of the economy and the restriction that the very low value of the rand places on any expansion of operations, negotiations between Renault and Peugeot are expected to take some time."

A final decision on closer co-operation between the two companies was not expected before November.

Mr Vernoux said his recent discussions with Peugeot France in Paris were positive.

A mission from Peugeot was expected in South Africa soon to evaluate the condition of the existing tooling for the continued manufacture of the Peugeot range in this country as well as tooling for the introduction of the Peugeot 504 pick-up.

Discussing recent speculations about the future of Renault in South Africa, Mr Vernoux said: "The decision of the French Government to freeze new investments in South Africa does in no way prevent Regie Renault from continuing to do business in South Africa through the supply of components, parts and imported models."

"No decision has been taken to discontinue Renault models from the South African market."

Renault Africa would continue with the manufacture and marketing of its product ranges in South Africa.

Mr Vernoux said Renault Africa's performance in South Africa in the past few years was well above the objectives set.

Since 1983, when the company took charge of the local operations, Renault's market share increased by over 100 percent from 2.5 percent to 5.2 percent this year.

Renault's national dealer network grew from 112 outlets in 1983 to 138 at present, an increase of almost 20 percent, he said.

Industry spokesmen have pointed out that the decision by Alfa Romeo last week to cease operations in South Africa would make it easier for other international companies to pull out.

Mercedes-Benz and Volkswagen both suspended production last week as a result of labour troubles.

And a question mark hangs over the future of General Motors in Port Elizabeth in spite of assurances from its new managing director in South Africa, Mr Bob White, that "the company is in South Africa to stay."

Mr White said yesterday that the entire motor industry in South Africa was going through difficult times and it was thought that every manufacturer was making losses.

"Obviously, manufacturers who are responsible to shareholders cannot continue on this basis indefinitely and accordingly some rationalization must take place."

"In the case of a multinational company such as GM, it is often more important in terms of its global strategy to be based in a country in spite of financial losses, and GM has no plans to disinvest in South Africa at this point in time."

— Sapa-Reuters and Finance Reporter

US dollars

WASHINGTON. — The United States' foreign trade registered a near-record $31.6 billion deficit from April until June, confirming that the
French firm raises SA stake

By Don Robertson

LEGRAND, a European manufacturer of electrical equipment, is cocking a snook at the French government and is increasing its investment in South Africa.

The group, which employs 12,000 people and has a turnover of R1-billion internationally, will open a distribution operation in SA and hopes to lift turnover to R1-million within the next year.

Armand de Montrou, Legrand’s SA representative, says it was decided at the beginning of this year to expand in SA. The company is, therefore, not bound by the French government’s decision in July to halt all new investment.

Mr de Montrou says: “We are here to keep an eye on the market. If we feel it is necessary to assemble or manufacture here we will do so.”

Legrand claims to be Europe’s largest supplier of small electrical equipment, including switches, circuit breakers, fuses, industrial sockets and distribution boards for industry and for domestic use.

Initially, the product range will be imported from France, the UK, Germany and Spain and the first shipment is expected soon. Where necessary, the company will apply for SABS permits.

The company will sell through wholesalers, but will make contact with construction companies, consulting engineers and architects.

The company has rented office and warehouse facilities in Sunnaton.
'French aid for SA helicopter'

PARIS — A right-wing newspaper alleged recently that the French state-owned company Aerospatiale was being SA develop a combat helicopter despite a ban on arms sales to the Republic.

The national daily Le Quotidien de Paris said five senior engineers had been in SA on emergency since the beginning of September in a deal described as a "transit of grey matter" rather than a sale of equipment.

A spokesman for Aerospatiale's helicopters division said: "This is fantasy — I don't believe it. But I will be checking.

In Pretoria, an Armscor spokesman declined to comment.

The newspaper said Aerospatiale, which had been helping SA update its Fuma military helicopters since 1981 by sending parts through intermediaries such as Israeli and Algerian, had now stepped in to help build a new combat helicopter.

Former President Valery Giscard d'Estaing imposed a ban on French arms sales to SA after a mandatory United Nations embargo in 1977.

President Francois Mitterrand's administration, since coming to power in 1981, has been outspoken in its criticism of apartheid.

Commercial links have continued, though Prime Minister Laurent Fabius announced a halt to all new investment and the recall of France's ambassador in July in protest against the state of emergency.

Le Quotidien said Aerospatiale's move to help SA built its own combat helicopters followed a refusal to sell advanced BAC Hawker Siddeley Hawks to Pretoria.

It named senior Aerospatiale personnel said were involved in setting up the deal, adding that "believed payment was being made through the Netherlands, though it was unable to quote any figures.

France is the world's third largest arms exporter after the United States and the Soviet Union, and the second largest supplier to developing countries after the Soviet Union.

"Arms exports constitute a far from negligible source of revenue for France," Le Quotidien said.

"But the obsession being mounted to help Pretoria build its own helicopters brings to the question of governments, hypocrisy and whose course it follows." — 4DR
Pull-out by Renault would make 500 jobless


UP to 500 workers in the motor industry in the Western Cape could be jobless next year following strong rumours that Renault might follow Peugeot and pull out of South Africa.

Peugeot's closure of its car manufacturing operations in South Africa has placed a question mark over the future of Renault.

Yesterday's news announcement by Peugeot on new shifts has triggered further speculation about Renault, especially in view of the strongly anti-South African stance taken by the French government which owns Renault France.

Renault South Africa is scheduled to make an announcement of its own tomorrow afternoon — one which involves other manufacturers according to a source.

A Renault withdrawal would have a marked effect on the economy of the Western Cape.

SCOTCHED

Renaults are being assembled at Leyland's assembly plant in Blackheath and, it is believed, at present volume, this would mean that up to 500 Leyland workers might be made redundant in the new year.

Peugeot's withdrawal has already affected Leyland as an expected marketing link-in between Peugeot and Renault, which would have led to an assembly of Peugeot at Blackheath, has now been shot down.

Peugeot said yesterday that "with reluctance Automobile Peugeot not decided that manufacture of the 405 and 505 ranges will be suspended in South Africa.

Renault sold 8,446 cars in the first 10 months of this year giving it 5.4 per cent of the market.
Renault to withdraw from SA motor market

*From Page 1*

contract assembly activities for Leyland heavy trucks and Land Rovers will continue unaffected. Leyland Vehicles South Africa recently announced major strategic plans for future growth and has spent R2,5 million on upgrading its head office and parts centre at Elandskraal.

For its part, Renault emphasised that the cessation of manufacturing does not affect the supply of parts and continuing service assistance, which will be maintained through the company’s existing network of 130 dealers.

With Renault the smallest remaining car manufacturer after Alfa Romeo and Peugeot, the company’s withdrawal had been widely predicted — especially after the month-long talks between Renault and Peugeot about possible joint operations ended instead in Peugeot’s decision to pull out.

With the merging of Ford and Sigma into Samcor this latest development means that in the course of 1985 the number of car manufacturers in South Africa has been reduced from 10 to seven.

However, motor industry experts believe there will have to be still more closures and/or mergers if the over-traded South African industry is to have any hope of becoming viable again.

The commonly quoted model is the Australian industry, where only five car manufacturers serve a market that is significantly larger than South Africa’s. It has been suggested that a maximum of three manufacturers would be a suitable figure for this country.

Of the seven present car manufacturers, three — Toyota, Samcor and Nissan — are South African-owned. The German manufacturers Mercedes-Benz, Volkswagen and BMW are owned by their respective parent companies, but have thus far remained relatively free from politically inspired disinvestment pressures.
Renault to leave SA market

Weekend Argus Correspondent

JOHANNESBURG – French car maker Renault is to withdraw from the South African market.

Euromotors (Pty) Ltd., which operates as Renault Africa, issued a statement yesterday, quoting "the severe deterioration of the economic environment...the sharp drop in the value of the rand and the decline of the car market" as reasons for ceasing assembly of the Renault's and 16-modell.

Following a similar withdrawal by Peugeot on Wednesday, yesterday's development brings to five the number of car marques that have left the local market in the past three months.

The Renault withdrawal also has serious repercussions for Associated Vehicle Assemblers (Pty) Ltd. which manufactures the Renault cars at the former Leyland factory in Elsies River, Cape Town.

AVA managing director Mr. E. Clarke predicted that termination of the Renault manufacturing agreement at the end of December would mean the loss of about 500 hourly and salaried jobs.

*See Page 10*
Renault in last-ditch bid to stay

By Don Robertson

AS SOUTH AFRICA'S vehicle makers discuss how to reduce their numbers still further, Renault is making a last-ditch effort to stay.

Renault announced 10 days ago that it was pulling out of SA, but it is now holding discussions with BMW.

In other developments in the hard-pressed motor industry this week, BMW and General Motors discussed rationalisation and Simcor announced that its Neave assembly plant in Port Elizabeth would close with the loss of 1,500 jobs.

**Shrinking**

The industry has the capacity to produce 550 000 to 600 000 vehicles annually. But the market is unlikely to rise much above 375 000 units for the next two years.

Decisions by Alfa Romeo and Peugeot to withdraw will have little impact on the market. Between them they had only 4% of sales.

In the first 10 months of this year, total vehicle sales were down by 23% on the same time last year. It is estimated that about 41 000 workers have been laid off in the manufacturing and component industries since June last year.

Johan Theron, public affairs manager of Renault, confirms that talks are taking place with another manufacturer aimed at a continuation of production, either on a contract basis or as a franchise. This could involve the Renault 5 and 11 or any other models in its range.

A deal could also involve the marketing of the cars.

Pierre de la Rey, head of public relations and corporate planning at BMW, says he cannot deny that the two companies are talking.

"We are exploring several options. They do not concern take-overs or mergers, but are aimed at manufacturing co-operation."

**Problems**

Mr de la Rey says the discussions talks involve three problems — the sharp fall in vehicle sales, huge overcapacitity in the industry and the rand's collapse which has increased production costs.

Mr de la Rey is unable to confirm that BMW is talking to General Motors. However, he says most manufacturers are looking at rationalisation options.

"One possibility is that manufacturers will move a product range from one factory to another to gain from economies of scale.

"With the battered rand and the enormous cost of upgrading a plant it makes sense for a manufacturer with an old factory to negotiate a production contract with a newer, underused plant."

Manufacturers are investigating closer co-operation between dealer networks, especially in rural areas where the slump in sales has reduced profitability.

"If these dealers could display additional lines, they could improve profitability."

**Costly**

Explaining Renault's second thoughts, Mr Theron indicated that production at the Leyland-owned Associated Vehicle Assemblers (AVA) plant at Elsies River, Cape Town, had become too costly.

AVA had been operating on a two-week-on, two-week-off basis for some time and the disruption had reduced efficiency. In addition, most of the cars had to be transported to the Reed for sale, incurring additional costs.

A move to the Reed and a manufacturing agreement with another producer based on a lower cost structure could presumably allow Renault to weather the next few years.

**Sensible**

A link between the two manufacturers would make sense. Mr de la Rey says: "The obvious way to go is to put several lines into one factory and operate all the same cost structure. Because of the need for this, we have had talks with others as well."

Should the talks prove unsuccessful, Renault will stop production at the end of December. Stocks and planned production until the year-end are 2 700 cars, excluding November and December sales which are likely to reach about 750.

**Discounts**

No decision has yet been taken as to how the surplus vehicles will be disposed of, but the company insists that no up-front discounts will be offered.

Renault offers a 9% hire-purchase deal, but Mr Theron says the car is sold at the original price.

"We will avoid offering discounts. We would not like the image of the car to suffer in case negotiations prove successful."

Only a few dealers have cancelled their arrangements with Renault. An estimated 60 000 Renault cars are on the roads, and many dealers will continue to offer parts and service.
THE PARIS Chamber of Commerce has launched a R1,3-million scheme to train black business managers in South Africa.

The scheme is being run in conjunction with the Urban Foundation, the National African Chamber of Commerce and the Black Management Forum.

It is designed to be a major thrust into the area of social responsibility by French business and is similar to other training schemes instituted by the Chamber in Third World countries such as Senegal and the Ivory Coast.

Called the Joint Management Development Program, the project will be spread over three years and give candidates the opportunity of learning business management skills.

A number of SA companies with French connections have been contracted to take part by sending their staff to for courses.

The sponsoring companies are the French Bank of SA and Rousell Laboratories in conjunction with the Paris Chamber of Commerce and Industries.

Companies involved in the scheme in SA are African Explosives and Chemical Industries, Barclays National Bank, Barclays Industrial Bank, Comsat (SA Branch), Firestone, Liquid Air, Mobil, Nedbank, Powerline, SA Perm, 3M, Siamnic, Total, United Building Society and SA Nylon Spinners.

The JMDP, spread over three years, comprises:

★ Ten weeks a year of off-the-job training and development by the sponsoring and participating companies, business schools and consultancies.

★ An in-company support program to help the participating companies with the management of on-the-job development and advancement of those on the program.

There have been non-racial approaches to management development before in SA, but certain factors make the scheme unique.

These are:

★ The strength of a joint effort by the founding bodies and some SA companies.

★ The international expertise of the Paris Chamber and its experience in Senegal and the Ivory Coast, where it has developed several highly successful co-operation projects.

★ Full black participation through Nafooc, BMF and other black specialists so that the JMDP will not be another program "by whites for black people".

★ The full backing of the Urban Foundation.

★ Freedom to draw on the best available resources in the field of management development.

★ A high level of commitment from participating companies.

★ A focus not only on training and development but also on measurable specific advancement targets.

★ High potential participants with an average of 10 years work experience.

For further information contact:

★ Clive Acton • 728-1296/7 or 728-6889.

★ Stewart Carlyle • 833-1620.
FOREIGN FIRMS IN SA — FRENCH.

1987 — 1990
France due to consider new sanctions against SA

France and Zimbabwe have indicated that they intend taking further punitive action against South Africa. At the same time the Israeli Defence Minister, Mr Yitzhak Rabin, has said the imposition of sanctions on South Africa could serve as a precedent for a similar embargo by the rest of the world against Israel.

Zimbabwe Prime Minister Mr Robert Mugabe told Parliament yesterday that the country had not dropped its plans to impose economic sanctions against South Africa.

Speaking during Prime Minister's question time, Mr Mugabe said: "Sanctions are coming."

In Paris the French Foreign Minister, Mr Jean-Bernard Raimond, will today announce a major diplomatic initiative regarding sanctions.

The initiative concerns a special French diplomatic mission to the six Frontline states over the next two months.

Mr Raimond will tell the ambassadors of the six states that France's highest ranking ambassador, Mr Fernand Wiboux, will be sent on mission to their capitals.

His lengthy "mission of information and evaluation" will start on Monday.

Mr Wiboux does not appear to have any plans to visit Pretoria.

The sanctions Israel is imposing on South Africa could serve as a precedent for a similar embargo by the rest of the world against Israel, Defence Minister Mr Yitzhak Rabin said yesterday in Tel Aviv.

"We know what it means to be sanctioned, embargoed, when your enemies are all around you," he said.

In Harare Prime Minister Mr Robert Mugabe yesterday told Parliament that Zimbabwe has not dropped its plans to impose sanctions.

Both Zimbabwe and Zambia would impose their own package of economic embargoes, but were working on "certain arrangements", he said.

Mr Mugabe appealed to businessmen to prepare for sanctions.

And in Dar es Salaam a leading Kremlin official has announced the USSR is to increase its aid to Southern African "liberation movements".

Mr Pavel Gilashvili, vice-chairman of the Soviet parliament, made the announcement at the end of a tour of the Frontline states. - The Star's Foreign News Service.
CAPE TOWN — TTA, an associated company of France's largest private ship-owning group, Delmas Vieiljeux, has reaffirmed its commitment to South Africa by moving directly into the local market.

TTA controls 60 per cent of France-South African business. — DDC
Chemical workers call for international help

THE Chemical Workers Industrial Union (CWIU) is calling for international support in its bid to improve working conditions at Southern Petroleum Logistics (Sopelog). This follows an industrial court judgment in July that riggers operating outside of South African territorial waters — which extend 12 nautical miles although still within the 200 nautical mile economic zone — fell outside of the protection of South African labour law.

Although the Sopelog workers, who work two weeks on and two weeks off, are employed by an international company in Cape Town and are paid in rands, the industrial court has no authority to intervene.

Sopelog is a subsidiary of a French-based drilling company, Forasol Foramer, which employs 2700 workers world-wide and is owned by companies based in France, Belgium and the Netherlands.

Employs

Sopelog is contracted out by Soekor to undertake offshore oil-drilling. It employs about 300 people, a third of whom joined CWIU in the last two years. Negotiations between CWIU and the company over recognition, wages and working conditions broke down at the end of last year after disagreement about contracts which workers were asked to sign by management. CWIU later agreed to compromise with management but the company closed negotiations in May this year saying it preferred that proceedings continue in the Industrial Court.

Decision

The court’s decision, in the opinion of labour experts, has far-reaching implications and means that if a worker is treated unfairly outside the official borders of the Republic he cannot apply for relief under South African labour law.

This would apply to the Bantustans where even if a worker was recruited in South Africa and then taken by an employer to work in a homeland, he would fall outside of South African labour law.
ONE of the success stories for Associated Diesel Holdings (Adco) in the six months to December was the strong sales of the Telma braking retarder, which helped lift turnover 35%.

French-manufactured Telma, for which Adco is the only SA agent, offers benefits in greater road safety and economy and represents a larger capital item than the smaller parts in which Adco mostly specialises.

Attributable income was R984 000 (R787 000) and earnings rose 30% to 5.7c a share (4.4c) on an increased number of shares in issue.

Interest-bearing debt increased significantly from R317 000 to R5.5m owing to the installation of a computer system to improve control of stock and debtors.

This pushed up gearing from 12% to 54% for the automotive components distributor. Interest paid amounted to R410 000 (R364 000) and is expected to increase this year.

The teething problems of the new system are expected to be resolved by the end of March 1989, says financial director Colin Eddey, and when it is successfully completed it will facilitate improved working capital management.

Chairman Ronald Norwitz predicts earnings in the second half of the year will exceed those of the first half. Most of the company's growth has been organic but it is interested in expanding its manufacturing operation, possibly in conjunction with an overseas licensor.
Apple spells out conditions for SA reinvestment

LONDON — Apple Computer, which divested from SA in 1985, said yesterday it would consider returning to SA if political change there was "significant".

Speaking from the company's European HQ in Paris, which used to serve the SA market, spokeswoman Marie-Dominique Picasso said: "We would reconsider our position, but only at the highest level. Change would have to be significant."

For now, however, Apple remained committed to its policy of divestment "in protest against the apartheid regime and policies still practised in that country today".

Apple was reacting to suggestions in the SA print and TV media earlier this month that the company was about to launch a comeback because of growing demand in SA for its sophisticated equipment, particularly the Macintosh PC.

In May, the SA insurer Auto & General bought 400 Macintoshs from the privately owned Strider Group in what is thought to have been the largest deal of its kind. Strider MD Gerry Aab, who opened a new HQ in Sandton earlier this month in a blaze of publicity, spoke in the Financial Mail of a de facto market for Apple computer equipment.

Unauthorized

Making the point that he did not represent Apple, nor was Apple reinvesting in SA, he predicted the US company would officially resume trading within a year.

Asked to comment on this, Picasso said: "Any Apple products currently being sold in South Africa were brought into the country through unauthorised channels. We feel it is not in the best interests of individuals to purchase Apple products through unauthorised resellers who are unable to provide qualified support."

Apple did not know how its products were finding their way into SA, she added, and was "investigating" this.

Informed sources close to Apple in Paris said that while the company was probably delighted at the demand for its products in SA, it would not risk the adverse publicity of a premature return.
Top job goes to ex-SA chief

JAN TIMMER... a friend at the top table

Business Times Reporter

JAN Timmer, chief executive and chairman of Philips SA from 1976 to 1991, is to head the company worldwide.

Mr Timmer will succeed J C Kuit as president of the company and chairman of the board of management on July 1, 1991. Mr Timmer, a member of the group management committee and chairman of the consumer electronics division, will become executive vice-president and vice-chairman of the board of management from July 1 this year.

Mr Timmer also served in Ethiopia.

Philips SA marketing manager Fred Wolter says the appointment will be beneficial for South Africa. Philips SA has not been a growth point for the international parent because of sanctions.

The political changes taking place and a good friend of South Africa's at the helm, should ensure improvements. Mr Timmer had a successful term in South Africa, building up consumer electronics to the largest division in the company here.

The division includes TV, audio and video equipment and small domestic appliances.
Uneasy truce as Sun Life edges ahead

Genbel’s acquisition of a 6.5% percent stake in Liberty Life’s UK investment
TransAtlantic has focused attention on the performance of life insurance group Sun Life, one of TransAtlantic’s key subsidiaries. In this analysis The Independent newspaper reviews the prospects of the company, which is effectively controlled by French and South African interests.

LONDON — In the next few days shareholders of the Sun Life Insurance company will receive the company’s report and accounts. The figures will detail past trading in the financial year ending last December and outline prospects for the next 12 months. But the question uppermost in shareholders’ minds will not be answered. How long can Sun Life retain its independence?

Already Sun Life is effectively controlled by South African and French interests. Its largest shareholder is TransSol Investments, part of TransAtlantic holdings, the British interests of the South African insurance and finance group, Liberty Life.

TransSol holds 29.8 percent of Sun Life’s shares. Its other main shareholder is Societe Centrale d’Assurance de Paris (UAP), the large French state owned insurer, with 25 percent.

This multi-cultural ownership is the product of Sun Life’s long running battle with Liberty Life’s interests, which have long wanted control of the company.

The relationship with Liberty Life and Sun Life dates back to 1980, when the South Africans acquired a 9.6 percent stake in the British insurer from the Kuwait Investment Office, which lifted its total shareholding to 19.2 percent.

In 2012, after a series of purchases in the stock market, Liberty Life’s stake reached almost 24 percent.

Sun Life was under siege. Enter Peter Grant, an urban merchant banker and a former director of Liberty Life in 1983 and since then has been largely involved in devising takeover defences.

Matters came to a head three years ago, when TransAtlantic attempted to place three of their representatives on the board after repeated requests had been turned down by Sun Life.

“Liberty is trying to get control of your company through the backdoor and I must not be allowed to succeed,” warned Mr. Grant at the time.

Sun Life objected to Liberty because it argued that its British operations, which control an investment trust, a property company and the Sun Life shareholding force.

Sun Life’s direct sales force now numbers 750. It will be built up further, but the company stresses it has a desire for controlled growth.

On the international front, Sun Life is working with UAP in an effort to develop its products and marketing skills in other countries. At least one European project is expected to begin this year.

Ultimately, it will be the ambitions of the two major shareholders which will determine the direction of Sun Life. The French insurance sector is determined to expand to compete in the European market for services.

TransAtlantic remains enigmatic. Its chairman, Donald Gordon said that the purpose of its concordat with UAP was to reduce the uncertainty and instability within Sun Life which has resulted from them owning more than 50 percent of the company’s share capital. Yet Mr. Gordon’s business plans involving Sun Life remain unstated.

As for Mr. Grant, he remains wary.

Peter Grant, former banker, who defends Sun Life from takeover.

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<th>Insurer</th>
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<td>Sun Life</td>
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Source: Smith New Court

Life insurance premium income (1989).
French company taken over

IMS Process Plant has acquired Aquazur, an SA subsidiary of one of the world’s largest water treatment companies, the French company Degremont.

IMS CEO Allan Whittaker did not want to announce the purchase price of the acquisition yesterday, but said the move was an expansion of its process related services in water treatment activities.

IMS is a supplier of process technology and equipment to the mining, steel, chemical, petro-chemical and food processing industries.

EDWARD WEST

It had been involved on the fringe of water treatment activities for a number of years, but the addition of Aquazur, which would operate as a separate subsidiary, would bring a broader range to IMS activities, he said.
SBAA gets go-ahead to rescue African bank

By James Timms
SA spring water is bubbling to the top

The recall of 120 million bottles of Perrier water worldwide after traces of benzene were found in samples has boosted local mineral water brands, one of which experienced a 26 percent increase in sales.

But although Perrier "lost its fizz" for a few months, it's back on the shelves again.

Local producers say contributing factors to their increases sales are the growing popularity of mineral water here and the fact that imported brands have moved up in price because of the import surcharge.

A local mineral water on the up-and-up is Schoon Spruit which is comes 2,800 m below the Magaliesberg and bubbles out at the Monte Christo rock formation near Venterdorp.

Which means it's more "natural" than Perrier from Vergez in France which now bears new labels reflecting, for the first time, that it actually contains water and carbon dioxide and — when appropriate — lemon, lime, cherry and orange.

It is still astonishing that people can be persuaded to pay for something which is either just gewone soda water or comes conveniently from a hole in the ground.

Schoon Spruit, says Malcolm Wood, marketing director of Beechams South Africa, was rated a number one mineral water at the International Wine and Food Society's annual "water" tasting last year.

Mineral waters, especially Perrier, are status symbols and no yuppie would lunch out without calling for a "natural" mineral water.

Other local brands are Valpre and Aquamine, but Schoon Spruit, I'm informed, will be the official-drink of Suzette van der Merwe, Miss SA 1990.
PARIS — French banks have told Eskom that they are willing to lend it money but an end of EC sanctions would make that easier, a senior Eskom official said in Paris on Thursday.

The banks also wanted to see the political situation in South Africa become more stable, Eskom finance director Mick Davis told Reuters.

“They say financing depends on two things. The direction that the European Community and others take with respect to sanctions and stable conditions in South Africa,” he said.

Mr Davis said this was the first time Eskom had returned to the international market seeking cash since European Community sanctions were imposed in 1985.

His visit coincided with the arrival in Paris of South African ANC leader Nelson Mandela, who was given a high-profile welcome by French President Francois Mitterrand.

The EC is due to discuss the situation in SA at its summit in Dublin later this month. The state-owned Eskom is seeking money to partly refinance bond issues falling due in 1990 worth some R700 million. — Reuters
France keen to invest in Southern Africa

By JOHANN VAN HEERDEN

FRENCH business is keen to invest in the potentially lucrative Southern African markets, but wants the governments of the subcontinent to structure themselves into a cohesive economic unit.

This was the conclusion reached at the end of a three-day visit to Namibia this week by a delegation of 30 representatives from powerful French companies.

"We have decided to encourage our members to come to Southern Africa to invest," Jean-Pierre Prouteau, chairman of the Africa committee of the Federation of French Business Executives (FFBE), said.

"But it is a priority that you organise yourselves, because it is not easy to establish new economic relations," Prouteau emphasised that Africa's economic destiny was firmly linked to Europe, as the two continents formed a natural economic subregion in global terms.

"About 70% of Africa's exports go to Europe and about 70% for Africa's imports come from Europe," he said. "There is a reciprocal need for support between Africa and Europe."

Stressing the urgency for vigorous economic development in Africa, Prouteau said there were presently 550-million people living in the continent, but the figure would double to 1.1-billion in barely 20 years time.

About 1 500 French companies are now active in Africa, mainly in the western and central parts, generating a turnover of about R50-billion a year and employing 400 000 Africans.

Continuous training programmes by the French have promoted the African section of middle management to 68 percent.

A former French cabinet minister, Prouteau said the French private sector had identified Southern Africa with its 110-million inhabitants as one of the three major economic regions in Africa.

To ensure economic growth, Southern Africa should ensure that it exported at least 30 percent of its manufactured goods, and import about 30 percent of its consumer goods, and engage in cross-investment and diversification.

"Otherwise you are going to be weak, which will not be in your interests and not in our interests," Prouteau said.

The FFBE would be formulating investment policy for the next 10 years, and to begin with, small specialised French missions would visit Namibia in the next few months to identify projects for investment.

At the same time, a Franco-Namibia economic committee and working groups would be formed. "We have confidence in the economic future of Namibia," Prouteau said.

The newly-independent government had displayed a remarkable economic vision of the role of the private sector, "something which has not been known to us in Africa until about five years ago."

The FFBE represents French commerce and industry on an organised basis. — Sapa
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The newly independent government had displayed a remarkable economic vision of the role of the private sector, "something which no known to us in Africa until about five years ago." — Sapa Reuter.
Philips faces restructuring, 6 May 1990

A restructuring with some retrenchments is probably on the cards for international electronics conglomerate Philips, which posted disappointing first-quarter results.

On turnover of between R75bn and R80bn this year, the group is projecting losses of R2.5bn.

However, Philips SA MD Frank Touwen says the local group is profitable and no major changes are expected.

The losses worldwide were blamed, among other things, on Philips’s Information Systems and Components business. High investment in chip manufacture led to losses because prices did not hold up as strongly as the group had envisaged. This loss-making business is thus facing some rationalisation.

The Data Systems business also lost money in pursuing proprietary computer systems. Its focus has shifted to open systems.
PHILIPS SA hopes to avoid big staff cuts being made by beleaguered Philips International.
Philips of Eindhoven will report a R2-billion loss on R60-billion turnover this year and lay off 10 000 people.

SA managing director Frank Touwen says: “Strategic choices concerning products and drastic cost reductions will be undertaken. Most of the restructurings will be in Europe.”

Two-thirds of the 300 000 global workforce is employed in Europe. Mr Touwen says: “We are profitable in SA and do not expect mass restructurings. We will continue to evaluate our business and make adjustments where necessary.”

“Dismantlement pressure in the past ensured that we provided a satisfactory return to our shareholders.”

But Mr Touwen says Philips SA is restructuring its information systems division to cut losses.

Philips SA sees its future information systems market in strategic products, such as PCs, “in which we are only a small player worldwide, but which will be of long-term importance.”

Tubes

“We are a major player in components, the biggest supplier of picture tubes in the world. We are not a big computer vendor, but we will stay in markets which are vital to our long-term future.”

“Philips is the dominant player in the South African PABX and mobile radio markets. The recovery programme for the information systems division has no bearing on the strategic position of Philips in communication systems.”

“Philips SA is important as an export springboard to sub-

By DIRK TIEMANN

Saharan Africa. We have the manufacturing facilities and are major suppliers to surrounding regions. Agents are in Lesotho, Swaziland, Botswana and Namibia.”

The Dutch electronics group faces action by a shareholder group in the US because of the losses.

The London Financial Times last week reported that new Philips NV president Jan Timmer — a former head of Philips SA — said the group will not withdraw entirely from computers or computer chips.

Mr Timmer is reported to have said: “In information systems we will make major reductions in in-house development and in-house assembly. In the long term we do not rule out the possibility of partnerships with others, but not until we have our house in order.”

Mr Touwen says major problems exist in information systems and components. “Large investments were made, but world prices did not increase in line with them. Data systems and PCs were losing money because of low-volume sales in Europe.”

Sour industrial relations in SA have not left Philips SA unaffected. Human resources director Jeremy Pollock says Philips SA faces possible strike action.

“The National Union of Metalworkers of SA has balloted members on whether to call a national strike. A decision will be taken on August 18.”
French multinational's Altech deal is tied up

FRENCH-based multinational Alcatel has taken a 5.5% stake in electronics and telecommunications group Altech through its local subsidiary Fulmen Telecommunications in a R43.2m share deal, Altech announces today.

It was also announced in Europe at the weekend that Alcatel, the world's second largest telecommunications and electronics corporation, had acquired control of electronics giant Telettra of Italy.

This deal forms part of an overall rationalisation between CGE, Alcatel's holding company, and Fiat worth F27bn. Telettra's SA associate, Telstaf, is already part of the Altech stable.

In the local deal, Altech will acquire Fulmen's 12.54% stake in Altech's subsidiary Standard Telephones & Cables (STC). Fulmen will subscribe for 620 000 new Altech ordinary shares at R69.66 a share. The deals are roughly equivalent in value.

Alcatel is closely affiliated with STC through a licensing agreement. The transaction will serve to reinforce the role of Alcatel as Altech's principal technology partner, says Altech.

Alcatel CIT chairman and CE Pierre Guichet has been appointed to the Altech board.

The deal's immediate financial effects on Altech's earnings and net asset value per share are minimal. But it will open up significant expansion opportunities for Altech and its holding group, Altron.

The transaction is subject to the finalising of certain conditions and is provisionally effective from September 1 1990.
Storm brews as company retrenches union leader

By Brendan Templeton

The president of the 40 000-strong Chemical Workers’ Industrial Union (CWIU), Calvin Makgaleng, no longer has a job — he has been retrenched by his employers, Liquid Air.

This has sparked off a bitter row between his union and the French multinational, with the union accusing management of union bashing and the company threatening to sue the union and anybody who repeats its allegations.

CWIU spokesman Meshack Ravuku said in a statement that Mr Makgaleng was retrenched after being with the company for 13 years.

Liquid Air is remaining tight-lipped. A company spokesman was not willing to discuss the union’s allegations further than referring to a lawyers’ letter.

The letter said the company regarded the matter as sub judice because it had been referred to arbitration.

Mr Ravuku said wives of retrenched workers would hold a demonstration outside the company’s head office today “where they will be showing their anger”.


 Pretoria firm wins French contract

ACCOR, the world’s largest hotel chain, which has its headquarters in France, has awarded a R6,5m contract to Pretoria computer company Astro Technologies for software and computer equipment.

The software and computer equipment will be used by Accor’s data processing arm Prologic for about 438 hotels worldwide.

It consists of a hotel management package called Astrotel which runs on a 100% SA-designed and manufactured ultra-slim desktop computer.

Prologic international marketing director Antoine Madawar said in a statement at the weekend that his company had investigated software from all over the world before settling for Astrotel.

“We chose it because we were impressed by the system, which is easy to install and operate, yet provides extensive information in the form of advanced management reports.”

Mel Cunningham, MD of Astro’s parent company DMS Computers, said Astrotel computers would be set up in the 438 hotels over a three-year period.

“We decided to aim at the overseas market and invested a substantial amount over two years to develop the package.

“The risk has certainly paid off,” Cunningham said.

Astrotel will be promoted at the New York and Paris hotel shows in November this year.
A French group has invested R10 million in a joint venture with South African companies to produce railway equipment and systems in a plant near Pretoria. The Faiveley manufacturing subsidiary, Faiveley Industries (Pty) Ltd, is also set to provide a boost to South Africa's export drive.

Faiveley group chairman Alain Bodel said, "We are at the point of signing an agreement with a local partner for the manufacture of train door mechanisms."

The company's ultimate objective is to establish facilities in South Africa to manufacture the group's products such as pantographs for export to countries outside the Republic.
Fintech in joint venture with hi-tech French firm

A R30 million electronics joint venture company, which includes a R7.4 million investment from the Paris-based international telecommunications company Alcatel Business Systems, has been announced by Fintech.

Fintech executive chairman Dave Redshaw said yesterday his company put up R22.5 million for an 18 percent of the equity with Alcatel -- a group with annual turnover of R40 billion -- holding the other 19.9 percent through its local subsidiary Fulmen.

The joint venture company is being seen as the first tangible step in the long-predicted nationalisation of the South African PABX market.

"For a long time it has been our intention to obtain an ongoing, long-term and reliable source of leading edge technology. We see Alcatel, the world's largest telecommunication corporation, as the ideal technology partner," said Mr Redshaw.
PARIS — Black Paris-based press groups are planning to open bureaux in Johannesburg, aiming at a vast new potential readership in South Africa, Zambia and Zimbabwe.

These groups, turning out French-language publications, will also branch into English.

The successful French-language weekly Jeune Afrique, celebrating its 25th anniversary, is hoping to open a bureau in Johannesburg shortly for its press agency DIF-COM. Later it will review plans for an English edition there.

Jeune Afrique has a readership of about half a million in France and Africa. The independent weekly is opposed to apartheid but has always adopted a moderate tone. Last month it organized a debate in its Paris offices with South African ambassador Hendryk Geldenhuys.

The weekly Marche Tropicaux (Tropical Markets) plans to publish a monthly bulletin in English in Johannesburg, and is seeking a distributor there. One of its directors is visiting South Africa shortly to study the local press scene. It will list prices of primary products in the world market.

The liberal evening newspaper Le Monde, listed regularly as one of the world's Top Ten newspapers, is preparing a special supplement on South Africa for December 20, bursting with advertisements.

The weekly Voix Afrique, published by Laurent Doné-Polga, with a readership of 200,000; and the widely selling monthly Jeune Afrique Economie, are also hoping to break into the SA press world.

Jeune Afrique Economie, was founded several years ago by Jeune Afrique, which later sold it to a dynamic African entrepreneur.

The leftist Afrique Asie, which ceased publication here three years ago, is attempting a comeback, and might also join in the "South African press invasion".

It may also venture into South Africa's English-speaking neighbours, particularly Zambia and Zimbabwe.
French Bank helps form new group

Business Day Report

CIB Corporate Finance's management has formed a new financial services group with French Bank of SA, to be called FBSA Corporate Finance, the company said today.

FBSA Corporate Finance MD Inius Prinsloo said the association with French Bank was a vote of confidence in SA's future participation in international markets.

"The link will enable us to achieve our objective of expanding the client base significantly," Prinsloo said.

Prima Bank, which acquired the Cape Investment Bank Group in December, sold the corporate finance division to its management in January.

French Bank is part of an international group with strong connections with the EC and the Far East.

Major shareholders are Banque Indosuez with 45.4% and Barlows with 54.6%.

French Bank MD and FBSA Corporate Finance chairman Francis Klein said the association would expand the services the bank could offer its clients.
Cape Investment Bank’s (CIB’s) corporate finance team is now part of an international network. It has tied up with French Bank of SA (FBSA), which is 55% owned by Paris-based international banking group, Banque Indosuez. The deal was completed on Sunday.

FBSA has invested R2,25m in CIB Corporate Finance, giving it a 74,9% controlling shareholding. The 10-man corporate finance management team subscribed R750,000 and has 25,1% capitalising the company at R3m.

This follows a management buy-out of CIB Corporate Finance early in January from Prima Bank, which took over CIB in December. FBSA Corporate Finance MD Nus Prinsloo won’t disclose a price but says it “was a premium to net asset value.”

Prinsloo decided not to keep the division, as corporate finance doesn’t fit into its niche strategy. Management of the division is believed to have thought of buying out last year as rumours surrounding CIB began to harm business activities.

The new company will continue its corporate, project finance and investment banking activities and use its international links to gain overseas business. It will use its parentage to benefit local deals which need foreign access. “We are the only corporate finance operation with international parentage.”

The operation will have the benefit of FBSA’s client base as well as its R30m capital base. “We do some large deals and needed the backing of a major shareholder,” Prinsloo says. He says FBSA was chosen because it doesn’t have links with large SA institutions, other than Barlow’s 30% stake in the bank and can therefore, operate relatively independently when structuring deals.

FBSA corporate banking GM Eric Maurin says the bank expects strong synergies from its new subsidiary. FBSA is involved in trade finance, foreign exchange and commercial banking. “We will be able to offer clients a wider range of services.” It will also gain access to FBSA Corporate Finance’s own client base.
French back SA deal.

Interest in South Africa among foreign financiers continues to grow — as a major transaction this week showed.

Compagnie Financière de Suez, one of the five largest companies by market capitalisation on the Paris bourse, backed management of CIB in setting up a corporate finance house in Johannesburg.

An announcement said merely that the management team which bought CIB Corporate Finance a month ago had pooled resources with French Bank of Southern Africa to form FBSA Corporate Finance.

French Bank was described a "part of major international group based in Europe".

In fact, it is a subsidiary of Banque Indosuez, the investment banking arm of the Suez group, which operates in 55 countries on five continents — and now offers corporate finance in SA.

A London financial advisory house, Hambro Morgan, which advised W&A UK subsidiary AAF on its acquisition of a major manufacturer of vehicle wheels, is also "vitally interested" in SA, says an AAF official.
French poised for business invasion

By Derek Tommey

South Africa can expect a substantial French business invasion — or "reconquest" as one Frenchman put it — soon.

French businessmen are impressed with what they have found here and intend to take full advantage of the opportunities afforded by this country.

This came out strongly in some extempore remarks by Bernard Cambournac, president of Paris Chamber of Commerce and Industry, yesterday.

Mr Cambournac told several hundred lunch guests: "We like South Africa. How satisfied and glad we are to share in South Africa's future."

In his prepared speech, Mr Cambournac told the guests that the Paris Chamber would promote interest among firms in its constituency in firms in the South African market.

"French and European companies can now take advantage of a new favourable economic and political climate and must once more head for the Cape and Johannesburg."

64 Joint ventures

"We must encourage them to set up joint ventures with SA firms, not only to serve the SA market, but also to gain a foothold in the other countries of Africa."

He said the Paris Chamber would develop and support networks, similar to those in European markets, which will provide permanent assistance for French firms operating in South Africa until the French Chamber of Commerce in SA was strong enough to take over this role.

Mr Cambournac did not spell out the extent of the support his chamber would supply but it could be considerable.

The Paris Chamber is financed partly by a tax on companies and has an annual budget of 4 billion francs (about R2 billion).

It represents 265 000 businesses and employs 4 000 people, many engaged in providing professional training programmes for 11 000 students and 40 000 adults every year.

As a start to publicising trade opportunities with South Africa, the French Centre for Foreign Trade will hold a one-day seminar on South Africa in Paris in October.

The Marseilles Chamber of Commerce and the National Council of Councillors for French Foreign Trade are to hold similar seminars.
Frenchmen have hopes for SA trade

ROBERT GENTLE

A DELEGATION of 75 French businessmen left SA last week after a two-week visit with high hopes for future trade and economic co-operation between France and SA.

"Our main task when we get back is to convince top management in France of the non-risk of SA from the point of view of the foreign investor," said delegation spokesman Philippe de Braquillanges.

Problems the country faced such as lack of capital, limited skilled labour, relatively low productivity and a lack of competition were not insurmountable and the country had "enormous potential," he said.

French companies could be particularly useful in this regard because of their historic links with Francophone Africa, he said.

Sectors in which French companies could be particularly useful in SA were retail banking, computer systems, telecommunications, electronic security surveillance, building and construction.

"The banking and financial infrastructure is particularly sophisticated," he said.
France looks set to reopen business links

By James Tomlin
Star Foreign Service

PARIS — The government last night announced a major political shift towards South Africa, interpreted here as the effective end of French sanctions.

Foreign Trade Minister Dominique Strauss-Kahn will visit South Africa from September 19 to 25. It is to be the first bilateral official visit by a French Minister since 1975.

Mr Strauss-Kahn's visit has the blessing of Prime Minister Edith Cresson, who brought him into her government when she was appointed three months ago.

Mrs Cresson is known to take a pragmatic view over foreign relations, and clearly has decided it is about time France resumed trade ties with South Africa.

Industry Minister Roger Verdin stated the country "had paid the price of isolation, and we cannot remain isolated forever."

More deals are expected to be signed as part of the visit, including the possibility of a cultural centre for African art to be opened in Paris. The visit is also likely to include talks on South Africa's investment potential in France.
PARIS — French investors are getting impatient with the government’s ban on new investment in South Africa, a senior industry spokesman said this week. "The French government’s position on new investment is more extreme than that of the European Community," Jean-Pierre Prouteau, president of the Africa Committee of the French employers’ group CNPF, said in an interview.

“The EC has lifted its ban on new investment and we are waiting with growing impatience for the French decree authorising new investment in South Africa," he said.

France joined an EC trade embargo in 1986 to pressure the South African government to end apartheid. The EC agreed in December to lift its investment ban after Pretoria said it would end discrimination in living areas.
presented in SA by agents want to "expand and upgrade their operations here by opening branches."

Greiner says no major French companies with the exception of Peugeot and Renault, which left in the mid-Eighties when passenger car sales collapsed — have divested from SA. However, he says there's "a possibility that Citroen, a subsidiary of Peugeot, will invest in Namibia. If that happens, it will obviously be able to sell cars into SA."

There's talk that a French ministerial delegation will visit SA this year. No date has been set but the delegation's visit may be linked to speculation that Europe will lift sanctions completely in June.

According to Philippe Abelia, deputy French Trade Commissioner in Johannesburg, the only sanctions still in force in France are those applying to military equipment and the import of SA coal, Kruger rands and steel. He adds: "The EC will decide when they are to be lifted. The next summit meeting is in June."

Des Colborne, director of the SA Foundation's Paris office, believes sanctions will almost certainly be lifted in June and that 1991 will mark a turning point in SA-France relations.

He says France, which has the biggest presence in Africa of any European country, at one stage thought that a presence in SA was in conflict with its wider interests in Francophone Africa. "I believe it has changed its strategy. It now believes the way into Africa, particularly in sub-Saharan Africa, is through SA."

SA-French relations peaked in 1976 with the sale of the technology for the Koeberg nuclear plant. That coincided with the last visit to SA by a French Cabinet minister. Relations started deteriorating in 1976 when France began to withdraw from SA and nixed the Vladikavkaz plan when the Socialists came to power in 1981.

Relations stayed at a low level until 1990 when former Cabinet Minister Jean-Pierre Protheau visited SA. "He became the first Frenchman since 1976 to bat openly for this country. He maintained it was time to re-launch French involvement here," says Colborne. "He argued for the redeployment of a French presence and said SA could be used to relaunch French interests in sub-Saharan Africa."

There have subsequently been other emissaries to SA, says Colborne — among them, the CNPF, a key business organisation in France, a group of parliamentarians, and a visit by senior civil servants led by Elizabeth Kahn. In addition, he says the media is showing unusual interest in SA. Apart from carrying informed articles on the country, it has sent a trio of editors, including a senior representative of Jeune Afrique, one of the most influential French publications on Africa, to visit SA.

Four other visits were planned to SA, including one comprising French senators and another of representatives of France's biggest companies. The outbreak of the Gulf War caused them to be delayed, probably to September.

Yet another indication of renewed French corporate interest in SA is the appointment by the influential Compagnie Financière Edmond de Rothschild Banque of a counsellor to SA. Rothschild Banque will facilitate French involvement and investment in areas such as offshore financing, greenfield developments or equity investments, project finance, asset management and trading activities.

Johan Erasmus, MD of Intratech and local councillor for Rothschild, says the bank also sees SA fulfilling a crucial link role in African economic development. It has thus taken the decision to phase out of Francophone Africa.

"The bank would prefer to finance African projects through SA," says Erasmus. "To date, eight major French companies have shown interest in investments in or through SA."

FOREIGN TRADE
VIVE LA FRANCE

French investment in SA should pick up now that approval by the French Treasury is no longer needed.

The March 14 decree is further evidence that sanctions are being steadily rolled back.

It brings France, which boasts the fourth largest economy in the world, into line with other European countries which decided at an EC summit meeting in Rome on December 15 to ease financial sanctions against SA.

French and other European firms have been showing intense interest in reinvesting in SA since the reformist moves made by government have raised the possibility of trade links between SA and its international trading partners being normalised. Many see SA as the gateway to a developing trade with the African continent.

Emmanuel Greiner, acting-GM of the French Chamber of Commerce and Industry in SA, says: "There has been an explosion of interest in SA since the beginning of the year. In December it was extremely quiet but from January we have been flooded with letters and telephone calls from French companies seeking information on SA, or wanting to do business or invest here."

Since the beginning of the year his chamber has arranged three trips to SA by French companies — one wanting to buy food, another timber and steel and a third wanting to start a joint venture to produce processed cod. Two large French companies also re-
Foreign investors 'shy of violence'

By THEMBA KHUMALO

THERE would be no foreign investment in South Africa until violence ended, a visiting delegation said this week.

Comprising 25 French-speaking journalists, judges and professors, the delegation said at a forum organised by the South Africa Foundation in Johannesburg on Friday that "foreign investors would shy away from South Africa for as long as the violence lasts".

They appealed to black political organisations to "control their supporters if they hoped for a new South Africa with a flourishing economy".

Delegates said they "wanted their countries to lift sanctions to create job opportunities for blacks".

"After consulting widely with political leaders in this country we believe the high rate of unemployment is the major cause of violence."

They described violence as "part of any society that is moving towards democracy."

"All developing countries experience a certain degree of violence. South Africans should, however, guard against violence becoming endemic."

Massar Diop, a Paris-based Senegalese financial advisor, welcomed the ending of apartheid but said "West Africa would not have diplomatic ties with SA until all discriminatory laws are scrapped."

The delegation returns home today to report back to their respective governments and potential investors.
Paris bank plans
to post man in SA

ROBERT GENTLE

BANQUE Nationale de Paris (BNP),
France’s largest commercial bank, is
planning to raise its profile in SA by
posting a permanent representative to
the Johannesburg office of Commercial
Bank of Namibia.

BNP already has a presence here
through a 40% stake in Geneva-based
bank holding company SFOM (Société
Financière pour les Pays d’Outre-Mer),
which holds 76% of the Commercial
Bank of Namibia.

A Paris-based La Cote Desfossés has
reported that the BNP representative
would take up his position at the Johan-
sburg office of Commercial Bank of
Namibia “by the autumn”. Commercial
Bank of Namibia SA manager Herbert
Herrmann said in response matters
were being discussed.

Commercial Bank of Namibia SA is a
totally South African operation which
reports to the Reserve Bank. Registered
as a foreign exchange dealer, it serves
corporate and private clients. The
Namibian parent of the same name re-
ported net income of R18m in 1999. It
has total assets of R388m.
Bold R54m deal broadens NBS base

French Bank has been operating in SA for more than 40 years, specialising in foreign exchange, trade finance and corporate finance.

The purchase is by way of an issue of NBS shares to Barlows. The deal, another step in the growing internationalisation of the SA financial scene, ends speculation that the NBS might be vulnerable to a takeover by a major SA banking group.

In terms of the acquisition, Barlows will increase its stake in the NBS by 10%. This means that the major shareholders in NBS will now be Norwich Life and its associates, with 26%, and Barlows with 18%.

Indosuez will continue to hold 51% of French Bank of SA and will be responsible for its management.

The R54m deal was announced yesterday, in a statement issued by the four companies.

The deal "brings powerful partners together in a new financial grouping."

Barlows is one of SA’s largest corporations with assets in excess of R1bn and an annual turnover of more than R5bn.

The NBS has assets of more than R7bn. Yesterday’s statement pointed out that its new link with Indosuez is "a significant strategic development in view of the attractive opportunities that will arise for the future."

"Opportunities for joint product development between NBS and French Bank will arise," the statement continues, "and the experience and expertise of Indosuez in financial services and technology will be a valuable resource."

French Bank’s management says the link with NBS will provide it with "a broad based local funding pool" to expand its traditional business.

Two nominees of NBS will be appointed to the board of French Bank and two nominees of Barlows will be invited to join the board of NBS.

Andre Carstens has been appointed manager/development accountant at the local head office of Norwich Life.
French visit boosts hope for new trade

SHARON SOROUR
Staff Reporter

FRENCH business interest in South Africa has been boosted by the first visit in many years by Parisian entrepreneurs seeking economic ties and exploring investment opportunities.

The "economic mission" by 75 postgraduate students — all business leaders with 10 to 15 years' experience — had already resulted in a R24-million software distribution deal, group leader Mr. Philippe de Braquiliages, an electronics expert from Dassault Electronique, said at the weekend.

While the opportunities for investment in South Africa by French companies were good, the international business community was still looking at South Africa at this point, but with "great interest.”

"There has been a delay in France, compared with our neighbours, in expressing interest in South Africa. We have now taken advantage of the incredible momentum taking place in this country right now with the lifting of economic sanctions and the scrapping by the Economic Community of bans on trade and investment," he said.

The two-week visit was part of a one-year advanced management diploma from the Centre de Perfectionnement aux affaires, which operated under the auspices of the Paris Chamber of Commerce and Industry.

Mr. De Braquiliages said there were three objectives of the visit:

- To explore the financial, economic, political and social realities of the country;
- To promote French companies interested in South Africa, who had sponsored the visit.

He said there was "significant" international business interest in South Africa and a "definite potential for business" existed.

French business could play a major role in South Africa because of its knowledge of the African continent, Mr. De Braquiliages said.

"South Africa would be an ideal platform to cover our interest in the southern part of the continent," he said.

"We decided to come to South Africa to convince ourselves and our sponsors of the business potential in the country," he said.

The group, which included two women, represented the entire French industrial sector.

They visited Johannesburg before coming to Cape Town and move on to Durban before flying back to Paris this week.

Business ties were forged in the food industry, banks, insurance, data processing, technology, health services and communication.
Genmin’s French link

ANDREW GILL

Genmin and French-based mining group Bureau de Recherches Geologiques et Mines (BRGM) have linked up with a view to establishing new international mining ventures, the groups announced in a joint statement yesterday.

The main aim, it said, was to exploit synergies arising from the two groups’ experience and knowledge of international mining and exploration ventures.

Genmin is to take a 10% stake in BRGM subsidiary Salagne’s gold mining activity’s in France.

They have decided also to set up a high-level working group to achieve their long-term co-operative objectives.
French banking group opens SA office

PARIBAS, France's largest private banking group with offices in more than 60 countries and assets of R500bn, has set up a representative office in Johannesburg on August 26 at its Paris headquarters. They would use the occasion to address 200 to 300 potential French investors on SA and the state of its finances, Geline said.

The local Paribas office would also seek to provide commodity-related business in areas such as oil, gas and minerals. It would also use its role as an industrial bank — which places it on the boards of many big European companies — to develop investment and trading opportunities between SA and Europe.

Top on the list was helping SA to tap world capital markets through Paribas's international contacts and expertise. As a first step, he said, Paribas would play host to delegates from the SA Finance Ministry.
PARIS - French investors are getting impatient with the government's ban on new investment in South Africa, a senior industry spokesman said yesterday.

"The French Government's position on new investment is more extreme than that of the European Community," Jean-Pierre Prouet, president of the Africa Committee of the French employers' group CNPF, said in an interview.

"The EC has lifted its ban on new investment and we are waiting with growing impatience for the French decree authorising new investment in South Africa," he said. [source] 15/11/89.

France joined an EC trade embargo in 1985 to pressure the South African Government to end apartheid. The EC agreed in December to lift its investment ban after Pretoria said it would end discrimination in living areas, a key apartheid policy.

"We feel it is important for France to publish the order lifting its ban on investment in the coming weeks. Otherwise one cannot transfer even a million French francs (R450 000) to South Africa, and that is stupid," said Prouet, a former Minister under centre-right President Valery Giscard d'Estaing.

He said French investors saw South Africa as the stimulus for Africa's economic revival.

"What interests us most is the emergence of a new South Africa, the prospect of peace and the role of the country in the development of the Southern Africa region and in the revival of the economies of sub-Saharan Africa," Prouet said.

He said 15 percent of some 1 500 French firms operating in Africa in 1985 had since pulled out because of the continent's economic and political crisis. - Sapa
The agreement between UAP, TransAtlantic, Liberty Life and First International Trust, through its wholly owned United Kingdom subsidiary, Conduit Insurance Holdings Limited (Conduit), also provides that, upon the transfer of the Sun Life shares from UAP and TransAtlantic to Rockleigh Corporation, UAP will subscribe for 35 million new ordinary shares in TransAtlantic at 350p per share for a consideration of £122.5 million. In addition, UAP will acquire a further 5 million ordinary shares in TransAtlantic from Conduit, also at 350p per share. UAP’s aggregate holding of 40 million ordinary shares in TransAtlantic will represent a 16.8 per cent. interest in TransAtlantic’s increased issued share capital on a fully diluted basis. This shareholding will entitle UAP to representation on the TransAtlantic Board.

As a consequence of these transactions, the holding of First International Trust in TransAtlantic, held through Conduit, will be reduced to 42.9 per cent. on a fully diluted basis. By virtue of a voting agreement with Standard Bank Investment Corporation Limited, Liberty Life controls First International Trust, and, when taking account of its 12.1 per cent. direct holding in TransAtlantic, retains control of TransAtlantic with a combined 55.0 per cent. interest.

No changes in the Sun Life executive or management are currently contemplated and Mr Peter Grant has agreed to continue as Chairman of Sun Life. UAP and TransAtlantic’s representation on the Board of Sun Life will be increased to three directors each.

These proposals reflect the desire of both UAP and TransAtlantic to develop further their respective investments in Sun Life while creating a long term relationship in the financial services and property fields in the United Kingdom, in other areas of the English-speaking world and in Continental Europe where the combined expertise of Sun Life, UAP, TransAtlantic and The Liberty Life Group is expected to provide significant benefits for all the parties involved. In particular, both UAP and TransAtlantic believe that the powerful and stable shareholder base resulting from the consolidation of their shareholdings in Sun Life brings exceptional prospects for the development of Sun Life’s life insurance business for the benefit of its policyholders, employees and shareholders.

20 September 1991
French connection

Genmin's agreement with the French mining house Bureau de Recherché Géologiques et Minières (BRGM) does not yet represent a major financial commitment, and nor are any concrete benefits imminent. The only firm purchase has been 10% of the Salsigne gold mine in France, for FFr10m (about R5m). Salsigne's output has similar qualities to the refractory ores in Barberon, so Genmin can put its own experience to valuable use.

More significantly, BRGM and Genmin have been given the right to explore and exploit the gold prospect at Montagne Tor-tue in French Guiana, where exploration activities have already begun.

Steve Oke of London brokers Smith New Court says that it makes sense for Genmin to get into bed with groups which already have good mining prospects. He says that there are signs that Genecor is ultimately planning an international exposure, in line with rival Anglo American Corp. There are mineable economic deposits in nearby Costa Rica, says Oke, and the outlook for French Guiana is quite promising.

Genmin will own 42.5% of the joint venture, with the right to buy up to 50% later. According to John Raubenheimer, CE of Genmin Mineral Resources, the geochemical soil sampling is promising and there is potential for a low-cost open-cast mine. Genmin could hope for 50 Mt of reasonable grade ore, if the mine follows the pattern of existing South American gold mines. Genmin's Sao Bento mine in Brazil produced 2.5 t of gold in the year to August 1990.

Raubenheimer says that, though there is no exclusivity in Genmin's relationship with BRGM, the relationship will spread to other ventures and to other mineral exploration. Ironically, when the agreement was announced by French Trade Minister Dominique Strauss-Kahn, he said that France would maintain sanctions on coal, which rules out joint ventures between BRGM and Trans-Natal at this stage. Though BRGM is not state-owned, it has state-funded geological and consulting arms.

Raubenheimer says about 30% of Genmin's exploration funds are spent outside SA, principally in Brazil and Turkey. As opportunities diminish in SA, he expects this to increase to half its total funds. Stephen Crazston
Another French group starts local link-up

By Jabulani Sikhakhane

French company Ecco, the world's third-largest human resources group, is acquiring a 60 percent stake in JSE-listed Technihire for R4 million cash, or 45c a share, from the Eliason family.

A similar offer is being extended to the minority shareholders, it was announced yesterday.

Technihire executive chairman Jack Eliason, whose family trust controls 70 percent of Technihire's equity, remains on under a management agreement.

The Technihire board will be reconstituted, with three Ecco executives joining.

Technihire offers the hire of skilled personnel, professional placement services, collection and administration of debt, and computer isography.

"The Ecco group is virtually a mirror image of Technihire and we see strong synergies between the two," Mr Eliason said.

"The group is well geared presently, but the initial cash injection by Ecco is only the first step to later investments as opportunities are identified and explored."

Ecco, with a turnover of R6 billion, has 600 branches in 21 countries. The acquisition of Technihire is its first investment in Africa.

The deal is the third (two of which involved French government-owned companies) between French and South African companies in the past month.

Recently, Liberty and leading French insurance group UAP combined their holdings to get control of UK life assurer Sun Life. UAP is controlled by the French government.

In the mining sector, Genmin (Gencor's mining arm) signed an agreement with BRGM, a major French government organisation. The two will mine gold and look for new mining ventures.

These deals follow the visit by a French trade delegation led by the Minister of Trade and Industry, Dominique Strauss-Kahn, who said France wished to become SA's biggest trading partner.
JOINT ANNOUNCEMENT

by

SOCIÉTÉ CENTRALE UNION DES ASSURANCES DE PARIS
("UAP")

TRANSATLANTIC HOLDINGS PLC
("TransAtlantic")

LIBERTY LIFE ASSOCIATION OF AFRICA LIMITED
("Liberty Life")

and

FIRST INTERNATIONAL TRUST LIMITED
("First International Trust")

- Proposed merger of the interests of UAP and TransAtlantic in Sun Life Corporation PLC ("Sun Life")
- Formation of jointly controlled company, Rockleigh Corporation PLC, to become controlling company of Sun Life
- Acquisition of further shares in Sun Life from Sun Alliance Group PLC (Sun Alliance) at £11.60 (ex interim dividend)
- Conditional offer to be extended to minority shareholders of Sun Life at £11.60 (ex interim dividend)
- Acquisition of 40 million shares in TransAtlantic by UAP

UAP (the leading French insurance group) and TransAtlantic (the London-based international investment vehicle of The Liberty Life Group) announce that they have acquired from Sun Alliance 3.02 million shares in Sun Life representing approximately 4.5 per cent. of Sun Life's issued share capital at £11.60 per share excluding the right to receive the interim dividend of 14p per share declared by Sun Life on 18th September, 1991. The Sun Life shares have been acquired by Rockleigh Corporation PLC ("Rockleigh Corporation"), a special purpose English registered company owned jointly and controlled equally by UAP and TransAtlantic.

UAP and TransAtlantic both had a holding prior to the above acquisition of 18,835,000 Sun Life shares, each representing approximately 27.7 per cent. of Sun Life's issued share capital. UAP and TransAtlantic have entered into an agreement which is expected, subject to the necessary regulatory approvals, to lead to a transfer by both parties of their existing respective shareholdings in Sun Life to Rockleigh Corporation which will become the controlling company of the Sun Life group with a 59.9 per cent. shareholding, including the shares acquired from Sun Alliance.

Although there is no obligation to do so, Rockleigh Corporation intends to make an equivalent offer to all the minority shareholders of Sun Life once the necessary approvals and consents aforementioned have been obtained and subject to no material adverse change in the financial position or prospects of Sun Life or in relevant financial markets. Any such offer will be subject to the usual offer conditions and will be at the price paid to Sun Alliance of £11.60 per share on the basis that the interim dividend of 14p per share announced by Sun Life on 18th September, 1991 would be paid to the existing shareholders of Sun Life.
Big French investment plan

Own Correspondent

FRENCH companies were looking at a substantial investment in high-tech industry in South Africa in satellite technology, aeronautics and telecommunications, French Trade and Industry Minister Mr Dominique Strauss-Kahn said last night.

He was speaking at the close of a four-day visit to South Africa, the first by a French cabinet minister since 1975. He was accompanied by senior executives from 25 French firms.

Earlier in the day Mr Strauss-Kahn met ANC president Mr Nelson Mandela and President F W de Klerk, both of whom agreed to a French proposal for training programmes for black top and middle managers to service new French investment.

ANC international affairs head Mr Thabo Mbeki said after meeting Mr Strauss-Kahn that foreign investors should start planning investment in SA now, "even to the extent of coming to talk to the trade unions, the ANC and other people".

Mr Strauss-Kahn said 90% of South Africa's political transformation had been completed and that France's coal embargo would remain as a symbolic trade sanction.

He said France wanted to increase its stake in South Africa's international trade which at present stands at 4%. French industries would also help develop infrastructure and housing.
The Rs.6-billion Ecco human resources group of France is reportedly set to gain control of Technihire.

It amounts to the first post-sanctions acquisition of a South African listed company by French interests.

The terms of the deal have not been announced, but it is believed that a cash injection of several million francs to give Ecco outright control of the SA group.

Technihire founder and chief executive Jack Ellisov will apparently stay with Ecco, which will appoint its own men to the board.

The deal sets the scene for Ecco’s expansion.

The French interests see the deal, the first by Ecco in Africa, as a platform for entry to sub-Saharan countries where expertise is desperately needed.

Business Times Reporter

Technihire is the holding company for several specialists in personnel hire and executive placement. They include Drafthire, Draftcraft, Tradehire, Managerial & Engineering Recruitment Consultancy (MERC), Draftrite and Towner Group.

Advanced Credit Bureau, a computerised debt-collection service, is a joint venture with Information Tract Corporation, a division of M-Net.

Ecco is a Rs.6-billion international operation trading in 21 countries with 500 branches. It is quoted on the Paris Bourse and in Lyon and is rated as the third-largest human resources group internationally.

Ecco made a net profit of Rs133-million in its latest year.

Warning

Chief executive Philippe Foreniel Dentsel has set his sights on Rs600-million profit by the end of the decade.

Technihire has performed consistently since being listed on the JSE in 1985. Its last year’s trading shows a net attributable profit of Rs1.1-million on turnover of Rs5.6-million, giving earnings of Rs4.2 a share.

Ecco’s shares are trading at 15 times earnings compared with 4.5 for Technihire. The share price rose after a warning notice about negotiations.

The proposed Technihire deal follows the announcement by the French Trade Minister that France intends to become SA’s biggest trading partner. Technihire is well placed to benefit from any French trade or investment.
R4m French injection for SA

JOHANNESBURG. — In a major international investment breakthrough for SA, the giant R5,6bn Ecco human resources group of France is set to acquire locally quoted Technihire Ltd.

The announcement sets the scene for major expansion, acquisitions and diversification of Technihire with SA providing a springboard into Africa for the French interests.

The deal is for a cash consideration of R4m for 99% of the issued ordinary shares of Technihire at 45c per share.

Technihire CEO Jack Eliasov will remain on under a management agreement and three Ecco executives will be appointed to a reconstituted Technihire Board.

Ecco is the third largest human resources group internationally with a current turnover of some R6bn with 600 branches in 21 countries. The acquisition of Technihire is its first investment in Africa.

Listed on the Paris Bourse and in Lyon, Ecco returned a R123m net profit in its latest financial year. Its share trades at a 15 times earnings compared with Technihire's PE of 4.6 indicating an unjustified low rating for the local company.
French arrive for trade talks

The first French trade minister to visit SA in 16 years arrived in Johannesburg yesterday with a top-level trade delegation, including CEOs from 23 major French firms.

French Trade and Industry Minister Dominique Strauss-Kahn said yesterday a substantial number of major French companies were interested in investing.

He said economic links with SA were underdeveloped and had the potential to grow rapidly.

The delegation includes CEOs and MDs from Banque Nationale de Paris, Banque Paribas, Credit Lyonnais, Renault Vehicle Industries, Aerospatiale, Total, Indesuez, Rhône Poulenc, Dassault and coal mining company Le Carbon Lorraine.

Also in the party are the presidents of the Paris Chamber of Commerce, the French External Trade Organisation, the Southern Africa committee of the French Confederation of Industry, and national telephone firm France-Télécom.

The minister said all the firms represented were "interested in specific developments" in Southern Africa.

Strauss-Kahn would meet President F W de Klerk, ANC president Nelson Mandela, senior Cabinet Ministers and Gencor chairman Derek Keys during the trip.

He would not be meeting Inkatha leader Mangosuthu Buthelezi "because of the crowded schedule", a French embassy spokesman said.

The Bureau de Recherches Géologiques et Minières (BRGM) would also be signing an agreement with Gencor to co-operate in mining gold in Guyana, Strauss-Kahn said.
West and central Africa have moved a step closer to SA exporters thanks to a key move by the French company Delmas, one of Europe's largest shipping and freight forwarding organisations.

Delmas, which generates 43% of its turnover in Africa, has signed an exclusive agency agreement with SA freight forwarding company TTA.

TTA MD Georges Kriemadis said in an interview on Friday that airfreight and sea freight forwarding was now possible to almost any country in west and central Africa.

TTA, which was now a full subsidiary of Delmas after a takeover of the parent company in France this year, could provide SA clients with a comprehensive service, Kriemadis said.

Safto GM Ann Moore said, "We welcome any move that strengthens transport links with Africa. This agreement complements our own work done in this area."
French firms keen to invest in SA's high-tech industry
NOW, Mabeki tells French
PREPARE TO INVEST IN SA
I back SA effort

POLITICAL BRIEFING

By Zaheer Waseem
Alusaf ties up deal for French smelter

MATTHEW CURTAIN

Alusaf has concluded a deal with French aluminium and packaging group Pechiney to design the smelter for the company’s proposed R4.5bn expansion programme, MD Rob Barbour said yesterday.

Pechiney would design the entire plant and the contract provided for two years’ operational support. The deal meant Alusaf would expand production by an extra 466,000 tons a year, from current levels of 172,000 tons and against original plans for 320,000 tons of additional capacity.

The go-ahead for the expansion programme is dependent on government applying its new export incentive scheme for large capital and export-oriented projects to Alusaf. Barbour said the agreement with Pechiney included a let-out clause if the project did not go ahead. He said that the chances that the project would get off the ground were excellent.

He said Alusaf was keen to “deter” others from proceeding with their plans to build new aluminium smelters, moderating an article in yesterday’s London Financial Times which reported Barbour as saying his mission was to “frighten off” investors who might be tempted to put up money for other new projects.

Barbour said the timing of the Alusaf project was crucial. If it went ahead, it would be on-stream by 1994. Current aluminium demand was about 15-million tons a year, and with forecasts that consump-

Smelter

tion would grow by 3% a year, Alusaf’s new capacity would absorb some of that excess demand and have no downward effect on prices.

However, there were as many as 15 other projects on the drawing board and if some of these — the most likely of which were in Venezuela and Nigeria — went ahead, the market would be flooded and prices would fall. Aluminium prices were already low and would make the early life of the Alusaf venture difficult.

Barbour said he wanted to impress upon international investors that the Alusaf programme was unstoppable.

He said the cornerstone of success was the deal with Eskom by which the utility would provide electricity for 25 years at a rate tied to aluminium prices. This meant Alusaf’s power supply was competitive with, if not as cheap as, hydroelectric and gas flare powered options in South America and the Middle East.

Government assistance was vital to defray the capital costs of the project, but labour costs would be relatively low because the new plant was highly automated.

Alusaf also had the backing of Gencor, which has a 31% stake in the company, the Industrial Development Corporation (41%), and Swiss aluminium group Alusuisse (22%). Eskom had the option of taking a 25% stake.

The IDC has announced it has allocated R1bn to finance new export projects in the next five years.
‘No coincidence’ in Alcatel reports

Reports that French companies are looking at a substantial investment in high-tech industry in SA, in the fields of satellite technology, aeronautics and telecommunications, come as no surprise to industry observers.

News of the possible investment came from French Trade and Industry Minister Dominique Strauss-Kahn at the end of his four-day visit to SA on Monday.

One industry source says that among the senior executives from 25 French firms who accompanied Strauss-Kahn were Alcatel Espace CEO Jacques Imbert and MD Alain Roger.

Alcatel Espace is the space research division of Alcatel, the world’s largest telecommunications company, and represented in southern Africa by Altech.

“It seems more than coincidental that Altech, which has been manufacturing under licence to Alcatel for several years, should have recently launched its own satellite interest, Altech Space,” the source said.

“With developments in the telecommunications industry heading in the direction of satellites, it seems clear SA is seeking to position itself in the forefront of this communications technology in Africa.”

Adding fuel to speculation that significant new developments are afoot, is the fact that Alcatel Telecommunications CE Pierre Giuchet, arrives in SA for talks with Altech directors next week. It is understood he met government representatives on a previous visit.
Envoy to see FW Mandela

THE French Minister for Industry and External Trade, Mr Dominique Strauss-Kahn, is scheduled to meet ANC president Nelson Mandela and State President FW de Klerk separately today.

Strauss-Kahn arrived in South Africa on a fact-finding mission last week and will leave tonight after a news conference in Johannesburg.

He said France wanted to strengthen its economic and political ties with South Africa.

Strauss-Kahn brought a strong trade delegation that investigated business opportunities with South Africa. - Sapa.
Royal, French firm talk about joint operation

ROBERT GENTLE and SEAN VAN ZYL

BSN, the French food multinational with a string of world-class brand names in its stable and subsidiaries on four continents, is negotiating with JSE-listed Royal Corporation to set up an operation in SA.

A BSN spokesman, speaking from Paris, said yesterday there had been contact with Royal during the visit last month of French Trade and Industry Minister Dominique Strauss-Kahn.

She spoke of negotiations being at the pre-selection stage, and played down suggestions that a final deal was imminent.

Royal chairman Vivian Imerman said the companies had "a close relationship" and discussions on areas of mutual interest had been in progress for some time.

"At this stage, the discussions have not reached any conclusion."

French commercial sources in Johannesburg said the calibre of the representatives BSN sent out to SA, both before and during Strauss-Kahn's visit, suggested a major thrust was being planned relatively soon.

The key areas of interest were yogurt and biscuits.

It is reliably understood that BSN is on the lookout for a partner to facilitate the establishment of a distribution and marketing network.

BSN, which in 1990 made net profits of Fr1.1bn on turnover of Fr53bn, has six main branches of activity: dairy products, general foods, biscuits, beer, mineral water and packaging.

Among its famous brand names are Germaine Danone (yogurt, desserts), Evian (mineral water), Kanderbrau (beer), Panzani (pasta) and Amora (mustard).

Traditionally active in mainland Europe, BSN has gradually moved into England and the US, where it has become a major force in yogurt and biscuits.

Royal, which in 1990 made attributable earnings of R12.5m on turnover of R171m, is active in the SA biscuit industry and acquired Royal Beech-Nut from the American Nabisco group two years ago.

Its product line also includes baking powder, cake mix, sweets, jellies and chewing gum.
French firm set to acquire Technihire

FRANCE's human resources group Ecco is set to acquire the JSE-listed Technihire Group for R4m as part of a strategy to expand into Africa.

Ecco was ready to expand and diversify Technihire and use the group as a springboard into Africa for French interests, a joint statement at the weekend said.

The deal, believed to be the first post-sanctions acquisition by French interests, involves R4m cash for 60% of Technihire's share capital at 48c a share. A similar offer will be made to minorities.

Technihire peaked at 48c on the JSE last week, recovering strongly after languish-

Technihire

ing at a 20c low in May. The share has seen unusually heavy trading volumes since late July.

Technihire CEO Jack Elisavov will retain his post under a management agreement and three Ecco executives will be appointed to a reconstituted Technihire board.

The core business of the group will remain the same: hiring skilled and semi-skilled personnel through Drafthire, Draftcraft, Draftrite and Trademrite.

Elisavov said: "The Ecco Group is virtually a mirror image of Technihire and we see strong synergies between the two."

He said Ecco was in a strong position to pursue expansion in SA. The group is the third-largest human resources group internationally, with a turnover of more than R6bn and 600 branches worldwide.

Elisavov expected major benefits from the deal in terms of international know-how, business opportunities and financial resources.

The group was well geared. Ecco's initial cash injection would be "only the first step" to later investments as opportunities were identified and explored.

Ecco CE Philippe Portiel Destezet saw great potential for human resources services as the region recovered from political and economic problems.
Wellcome planning to sell two divisions

BRITISH drug group Wellcome and France-based chemical company Roussel-Uclaf SA had entered into negotiations for Roussel-Uclaf to acquire Wellcome's Environmental Health business, the company said in a statement yesterday.

The operations are focused on insecticides. Wellcome said the planned sale fitted into its plan to refocus on its core pharmaceutical operations.

Wellcome Environmental Health SA GM Martin Beaudenhoux said business would continue as normal while negotiations were in progress. Wellcome staff would become Roussel-Uclaf employees. Financial details of the sale were not divulged.

Canada-based International Murex Technologies is negotiating the purchase of Wellcome's diagnostic kit design and manufacture division.

Wellcome said Murex sought to acquire Wellcome Diagnostics as an element of its overall corporate strategy to build a diversified diagnostics company capable of competing effectively in global markets.

Wellcome SA GM Brian Stratton said yesterday the company's SA operation would not be affected by the sale.
French Bank adopts higher profile as curbs are lifted

FRENCH Bank of Southern Africa, one of the oldest foreign-held merchant banks in the country, is finally coming in from the cold and raising its profile after years of sanctions-induced discretion.

"The changing political situation and the ending of European restrictions on investments in SA have allowed us to reassess our image more clearly than perhaps we were previously able to," says MD Francis Klein.

While Klein is French, the bank employs only about six native Frenchmen, and barely one in 10 of its 240 staff members has a working knowledge of French.

"We are essentially an international bank and all communications with our worldwide network are in English," says Klein.

French Bank’s parent company is Banque Indosuez, the Paris-based banking group active on all five continents in banking services, capital markets, financial engineering and investment services. Banque Indosuez is itself part of the French multinational Groupe Suez, nationalised in 1981 by the incoming socialist government and privatised again in 1987.

French Bank, unlike foreign representative offices in SA, is a fully capitalised deposit-taking institution that subscribes to Reserve Bank capital adequacy requirements. Klein says the capital base now stands at about R86m and is set to reach R100m by year end, with total assets of R1.5bn. By comparison, Rand Merchant Bank has a capital base of R121m and total assets of R2.7bn.

Despite French Bank’s relatively small size, Klein says it has carved itself a niche in areas like foreign exchange, trade finance, offshore financial engineering and clearing/settlement of JSE transactions. It also has a London branch.

"We deal with about 80 of the FT Top 100 companies."

French Bank sees itself as having an edge over other merchant banks because of the advantages of belonging to a worldwide banking group providing access to international markets, expertise and competitive pricing — free of the type of risk premiums usually charged by intermediaries.

It has started to tap the client base of the NBS banking group, which is a 39% stakeholder. "We are starting to provide forex operations to some of NBS’s larger clients," says Klein.

French Bank made net profits of R7.6m in 1996. Klein says these will increase "well above inflation" for 1997. There were "very few" provisions for bad debt because of the bank’s blue chip client base. Return on assets is a comfortable 0.8%, in line with the successful big five banks.

French Bank feels its wider range of services and experience of the local market enable it to head off any competitive threats from other foreign banks.

Klein says there are no plans to change the name of the bank. "What we will do, however, is highlight more prominently our association with our parent company Banque Indosuez."
Roychem close to deal with US group

ROYAL Group’s listed chemical subsidiary Roychem has struck a deal in principle with US chemical group Ferro for the local manufacture of chemicals to be distributed by the US group’s worldwide network, group MD Doug Johnston said yesterday.

Johnston would not disclose the value of the deal or the product concerned and noted that the venture still had to be finalised.

Roychem was formed earlier this year when Royal acquired Ferro Industrial Products from Ferro US after the former parent company pulled out of SA. The local Ferro operation manufactures specialty plastics, coatings and ceramics.

The Ferro deal closely follows news that Royal — through its food operation Royal Foods — is negotiating a joint deal with French food multinational BSN.

BSN manufactures and distributes world-class brand names in food and is apparently looking for a local partner to market its products in SA.

Royal chairman Vivian Emerman admitted the group had a “close relationship” with BSN but said discussions were far from concluded.

Market sources said Royal, possibly with BSN, was also set to acquire a major local distributor in the dairy field.

Imperial Cold Storage and Supply Company (ICS) would appear to be the most likely candidate. However, market analysts did not expect ICS’s parent CG Smith Foods and ultimate controlling shareholder Barlow Rand to put the company on the bidding block.

Johnston declined to comment on the food-related deals but said Royal was in contact with various parties worldwide and had openly expressed its intention to seek international partners.
Ecco buys 42% of Techire

FRENCH-based human resources group Ecco has acquired 42% of Technihire (Techire) from its controlling shareholders, Jack Eliasov Holdings and the Jack Eliasov Family Trust.

Ecco said in a statement issued today the controlling shareholders had accepted an offer of 45c a share for 66% of their holding from Ecco and had undertaken to top up Ecco's stake by up to a further 18% if sufficient minorities did not accept the offer.
The companies specialise in the manufacture of food processing, packaging and printing equipment.

A French embassy spokesman said this would be the first official exhibition in SA "for many years". A trade delegation accompanied French Foreign Trade Minister Dominique Strauss-Kahn to SA in September.

The companies at the exhibition from February 24-28 are: Adamei Lhomargy, which makes quality control instrumentation; Machines Automatiques pour Polystyrene Expansible (MAPE); Imaje, which makes ink jet printers; Eberle France, manufacturers of paper converting machines; Seailles et Tison, manufacturers of printing machines; Delta Neu, manufacturers of waste recovery equipment; Barriquand Sterilflow, manufacturers of sterilisers and heat exchangers; Sanfi Babcock, manufacturers of refrigeration equipment; Phenix Roules, manufacturers of grain storage equipment; Adepta, a group specialising in the agricultural industry; Lagarde, which makes food sterilisers; and Sodine, manufacturers of flow equipment.
FOREIGN FIRMS IN SA - FRENCH

1992
Ecco nets 60% of Technihire

MAJOR French group Ecco has effectively acquired 60% of SA human resources group Technihire after acceptance of an offer to minorities and further sales of shares by the controlling shareholders.

Minorities, representing about 6.5% of Technihire's issued share capital, had accepted the cash offer for their 830,113 shares and controlling shareholders Jack Eliasov Holdings and Jack Eliasov Family Trust had sold 1.48-million more ordinary shares to Ecco.

They had previously sold Ecco 5.32-million shares at 45c a share. The deal effectively gives Ecco a 68% interest in Technihire worth a total of R3.42m.

The acquisition was made through Ecco's Dutch subsidiary Nobra.

Further investments to fund expansion and acquisition would be injected into Technihire by Ecco, Ecco International operations director Christine Raynaud said. (B)
French Group Buys R25-m Stake in Grinco
French buy Grinhold stake

THE French shipping and transportation giant, SCAC-Delmas-Vieilles (SDV), has acquired a 25.13% stake in Grindrod Holdings for more than R25m.

Grindrod chairman Murray Grindrod said the investment would be followed by a R50m rights issue in Durban shipping and transport subsidiary Grincor. This would be done without the loss of control of Grincor by Grindrod.

The merger would provide the group with the opportunity to consolidate its international forwarding network in Europe and East and West Africa.

"The strategic nature of the investment will give Grincor additional trading opportunities while giving SDV a meaningful stake in the Durban-based shipping and transport group," Grindrod said.
French giant SCOA to open branch in SA

PARIS — The giant French trading house SCOA, with vast experience in Africa, is opening an office in Johannesburg, it announced in Paris yesterday.

The multibillion rand firm was founded by two Swiss businessmen in 1907, and by 1952 had opened 600 bureaux in Africa.

Managing Director Jacques Marcelli told the Star: "Our decision to start major operations in South Africa reflects our confidence in the country's future economic progress and stability."

SCOA's move comes directly after the decision last week by the French government to resume SA coal imports, boycotted since 1965.

The company is particularly active in seven West African countries — Cameroon, Congo, Gabon, Niger, Nigeria, Senegal and Togo.

But as its director for Africa Jean-Claude Gammacurta admits: "Some of our clients there left us with huge debts. We closed down half our 26 supermarkets, reorganised our administration, trained new personnel and put an end to our sales on credit."
French multinational firm comes to SA

The Argus Foreign Service
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Benefits of links with strong parent company

LIQUID Air is a subsidiary of the international group L'Air Liquide, which has a large share of the world's gas market.

The group has 21% of the $19bn a year international industry, compared with BOC's 17%, and Union Carbide's 13%.

Liquid Air MD Jacques Parente says the benefits of being a subsidiary of the world's major gas company, employing about 30,000 people in 60 countries, are considerable.

The parent company, which was established in 1902 by Paul Delorme, is listed on the Paris stock exchange and in other major countries.

It has a subsidiary in Botswana and is represented throughout Africa.

Apart from the production and supply of the more popular industrial and medical gases, L'Air Liquide has been involved in space projects for 15 years, and is strong in the electronic industry, where it supplies the electronic high quality gases through its facilities in France and Japan.

Its strategy is to constantly develop service and quality, to concentrate on its core business (industrial gases), to develop new applications in growing sectors and to make people its top priority.

With major research centres worldwide spending over R1m each day on research and development, new concepts and technology are passed on to the subsidiaries around the world.

Between 1976 and 1981, L'Air Liquide installed the world's largest oxygen plant, comprising 15 units, on Sasol sites.

Together with Sappi, L'Air Liquide developed the Sapoxyal pulp bleaching process, "and now occupies a leading position in the field of paper pulp delignification through the use of oxygen or ozone", says Parente.

It recently concluded an agreement with Sasol for a Krypton/Xenon project, a crude product of rare gases to be purified in Europe.

In SA, Liquid Air operates in the food, steel, engineering, construction and beverage industries. It also operates in the medical sector and is involved in environmental applications.

Local

Parente says all of these areas of its business have had and continue to enjoy a strong international back-up in terms of new technological applications.

Although its links with France have always been strong and will remain so, Parente says it is the group's policy to try and have more local people managing subsidiaries.

The aim is to promote local people and to give them the opportunity of training overseas, in order to equip them to handle high level positions.

The mix of local and expatriate employees contributes to the transfer of new ideas as well as a good exchange of information.

A major thrust of the group is its philosophy of being fully integrated in those countries in which it operated.

Parente says the group is considering increasing its presence in SA through new projects and new investment possibilities. The scale of such a new investment will be largely dependent on the number and size of new projects in SA.

Although the SA part of the global organisation is small in relation to the total group, it is performing well in terms of sales, profitability and return on assets and the company has, up to now, managed to develop the resources necessary to carry out its innovative policies.

Liquid Air is one of the major gas companies in SA.

"Compared with BOC subsidiary Afrox, we look like the challengers. But being in this position means the company has to be flexible, mobile, aggressive and creative," says Parente.

"As the challenger, we have to be differentiated, and we achieve this by being close to the customer and through our reliability and the high quality of our product."

"In SA we are well positioned in terms of customer perception. This has encouraged us to further improve our quality of service through a 'zero defect' quality training programme for all the employees."
More displays from France as SA comes in from the cold

FRANCE has maintained ties with SA's aviation sector for over three decades. These were traditionally through the sale of military and civil aircraft and parts, although military deals were curtailed by the arms embargo.

Aviation Africa '90 marked a turnaround in that Airbus Industrie, Aérospatiale and Avions Transport d'Étendue (ATR) were all represented in SA. However, this year's expo promises even more from the French, with other prominent aerospace companies taking part.

Promoting

While those interested in airline manufacture will focus on Airbus Industrie and its two US-based "heavy metal" competitors, Boeing and McDonnell Douglas, corporate and military aviation watchers will view activity at other stands flying the tricolour.

Aérospatiale will be promoting the Ariane IV rocket launcher, satellites and, through its local agent, its stake in the Eurocopter consortium.

Midrand-based Advanced Control and Engineering will represent Dassault and several other French electronic systems, avionics and navigational aid manufacturers, such as Système Avionique Inter-technique, Labinal, Sully Produits Spéciaux, Teledex Syneravia, Secan, Elecema and others.

Cabrás will be promoting products in the hardware and electrical/electronics sector, as well as steel and aluminium raw materials.

Other French aeronautica firms will be represented by France's aerospace industry association, GIFAS.

A source close to the expo organizers says he hopes by the Aviation Africa expo in 1994 the arms embargo will have been lifted and military aircraft and support equipment will be displayed and sold in SA.

At present, the majority of aircraft and missile systems used by the SA Air Force are either French built or based on French designs.

ATR is back this year, keen to capitalise on the foothold it gained in the SA market when Flitestar bought two ATR 72s for its coastal services.

Limited

Previously, its profile in southern Africa was limited to Air Botswana and Zambia Airways, which have several smaller ATR 42s between them.

Airbus, which had a good year in 1991 as far as the SA airline industry goes, will be promoting its entire family of aircraft, from the single-aisle A320 twinjet to the new wide-bodied four-engined A340 long-haul jumbo.

SA and Flitestar are both Airbus A320 users, while the national airline was one of Airbus's first customers for A300s in the mid-70s.
DELEGATES from the Paris Chamber of Commerce and Industry arrived in SA yesterday to set up business deals with local companies.

French Chamber of Commerce and Industry GM Dominique Brunia said the delegation had come "with their cheque books" prepared to sign contracts with local companies. There had been numerous fact finding missions to SA by French business in the last six months, he said, and this time the delegation was here "to do real business".

Information director of the Paris chamber Marc Deballon said the 15 companies represented by the delegation already had investments in French-speaking Africa, and were interested in developing SA into a platform for establishing ventures in southern Africa.

A number of companies were interested in establishing joint ventures with local businesses. These included railway equipment manufacturer Le MATERiel de Voie which will be meeting Spoorne and Iscor. Delegates will also meet the Premier group, Barlow, Rand, Dorbyl, KWV, CSIR and SA Druggists.
Aerospace firm seeks SA partners

PRANCE's state-owned aerospace giant, Aerospatiale, is seeking SA partners for several projects which could include subcontract manufacturing work on aircraft and space programmes.

The firm, which is a partner in Airbus Industrie, Avions Transport Regional (ATR turboprop airliners), Eurocopter and Eutelsat, recently opened a representative office in Sandton.

General Representative for Southern Africa and the Indian Ocean, Jean-Pierre Chapplain, said on Wednesday SA was important for Aerospatiale because it had expertise for co-operative ventures.

"The forms of co-operation have not yet been defined, and whatever they turned out to be, they would have to be suitable to both the local companies and the Aerospatiale Group," he explained.

Aerospatiale, in its former guise as Sud-Aviation, pioneered the concept of multinational aeronautical partnerships when it joined hands with the British Aircraft Corporation (now British Aerospace) to design and manufacture Concorde, the only supersonic airliner to enter commercial service to date.

Last year the company made a FRF215m (about R106m) profit and reported a 16% increase in product sales compared with 1992.
French group buys computer company

GROUPE Bull of France has bought a controlling share of Mohawk Computers SA to become the first major information technology supplier to invest in the country since sanctions were dropped.

Mohawk Computers is SA's largest independent non-listed supplier of computer hardware and software.

Its turnover for the year to May was R25m. Daily 26/6/92

The French government-owned Groupe Bull, with a significant sales network on the African continent, has a presence in more than 100 countries. Its 1991 sales were R17bn.

The significance of Groupe Bull's investment is that other information technology multinationals have established only licensing agencies in the country.

Groupe Bull southern Africa GM Daniel Farhi said: "We believe there is a substantial requirement for our technology in SA. "Because SA is a business leader in the region we also see it as a natural gateway for stimulating our operations in neighbouring markets."
Budget Formule 1 hotel to be built

FRENCH-based hotel group Formule 1 is coming to Pretoria.
MD of Formule 1 SA Roland Du Trevou said in an interview the group had identified a site near the Pietersburg highway to develop what will become the fifth of its low-cost, no-frills hotels in SA.

Pretoria, he said, figured prominently in the group’s plans for this country. “It is a major city and one which will continue to be very important for the country in the future.”

By the end of next year Formule 1 will have 10 hotels in this country. The chain’s world-wide success is based on affordable accommodation. Rates are charged per room and not per bed.

The target market is the budget-conscious person — particularly salesmen, civil servants, and businessmen — working away from home during the week.

Du Trevou said the site — between the Menlo Park and Lynwood off-ramps on the N1 — was ideal.

Du Trevou said it was expected the passing traffic would generate considerable business, with many visitors from Pietersburg, the northern Transvaal and Zimbabwe expected to stop off there.

It is also accessible from the industrial area of Silverton and is near large residential areas.

Du Trevou said the new hotel would have 80 rooms.

Formule 1 hotels do not offer restaurant and bar facilities, but the company sees to it that there is a good restaurant within easy reach.

If there is not one nearby, it develops restaurants which it often sells to private owners.
Bull takes on IBM, Olivetti

BULL Group is set to challenge the supremacy of Olivetti and IBM computers in South Africa.

Its majority stake in Mohawk Computers, acquired last month, gives it a ready-made nationwide distribution and services network and an installed base of about 300 customers.

Bull is the largest computer group in Europe and one of the 10 biggest in the world. Its annual sales total $8-billion.

"We have not come here to play a small game," says the managing director of Bull Information Technology (Southern Africa), Daniel Farhi.

"We have a few trump cards. The first is our distributive computing model, which can be integrated with multi-vendor environments.

"Second, we are in a strong position in advanced technology, such as the smart card which we were first to develop, videoex and artificial intelligence. They are sustained by huge investments in research and development, amounting to 11% of group turnover.

"Third, we have specially designed solutions for banking, insurance, retail and distribution, manufacturing, public utilities and administration."

Mr Farhi says Bull will be able to offer a wide range of hardware, application software and professional services.

"We will also be able to offer installation and maintenance of the computer systems we sell here."

Why did Bull decide to enter the SA market through Mohawk?

"We had discussions with several groups, but Mohawk impressed us because it has been established in SA for 20 years, it has a nationwide structure for servicing and distribution and highly trained staff.

"It has a common culture with Bull, but lacked the ability to source products from the designer, which is where we come in."

Mohawk is said to be the largest privately owned computer group in SA.

Bull is owned by the French Government and is recognised as a world leader in high-speed printers, point-of-sale equipment, automatic teller machines and artificial intelligence.

Its development of the smart card revolutionised card technology.

It developed the telmexa videoex system in France, similar to SA's Beitel, which allows millions of telephone subscribers to access a huge database of information, from telephone numbers to restaurants and theatre events.
R100m for gas plants

LIQUID Air, the SA subsidiary of L’Air Liquide, the French industrial and medical gas group, plans to invest more than R100-million in new ventures, more than doubling the size of its assets here.

This will be one of the largest investments by a French group in SA in recent years. Managing director Jacques Parent says the money, most of which will come from the Paris-based parent, will be used to expand the company’s activities.

Liquid Air has factories in Germiston, Cape Town and Richards Bay. They make medical gases, such as nitrous oxide and oxygen, and industrial gases, such as acetylene, carbon dioxide and nitrogen.

The company has been in SA since 1948. It employs 320 people and controls assets of R70-million. Liquid Air’s main competitors in SA are Afrox, Fedgas and Air Products.

Improving relations between SA and Africa have enabled the group to start exporting high-value-added gases to its companies in West Africa.

“Gases are costly to export over long distances,” says Mr Parent.

“It takes a 10kg container to hold a kilogram of gas. Long-distance transport only becomes feasible where the gas has a high value.”

L’Air Liquide is represented in 55 countries, 25 of them in Africa. The group had international sales of R16-billion in 1991.

Because the production of gases is capital intensive, the group has large investments in plant, buildings and equipment. In 1991, these were valued at about R10-billion.

“Our job is not only to sell gases,” says Mr Parent.

“We spend much of our time consulting businesses on improving their manufacturing processes using gas. For example, we can use gas to cool a reactor in only seven hours as opposed to the usual 24 to 48 hours. A plant that is idle for this length of time costs the company money.”

The group has developed the use of gases in a variety of food and manufacturing processes. It is both cheaper and more effective than conventional electrical methods. Liquid Air therefore has an unlikely competitor in the form of Eskom, which markets the energy and cost-saving benefits of switching to electrically powered processes.

Cyanide

Environmental consciousness in Europe has been a fillip for the industrial gas business. L’Air Liquide has developed environmentally sound gases for use in laser welding and oxygen-based processes for the paper and iron-foundry industries.

The company pioneered the use of oxygen in gold leaching, a process which reduces the need for chemical additives, such as cyanide.
Top supplier of high-tech equipment

FORMED three years ago through the merger of Alcatel Alsthom of France and GEC plc of the UK, GEC Alsthom is one of South Africa’s largest suppliers of advanced technology.

Much of the hardware for Eskom’s power stations and Transnet’s rolling stock came from GEC Alsthom, the Anglo-French conglomerate, which is owned equally by the French and British parents.

Alsthom, as part of the French Framatome consortium before the merger, played a vital role in the development of SA’s nuclear industry.

Sister

It provided the turbine generator plant at Koeberg nuclear power station and is still involved in its running. Alsthom provided most of France’s nuclear power plant.

The company also supplied the generators at Eskom’s Matla, Lethabo, Matimba and Zimbabwe’s Hwangwe power stations.

Sister company Sieva supplied the coal mills for the pulverised fuel firing at most of Eskom’s recent power stations in addition to the boilers at Matimba.

Another group company, CEM, provided the turbo alternator sets for Kriel and Arnott power stations. Delle Alsthom supplied 400kV and lower voltage circuit breakers and generator transformers to Eskom.

"GEC Alsthom has supplied 82% of the total generating capacity in SA since 1970," says GEC Alsthom International managing director Keith Maxted.

"This makes the group overwhelmingly the major electrical supplier in the country.

"We are also the largest supplier of traction equipment in the world. Most of Spoorset's locomotives and suburban rolling stock over the years have been supplied by GEC Alsthom."

Ships

A GEC Alsthom-led consortium won a £120-million (R2.5-billion) order last month to supply high-speed TGV trains for a network which will link Paris, Brussels, Cologne and Amsterdam. The order is for 27 train sets which travel at speeds of up to 500km/h.

The company is also building the trains for the Channel Tunnel.

GEC Alsthom shipbuilding subsidiary Chantiers de l’Atlantique recently delivered the two largest cruise ships in the world to Royal Caribbean Cruise Line. The 75,000-ton ships with 1,177 cabins can accommodate nearly 3,000 passengers.

Another subsidiary, Neypic, is involved in the Lesotho Highlands water project and won orders for the supply gates, valves and penstocks. It was also involved in the Orange River project.

Reason for the merger of the two mega-corporations was the need to meet the challenges of Europe 1992, says Mr Maxted.
French-South African Relations

French Hand Restraints African Spending

France Zone Inflation Rate

Cheeked by Paris Controls

Firm Hand Restraints African Spending
French hotel conglomerate Accor — it owns the Pullman and Wagon Lits hotel groups — Formule 1 has become the fastest-growing chain in the world.

The group comprises 239 hotels, a new establishment opening each week. Research had shown that 60% of French people had not stayed in a hotel because prices were too high. Accor came up with a no-frills hotel concept that would appeal to almost any budget.

Mr du Trevou boarded an aircraft to France and tried to interest Accor in launching the concept in SA.

Accor believed the “time was not ripe” to open here.

**Muscle**

Mr du Trevou returned to SA empty handed, but far from defeated. The fact that the hotel trade in SA was going through hard times because of a tourism slump did little to dent his enthusiasm.

He registered the name Formule 1 and approached Meyer Khan, chairman of SA Breweries, which owns the Southern Sun group.

With the financial muscle of the SA Breweries group now behind him, Mr du Trevou and Southern Sun managing director Ron Stringfellow approached Accor a second time and a partnership was formed in December 1990.

The first Formule 1 hotel in SA near Jan Smuts Airport opened in June 1991 and is running at “very high” occupancies. The average occupancy of SA hotels is about 50%.

Formule 1 hotels are aimed largely at the SA market and are relatively immune to international tourist cycles.

“We plan to open 10 hotels before the end of 1993 and 30 by the year 2000,” says Mr du Trevou.

**Slash**

A second Formule 1 is being built beside the Ben Schoeman highway’s Sandown-Wynberg off-ramp and a third, on Louis Botha Avenue in Beren, will be ready by December. A fourth will be built close to Jan Smuts Airport.

By dispensing with costly restaurant, overheads, room service and bars it is possible to slash tariffs to the bare minimum.

A room costs R74 a night whether it sleeps one, two or three people. A Continental breakfast costs only R6, but no lunch or supper is served.

For those in need of a midnight snack, a vending machine is available.

“Our market is travelling salesmen on limited budgets, technicians, public servants, trainees, families and people from out of town.”

Mr du Trevou says Formule 1 does not compete with the newly launched Southern Sun Garden Court, or the successful City Lodge, which pioneered this market in SA.

“It is not uncommon for a Formule 1 hotel to be full on the first night after opening,” says Mr du Trevou.

“We do little advertising. We promote the hotel with huge billboards while construction is under way.”

Formule 1 will expand to Durban and Cape Town next year and thereafter into smaller towns in competition to one- and two-star hotels. A 40-room hotel can be run by a staff of three or four.

**Tapping**

Guests arriving late at night can check themselves in with a credit card, but Mr du Trevou says there has been little opportunity to use this facility at Jan Smuts because the hotel is generally full at this time.

“Our research indicates that 50% of South Africans have never stayed in a hotel because the prices are too high. So we are tapping into a new market, offering low-priced, yet hygienic and comfortable accommodation to budget-conscious guests. Accor comprises 1 900 hotels and is the largest hotel group in the world.”
Lively band of bankers spurs trade

The arrival of two French banks in SA in the last 18 months, Paribas and Societe Generale, signals a growing trade interest among French corporations in the region.

Several other French banks have long been in SA. Credit Commercial de France has been here since 1960, Deutsche Bank since 1949, Credit Lyonnais since 1972, and Banque Francoise du Commerce Extérieur (BFCE) since 1970.

Two of the largest foreign-owned banks in SA are Societe Generale and French Bank of Southern Africa, with combined assets of more than R2.5 billion.

Paribas is the largest privately owned banking group in France.

Gradually

Societe Generale acquired 100% of International Bank of Johannesburg in 1991. The bank has two branches in Cape Town and Johannesburg and assets of about R700 million.

Managing director Peter Gray says the bank plans to "grow gradually" without concentrating on asset growth.

The bank is represented in 64 countries.

"The corporate bank will take advantage of its group strength, capitalising on French-SA trade," says Mr Gray.

"We will continue to develop business with the corporate sector in SA, particularly in international markets and foreign trade.

"We also have considerable expertise in treasury department activities."

Societe Generale group chairman Marc Vienot visited SA in February, calling on government officials and businessmen to strengthen ties in SA.

The bank has representations in 11 African countries. It is well positioned to challenge other SA banks in developing business contacts with the rest of the continent, says Mr Gray.

French Bank is a subsidiary of Banque Indosuez, part of the Compagnie de Socie group, one of the largest investment holding companies in France.

The bank's SA shareholders include NBS (38%) and Barlow Rand (10%). It is the largest foreign-owned bank in SA, counting among its clients some of the largest corporations.

"Trade will grow between SA and the rest of the world and French Bank will take part in financing that growth," says managing director Francis Klein.

"As foreign investment increases and SA investment grows abroad we are well placed thanks to our FDSA project finance subsidiary."

Credit Commercial de France maintains a representative office in SA. It does not carry out any banking transactions in SA.

Advice

"Our activities consist of arranging, through the Paris head office, short- and medium-term offshore loans in various currencies."

Societe Generale was chosen by Havas and Compagnie Generale de Electrisite to advise on the privatisation of these two companies in France.

It is the fourth-largest banking group in France with more than 300,000 corporate clients, including most of the blue chips, in which it also has sizable shareholdings.

They include Accor, CEGE, Canal Plus, Generale des Eaux, Havas, Perrier, Printemps and Rhone Poulenc.

South African life insurer Liberty Life has been expanding its presence in Europe.

In September last year it teamed up with Union Assurances des Paris (UAP) to take joint control of Union Life in SA after almost 10 years in the trying.

UAP is 65% owned by the French Government and is the second-largest life insurer in Europe.

But its relationship with Liberty Life has not always been cordial. In 1988 UAP tried a merger with Sun Life in which Liberty Life's subsidiary TransAtlantic had a stake of 28.8%. The merger was blocked by译

Footnote

Had it failed to block the merger, the result would have been to eliminate TransAtlantic's influence in Sun Life. Once the merger was blocked, TransAtlantic won two seats on the board of Sun Life, held by Michael Rapp (formerly of Rapp & Maister (SA) and the Marquess of Duoro.

The relationship between TransAtlantic and UAP improved thereafter and agreements were entered into whereby both sides equalised their holdings in Sun Life and decided to take joint control of it.

UAP acquired 10% of TransAtlantic and Liberty's stake dropped to 55%.

UAP, Liberty and TransAtlantic plan to develop their interests in the UK and elsewhere in the English-speaking world through Sun Life.

UAP's strong foothold in Europe presents Liberty with its best opportunity yet to penetrate the Continental market.

Sun Life was delisted after the takeover to pave the way for TransAtlantic's listing on the London Stock Exchange.
French business is moving south through African relations.
Study expects $15bn foreign funds inflow

THE SA economy could grow by between 3% and 4% a year between mid-1993 and 1998, economic consultant Thierry Apoteker concludes in a study produced for the French Bank of Southern Africa.

From its current negative annual growth rate, a post-apartheid economy would be boosted by at least $15bn in foreign funding over a three-year period.

Apopeker predicts a Budget deficit which would be restricted to 3% of GDP.

A consumer led recovery will operate alongside an increase in exports, spurred on by the suspension of sanctions and the exploitation of SA's advantageous position for trading with Asia and Europe, Apoteker says.

Although inflation would be a prominent feature on the post-apartheid economic landscape, Apoteker is confident any future government, whatever its political hue, will be forced to adopt a relatively conservative and liberal economic policy and contain public spending within limits acceptable to international funding institutions.

This optimism is matched by Industries of Southern Africa (FCCISA) GM Dominque Brunin.

Brunin said in an interview: “We have seen French interest in SA take off this year as businesses realise the reticence of British and German companies is an opportunity not to be passed over by them.”

He said since January the FCCI had recorded more than 50 businesses arriving in SA from France to investigate business potential, and added most departed either with contracts or with a commitment to return.

He explained this French optimism — at a time when other overseas businesses were “keeping their powder dry” — was borne out by the fact France was already the largest investor in sub-Saharan Africa and considered the gap left by other countries as an opportunity to move into SA.

In recent months, contracts have been signed between French computer company Bull and Morehead, between Alusaf and French steel giant Pechiney, and between Sun International and France’s Acer hotel group.

SA’s technology ‘lagging behind’

PRETORIA — The rest of the world was way ahead of SA in the technological field, even more so than was realised in the “comfortable” days of sanctions and isolation, Foundation for Research and Development Council (FRD) chairman Johan van der Walt says in the organisation’s annual report published yesterday.

Van der Walt said government and the private sector would have to make a far greater investment in training scientists and technologists than it was doing at present.

The report, handed to National Education Minister Piet Marias yesterday, said more than R59m was allocated to the FRD in 1991/92 for developing human resources in science and technology.
Koeberg bank returns to SA

By DON ROBERTSON

BANQUE de L'Union Européenne, the leading bank in raising finance for the Koeberg nuclear power station, is back in SA but under a different guise.

In January, Compagnie Financière de CIC et de l'Union Européenne (CIC Group) opened offices in Johannesburg to provide project finance for major developments. It also offers its services for mergers, acquisitions, debt swaps, tourism and trade.

The CIC group evolved after the merger of Banque de l'Union Européenne and Compagnie Financière in 1969 and is headed in Johannesburg by Philippe Uzac.

The group consists of 12 regional French banks dealing with medium-size companies, plus several specialised subsidiaries. It has 40 agencies and representatives in Africa, North and South America, Asia and the Near and Middle East with a staff complement of more than 29 000. It has assets of about R215-billion.

The CIC group is controlled by the French Government through the 62% interest held by GAN, France's third-largest insurance company.

Mr Uzac says the group will not compete with SA banks, but will co-operate with them in projects.

The group has scored several successes in Africa. It was the leading bank in the restructuring of the commercial debt of Mozambique. It is on the short list as possible managers of the railways and harbours in Mozambique after privatisation.

Trade between French and SA companies is also high in CIC's priority list. Two months ago CIC was responsible for bringing 15 delegations from French companies to SA. They will return in February.

CIC has a strong presence in eastern Europe and Mr. Uzac believes he can foster relations between companies in the two regions, particularly in mining.

CIC is also assisting the French Meridien hotel group, owned by Air France and UTA, in investigations into establishing a presence in SA.
Army chief accuses MK of sabotage plans

THE ANC’s military wing Umkhonto we Sizwe plans to undertake acts of sabotage against government installations and infrastructures during the fourth phase of its mass action programme, says SA Army chief Lt-Gen Georg Meiring.

Available information made it clear MK members would be deployed among mass action participants during “exigate” to provoke the security forces of SA and the TBVC states, Meiring told a military parade in Voortrekkerhoogte on Wednesday. Meiring’s speech was released to the media yesterday.

ANC spokesman Carl Niehaus last night rejected Meiring’s claims as “utterly untrue” and said the ANC was committed to a peaceful campaign of mass action which would be conducted within the parameters laid down by the Goldstone commission and the national peace accord.

Meiring said: “In the event of counteraction by the security forces, it is planned that MK will be used to create the impression among the broad population that MK is a people’s army protecting the people against so-called aggressors.”

In addition, plans existed to use so-called “special operations teams” from the PWV area during mass action to sabotage government installations and infrastructures in certain TBVC states and black residential areas, he said.

Not only will the use of members of special teams ensure good security during these operations, but also hamper attempts to trace these actions back to ANC members. It rather seems then that these so-called ‘special operation teams’ are just another term for the notorious self-defence units,” Meiring told the parade.

He said acts of violence had already been committed against government buildings in the Ciskel, which indicated the members of these teams would most probably be deployed in future.

Apparently these actions would be extended to SA as well.

Similarly, “pseudo operations” were obviously being used to place the blame for murders on the shoulders of the SADF, SAP or the government.

According to Meiring, only two alternatives existed in SA’s future.

“We can attempt to negotiate for a joint future with built-in protection of minority groups, or we can settle our differences by nullifying the SA state in a civil war or a bloody battle.”

However, the Defence Minister had given an undertaking that government would not rest until a new and just democracy was in place, and that government would continue to negotiate to achieve this goal, Meiring said.
Rhone-Poulenc faces police probe

FRENCH pharmaceutical giant Rhone-Poulenc, already under threat of possible civil suits following a blaze at its warehouse north of Johannesburg, now faces a police probe, the Midrand Town Council announced on Wednesday.

In a letter to residents, the council said it would ask police to investigate the fire on September 19 in conjunction with the National Health Department, which issued the licence for Rhone-Poulenc to store chemicals.

Midrand town secretary Tom Pieters said the police and the department should make sure any party involved in the "disaster" had complied with the regulations.

The council has complained that Rhone-Poulenc did not warn its fire brigade about the chemicals on site until about two-and-a-half hours after fire crews arrived, and did not make a full disclosure until six days later.

Eighteen firefighters were taken to hospital suffering from nausea, vomiting, skin irritation and diarrhoea, and six were found to have non-lethal amounts of organo-phosphates in their blood.

On Monday, Rhone-Poulenc appointed the Atomic Energy Corporation to conduct soil and air tests and put together a dispersion model to see where a cloud formed during the fire might have deposited toxins. The scientists were looking for dioxins, which may have been formed when phenol-related products in the warehouse burned, said warehouse general manager Simon Grimbeek.

Grimbeek said the samples may be sent to the US for analysis. Results would take at least three weeks to come back. An independent search for dioxins by a Pretoria company, based on samples around the site, is expected to yield results earlier.

Tests for organo-phosphates, benzene and other chemicals poisoning carried out on Rhone-Poulenc's 49 workers and some 27 people in neighbouring offices, have come back negative.

The council has advised the nearby offices to have their air conditioning systems cleaned out. — Sapa-AFP.

Code of conduct approved for the timeshare industry

THE Harmful Business Practices Committee had approved a code of conduct for the timeshare industry, said committee chairman Prof Louise Tager.

The code of conduct had been drawn up by the Timeshare Institute of SA and would allow the industry to regulate itself.

Tager added that a newly established industry watchdog, the Timeshare Standards Council, would administer the code of conduct, and could turn to the committee for enforcement against unscrupulous timeshare operators.

Retired Judge Cecil Margo would act as industry ombudsman and head the council. The code would apply to all timeshare companies and developers to ensure that consumers were protected.

ANDREW KRUMM

Resort Condominiums International MD Steve Griesel said the formation of the council was only part of a broad initiative by the institute to clean up the industry's image, and boost slowing sales.

Speaking at the launch of the Timeshare 2000 initiative yesterday, Griesel said the customer would benefit directly from a range of innovative programmes which would come into effect on November 1 this year.

One innovation was the introduction of a mandatory five-day "cooling-off" guarantee, which did away with pressure-selling tactics by salesmen.

The cooling-off period gives purchasers the option of cancelling agreements within five days, should they feel they have been pressured into buying.

"This is one of the most significant changes as salesmen are going to have to become far more creative in their selling methods," he said.

Among other changes the institute would offer a 15-year warranty to provide holidays to timeshare buyers whose resort had been liquidated, or who had lost their occupation rights, Griesel said.


"The far-reaching changes will ensure the continued growth of this vital part of the tourism infrastructure, while at the same time eliminating undesirable practices."
Midrand task group chemical fire probe

THE Midrand Town Council on Monday night initiated a task group in response to inadequacies in dealing with the Rhone-Poulenc chemical fire last month.

A council spokesman said the fire showed a number of gaps in dealing with the disaster, and steps had to be taken to ensure the situation was not repeated.

Representatives from chemical companies, residents' associations, pressure groups and various experts came together to work out a strategy so that any situation such as the Rhone-Poulenc fire might be averted, or, at least, that its impact be reduced.

The task group's primary function is to identify deficiencies in legislation concerning chemical companies and to put together an initiative which would ensure that residents and businesses in the area are better protected.

Midrand mayor Alan Dawson said the main problem his council faced in dealing with the crisis was the lack of information as to what chemicals were stored on the property.
Visa move ‘an indication of confidence in SA’

VISA’S investment in SA demonstrated its faith in the future of the country and would contribute to trade and tourism in the southern African region, Finance Department director-general Gerhard Croeser said at the opening of Visa’s offices in Johannesburg yesterday.

The move was an indication of the confidence Visa had in the area’s potential, he said. It also demonstrated Visa’s appreciation of the sophistication of the domestic financial services sector.

Croeser said, and the fact that SA was becoming accepted for the appropriate expertise it could provide.

“We are going to find increasing trade and tourism throughout the region and Visa will play an indirect role in this by oiling the wheels of tourism.”

Croeser said the message was coming home that SA’s economic problems needed to be solved, otherwise a future government was going to have a severe problem. “Hopefully the political-posturing will disappear,” he said.

Visa president and CEO for Europe, Middle East and Africa, Jean Jacques Desbons, said the decision to open offices in SA was evidence that Visa thought the southern African region would be of growing importance to the organisation.

“It is a bet on the future and the best way to show it is to be here and invest here,” he said.
PRETORIA — Most French companies had great faith in SA’s economic future, in spite of political and economic uncertainties, French Employers’ Union executive adviser Bernhard Gruet said yesterday.

Gruet and Paris Chamber of Commerce and Industry executive director Edmond Viviani are leading a delegation of leading French businesses to promote investment and co-operation with SA interests.

At the French embassy in Pretoria yesterday, Gruet told reporters the emphasis in discussions with the Industrial Development Corporation (IDC) was on joint management development programmes.

Referring to a co-operation agreement signed earlier this year with the IDC, Gruet said an important aspect was technology transfer. IDC MD Carel van der Merwe said a first objective of the agreement was to attract greater French investment to this country.
Looking at SA

STILL IN "SOUTH AFRICA"

Francesco Messina of the European Union Institute in Rome says that the European Union has no political future if it doesn't work harder on economic integration. He adds that the Union must work on European integration in a manner that is similar to the way the South African government is working on transforming that country.

Although the EC's priority is the EC's priority, economic growth is still important to SA. Most SA companies are looking to the EC for new markets and for growth opportunities. One retailer is also interested in the EC's offer to SA of a larger and more efficient market. The retailer believes that the EC's offer could benefit SA in the medium term, especially if SA joins the EC.

The South African government is concerned about the EC's offer, since it could result in SA being held back from developing its own industries. However, the government is also aware that SA needs to attract foreign investment in order to develop its economy.

The EC's offer to SA is seen as a way to encourage investment in SA, and to create a more efficient market. The offer is also seen as a way to encourage SA to develop its own industries, since it could result in SA having a larger and more efficient market.

Although the EC's offer to SA is seen as a positive step, the South African government is concerned about the offer. The government is also aware that SA needs to develop its own industries in order to become more efficient and competitive.

The EC's offer to SA is seen as a positive step, since it could result in SA having a larger and more efficient market. However, the South African government is concerned about the offer, since it could result in SA being held back from developing its own industries.
French Bank to increase its capital

CAPE TOWN — A R100m investment was planned for the French Bank of Southern Africa to expand its capital base over the next two to three years, chairman Phillipe Brault said.

Brault spoke at a farewell function yesterday for MD Francis Klein and to welcome his replacement, Marc Verhille.

He said the bank anticipated an economic recovery from the second half of 1992. He said this would bring more business and necessitate an increase in its own funds to comply with the Deposit-Taking Institutions Act.

The wholesale bank's own funds currently amounted to R100m but it wished to increase this to R200m by 1995. Last year R25m was injected.

Consumption was expected to increase next year with a better agricultural crop and World Bank and IMF funds coming into the country following an interim government.

The bank is 51% owned by international merchant bank, Banque Indosuez, 39% by Natal Building Society and 10% by Barlow Rand. Its total assets amount to R2bn.

Brault said sanctions had forced the bank to keep a low profile, but this was changing. It had been in the country since 1948.

The bank was active in the first half of this year in assisting European companies to gain a foothold in SA. However, this had tailed off with the increase in violence. “The political situation in SA is not clear enough for major new investment,” Brault said.
AN important West European leader, Edouard Balladur of France, has pointed out some unpleasant truths to South Africans during a fairly low-key visit to the country this month.

It is important that we take note of his remarks. He was economics, finance and privatisation minister in the government of Jacques Chirac. What is even more important is that he is a possible new prime minister should there be a change of government in France after the March elections.

Balladur has warned, for instance, that the reluctance of SA businessmen to invest in their own country’s future is having a detrimental effect on foreign perceptions about possibilities here.

Balladur pointed out that French industrialists have been decentralising their activities for many years — firstly to neighbouring countries such as Spain and Portugal and then to countries as far afield as Malaysia.

Although he did not say it, it is clear that SA is very low down on the list of French investor priorities.

Apart from new investments, he even foresees the possibility that we may lose existing investments. Continuing violence, labour unrest, high taxes and similar factors are causing local and foreign investors to spread their risk by investing overseas.

Yet Balladur and others of his ilk understand that we are experiencing a transitional period, and, one can assume, they are still sufficiently interested to get a foothold here, given the right conditions.

At the moment he believes our trade with western Europe — the world’s largest trading block — depends too heavily on raw and semi-processed materials. We should add more value to create greater wealth locally.

Yet here lies the crux of the problem. To do so needs confidence and new investments in the future of the country. At the moment so many of our own businessmen are reluctant to commit themselves while overseas industrialists are fed regular TV scenes of violence and confrontations between business and labour that they are understandably inclined to look elsewhere for opportunities.

Thus, Balladur’s message is clear: the world owes us nothing, but is interested in doing business with us provided we create the a stable and profitable climate.
FOREIGN FIRMS IN S.A

- FRENCH -

February '93 - February '97
French group buys 25.9% of Basil Read

LEADING French international construction group Bouygues has taken a 25.9% stake in Basil Read to become its major external shareholder.

Bouygues, which currently operated all over Africa, had been looking for a SA partner with which to explore opportunities in southern Africa, a statement from Basil Read said yesterday.

Basil Read MD Chris Jarvis said the move was initially only a change of shareholding. In future, however, co-operation between the two companies would be of substantial assistance to Basil Read and would allow it to develop business opportunities in surrounding countries in partnership with Bouygues.

Bouygues bought the stake on the JSE on February 1 1993 from German textile industrialist Claus Daun with 2.7-million shares worth R3.3m changing hands at 70c a share.

Daun doubled his money on the JSE in four months, having bought the stake in Basil Read in October last year when the share was trading at 35c. The share was untraded at 70c yesterday, still well below net asset value at end-June 1992 of 288c.

In that year, Basil Read reported its first losses in a decade and steps were being taken to reduce high gearing. Staff and management held the major shareholding at approximately 40%, it was reported.

SA Federation of Civil Engineering Contractors executive director William Vance said in future there would be great potential for contractors to take part in foreign aid-funded infrastructural development in southern Africa.

The World Bank accumulated $1bn in interest last year on funds it had allocated for southern African countries but had not spent, because of an inability of those countries to motivate and process fund applications, he said.
French giant targets SA for growth

By Sven Lünsche

Groupe Bull, the giant state-controlled French computer group, yesterday officially launched its South Africa subsidiary and unveiled its long-term growth strategy.

Bull last year acquired a controlling interest in Mohawk Computers and plans to increase its share of the local market through organic growth and further investments, including acquisitions.

Jacques Lebhar, chairman of Bull International, said in Johannesburg the group had pinpointed South Africa as a major growth point for its activities and selected the country as its southern African base.

“We are setting out to be a major force on the local information technology market within the next five years.”

The expansion to SA was part of its international strategy to develop significant growth potential countries for its technology, Lebhar said.

Daniel Farhi, Groupe Bull's Southern Africa managing director, said the parent company had made a capital investment soon after the Mohawk takeover.

“We are now involved in the transfer of expertise and training of local users.

“SA will be a major new target market for the company's technologies, ranging from artificial intelligence and smart cards to electronic data interchange and portable PCs.

“We will also be marketing our internationally-known GCOS line of mid-range and large systems in SA,” Farhi said.

Bull has worldwide sales of R17 billion and apart from the French state, which controls 72 percent of the shares, has IBM and NEC as major shareholders.
French actively investing in SA

By Sven Lünsche

France and South Africa have completed negotiations on an agreement to avoid double taxation, the French special representative for international investments, Jean-Daniel Tordjman, said in Johannesburg yesterday.

Tordjman, who is on a 10-day visit to SA, told a press conference French companies had been among the most active foreign groups to invest in SA recently.

"Over the past two years French investment in SA has increased by 40 percent and the recent influx of big companies should be followed soon by other medium-size corporations."

The French government had been supporting investments by negotiating the double tax agreement, which was ready to be signed formally.

The French Export Credit Insurance Corporation was also providing guarantees on the political risks to new French investments.

Tordjman warned, however, that foreign investors, who had not visited SA, had a terrible perception of the latest political and economic developments.

"These investors will wait for respectable black leaders to indicate that they are serious about a stable economic and political situation before they make a move," he said.

SA needed to be fully re-integrated into the world financial community by restoring normal relations with the IMF, the World Bank and Gatt.

"To achieve this you have to pay the price of lower import tariffs and a more stable import duty structure — you can't just lift duties up and down when you deem it appropriate."

SA had the potential to attract large foreign investments. "You have an excellent infrastructure and superb top management, as well as an abundance of natural resources," he said.
French envoy has good news for SA

MATTHEW CURTIN

DIREC T investment by France in SA would be eased by strategic alliances between French and SA companies, particularly banks, and a French government proposal for middle-management training for South Africans in France, France's ambassador-at-large Jean-Daniel Tordjman said yesterday.

French investment in SA had risen by 40% in the past two years, albeit off a low base, with the recent arrival of companies like merchant bank Société Générale, civil engineering group Bouygues, and telecommunications group Alcatel.

Tordjman, a special representative of the French government with responsibility for international investments, said his 10-day visit to SA had convinced him the country was able to compete for international investment with areas like southeast Asia.

International investors were attracted by countries with a pool of engineering and managerial talent, a workforce of quality, and an industrial sub-contracting network. He said he was "impressed" with the diversity of SA's industrial base.

SA's rich mineral resources and cheap electricity would also encourage investment, providing a sound base for economic development, with the proviso that international confidence in a smooth political transition had to return first.

Tordjman said France's and SA's interests were converging, with Europe likely to remain SA's main trading partner, while France was intent on maintaining its strong ties with Africa.

Sapa reports he said SA and France were close to signing a fiscal agreement on double taxation and investments protection.

The agreements had been on the table for some time "and will be discussed and realised very, very soon", he said.
There's a direct banking link to East

FRENCH Bank of Southern Africa can offer local companies a direct link into Singapore and South-East Asia through its parent: Banque Indosuez's international network.

Banque Indosuez, one of France's largest banks, transferred its Asian headquarters from Paris to Singapore in mid-1990, enlarging its functions and scope at the same time. The headquarters supervise branches and affiliates in Hong Kong, Indonesia, Malaysia, People's Republic of China, Singapore, Thailand, Taiwan, the Philippines and Vietnam. It also covers Burma, Cambodia and Laos.

Renamed

Banque Indosuez's ties to Singapore go back to 1905, when Banque de l'Indochine first opened its doors at Raffles Place. Banque de l'Indochine was merged with Banque de Suez in 1975 and the group was renamed Banque Indosuez in 1981. It is now one of 23 fully licensed foreign banks operating in Singapore.

Banque Indosuez has a 51% stake in FBSA and an active presence in 65 countries. Because of this network, the transactions of SA companies can be handled in-house by FBSA with clear cost and speed advantages, says FBSA assistant general manager Jean-Michel Caffin.

Further ties between FBSA and Banque Indosuez's Asian operations also exist. Eric Maurin, who spent seven years as head of FBSA's corporate banking division, is now managing director of Indosuez Vietnam. And Mr. Maurin's predecessor, South African-born Bruce Fraser, now heads the bank's corporate banking international desk in Hong Kong.

FBSA has been in SA since 1949 and operates largely as a wholesale corporate and merchant bank. Its customers are mainly large corporates, multinationals and para-statals.
Technihire bounces back to strength

HUMAN Resources group Technihire rebounded sharply in the year ended January, more than doubling its attributable earnings compared with the previous year's annualised figure.

Technihire, controlled by French company Ecco since last year, saw its earnings increase to 8,07c a share (3,82c) from which a dividend of 3,2c a share was declared.

The group did not declare a dividend last year.

CE Jack Elkanov said certain core businesses had experienced excellent growth during the year.

But the past year's "excellent performance" would not be repeated in the coming year as a result of the uncertain political and economic climate.

Turnover was not disclosed, but the company said it was up 13% over the previous year's figure. Operating income before tax increased by almost a half to R1,6m (R1,2m).

The tax rate fell to 43%, previously 58%, and attributable earnings increased 111% to just more than R1m (R464 000).
French firm 'may want aid deals'

ANDREW KRUMM
8/10/84 30/1/84 13
FRENCH construction group Bouygues's interest in a bigger slice of SA contractor Basil Read could stem from a desire to tap the future flow of EC and French development funds to southern Africa, sources speculate.

The speculation follows Basil Read's cautionary announcement yesterday that negotiations between the two groups had not yet been finalised.

One source said: "One has to look at why Bouygues, which has a R3bn turnover internationally, is interested. The major reason is probably that overseas donors envision much infrastructural investment in southern Africa over the next few years."

The deal made "geographic sense". Aid usually came with the stipulation that companies from the place of origin participated in the provision of the development service. Bouygues was probably looking "to cash in" on the flow of development assistance.

"France has just had a change of political leadership, and the conservatives now in power appear about ready to make a contribution to southern African development."

Basil Read MD Chris Jarvis yesterday declined to comment on the issue of price, and declined to specify what additional stake Bouygues would take. He did say Basil Read would keep its name should the deal go through. "Indications are that negotiations will end before the end of May."
Altech, Alcatel in joint venture

Altech, a member of the Altron group, has entered into a joint venture with French industrial giant, Alcatel.

The new company, Alcatel Altech Telecoms was launched yesterday by Altron chairman Bill Venter and Alcatel vice-president Pierre Guichet.

In terms of the deal, Altech has acquired 425 000 Alcatel Alsthom shares, while Alcatel has acquired 50 percent of Altech Telecoms.

In the 50:50 joint venture, Altech retains management and board control, with Venter as chairman.

Venter said yesterday that Altech would gain access to Alcatel telecommunications technology and a valuable cross shareholding to further enhance group exports.

Alcatel Altech Telecoms will become the sole representative of Alcatel for telecommunications infrastructure products in Southern Africa. — Sapa.
French making a special effort in SA

PARIS — The French are making a "special effort" in South Africa, giving it a priority status well above its economic weight in the world.

This was one of the messages delivered at a two-day conference on South Africa held in one of the famed lecture halls of the famed French university, La Sorbonne, and attended by academics, ambassadors and business leaders from Francophone Africa as well as France.

Participants included spokesmen for France's two most important business organizations — the French Business Council or Patronat, represented by former ambassador Christian Graef, and the director-general of the powerful and well-endowed Paris Chamber of Commerce and Industry, Professor Raymond-François le Bris.

Both these business leaders stressed the importance they attached to South Africa and gave details of an ongoing programme of business missions and other activities there, including the field of training.

Professor Etienne Le Roy of the Sorbonne said that in a time of massive global restructuring and reorientation, South Africa remained a laboratory, or a mirror, to the world at large. "Only innovation will work," he said.

Focus of the discussion was on legal matters, notably the balance between constitutions and societies. The organiser, Professor Gerard Conac, pointed out that constitutions were the result of political reconciliation but also the essential means to further co-operation.

Drafting a constitution was like proclaiming a "sacred cow", above all parties, said Mr Justice Olivier Ricaud, chairman of the South African Law Commission.

In response to a question about the future, Sachs said that people are not expecting miracles but that has to be better government, broader participation and more-visible, material progress.

In constitutional matters, Sachs said that South Africa could usefully take pointers from countries such as West Germany, India, Australia and Namibia.

The French, he said, should also contribute to the constitutional debate but, above all, participate more in the cultural and economic fields.

He stressed the strength of South Africa's infrastructure — that it had a "strong business community". But people abroad "have to know where they stand and it is up to us, South Africans to create a climate in which businessmen can make money".

Desmond Coburne of the SA Foundation said that South Africa — in the future, as in the past — would be the key link between regional and world economies.

He pointed out that France's most famous historian, Professor Fernand Braudel, the great authority on the progressive globalisation of the world economy, had recognised South Africa's importance since the 17th century.

South Africa was no longer a defensive, inward-looking fortress but once again a bridge between Europe and Africa.
COMPANIES

Samancor strikes French deal

SAMANCOR has reached agreement with French company Société du Ferromanganese de Paris-Outreau (SFPO) to cooperate in the production of 40,000 to 60,000 tons of medium-carbon ferromanganese a year.

A joint announcement yesterday said Samancor would acquire a 5% shareholding in SFPO for an undisclosed sum. Further details about the structure of the arrangements would be announced at the end of the year.

Samancor would supply 80,000 to 160,000 tons a year of its of its high-grade manganese ore to SFPO, which would convert it into low-phosphorus high-carbon ferromanganese using its blast furnaces in France. The alloy would be refined into medium-carbon ferromanganese.

The parties said the agreement, still subject to approval by French authorities, would strengthen both businesses.

SFPO would enjoy a higher level of capacity utilisation, gain access to ore which was complementary to its traditional source from Gabon and enter a new market.

Samancor had secured an additional market for its high-grade manganese ore and would gain access to the market for refined manganese alloys.

Trials of the equipment required for the refining process were well advanced and small-scale production and sales would start shortly.

Output would be increased gradually in line with market requirements and was expected to exceed 40,000 tons per year in 1994.

Both SFPO and Samancor would individually market the product.

It was intended that the project would provide a reliable and stable source of medium-carbon ferromanganese to consumers worldwide.

Further details would be announced at the end of this year. In the meantime, Samancor said the agreement with SFPO would not affect alloy output from its Metalloys works in Meyerton.
French firm to increase SA chemical operations

OWN CORRESPONDENT

JOHANNESBURG. — French-based multinational company Rhone-Poulenc would increase its SA operations within the next few months, group president Jean-Marc Bruei said yesterday.

Bruei said SA had been chosen as the centre for expanding the group's operations in Africa. “We believe in the future of this country, and we're attracted by its rich natural resources.”

He said the group, whose activities included pharmaceuticals, and agricultural and specialty chemicals, had realised that local resources were not fully utilised. “We think this spare capacity, especially in the field of chemicals, can only be fully exploited by expanding our operations.”

The expansion programme would begin by training local personnel “before looking at technology and assets. For this we'll send our key people in the research unit to assist here.” This would take place within the first half of this year.

The local company Rhone-Poulenc, formerly Maybaker, has an asset base of R50m and annual turnover of R250m and has been in SA since 1934.

It is involved in research in both the fields of agriculture and pharmaceuticals. It is also building a plant to manufacture generic medicines.
Rhone-Poulenc expands operations

FRANCISCO Roche, chairman and chief executive of Rhone-Poulenc, which announced its SA operations would be substantially increased during the first half of this year, said that local resources were not fully utilised.

"We think this spare capacity, especially in the field of chemicals, can only be fully exploited by expanding our operations."

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Rhone-Poulenc

The local company Rhone-Poulenc, formerly Maybaker, has an asset base of R50m and annual turnover of R250m.

The expansion plans would go ahead regardless of what government was installed after April 27. "This is part of our long-term vision about the continent."

Rhone-Poulenc has been in the country since 1934, and was one of the few multinationals that remained during the sanctions era. It is one of the 56 French companies operating in SA.

The group is ranked third worldwide in the field of agricultural chemicals and is represented in more than 140 countries.

At present the local company is involved in research in both the fields of agriculture and pharmaceuticals. It is also building a plant to manufacture generic medicines.

Bruda said Rhone Poulenc supported generic medicines provided all rules were followed. These included that the medicines were introduced after the expiry of their patents and the manufacturers registered with proper authorities.
French companies to expand from SA base

French companies plan to use SA as a base for expansion of their interests in Africa, say leading French officials.

Brunin said the determination in Paris to regain France's pre-sanctions position as one of SA's main trading partners was demonstrated by its unusual decision earlier this year to allow French development bank CFD to operate in SA.

Since the removal of sanctions, the French government had allowed its export agencies to function in SA. These included foreign investment insurer Coface, small business developer ProParco and Ocsaf, intended to promote joint French-SA partnerships.

Meanwhile, visiting Paris Chamber of Commerce and Industry MD Raymond Francois Le Bria said the multi-billion-franc Eskom-EDF joint venture, aimed at electrifying Khayelitsha township, would begin next month. He said it was hoped to electrify 600 000 homes by 1996. The electrification project would place strong emphasis on training.

Le Bria said he was also planning to start a training programme for artisans who would work in the small and medium business sector.

CNPF, a French employers' confederation, would send a senior official within the next few weeks to work out the logistical framework of the project.
US company jumps the gun on investment
**Water giant invests in SA**

JOHANNESBURG. — The world's largest water-supply company, Lyonnaise des Eaux, has announced a multi-billion rand investment plan for South Africa.

Lyonnaise des Eaux's international water division president, Mr Jacques Petry, said the company would enter into a joint venture with SA water suppliers Aquagold Services, a subsidiary of Group 5 Ltd.

The joint venture would divert international financing and management expertise into underdeveloped communities.

Joint venture investment would entail a delegated management contract to manage a water-supply system for a local or provincial authority.

— Sapa  CT 3/1/94
Renault to assemble vehicles in SA

The SA motor industry was boosted yesterday by the news that French car maker Renault would assemble trucks, buses and coaches in SA, while Mercedes-Benz would start making the Mitsubishi Colt pick-up at its East London plant.

Renault said it would invest R150m in a local assembly operation in what a spokesman said was the first step towards a full return by the French manufacturer.

Investigations into the import and assembly of the Renault range of passenger vehicles were under way.

In East London, Mercedes-Benz SA said it planned initially to produce about 8,000 Colt units a year for the SA market.

Mercedes-Benz AG chairman and CEO Helmut Werner said at least DM100m would be invested in SA in the next five years to develop SA as a base for exports and raise productivity.

Reuter reports Mercedes-Benz SA said it had invested R5.5m in plant facilities.

The joint venture between Renault and local company Euro Truck Manufacturers (ETM) would see the vehicles imported in completely knocked down form and assembled with integrated local components at ETM's Midrand factory.

"We expect to sell between 80 and 90 units from the 2,5-ton to the 33-ton range in the first year," said ETM MD Piet Uys.

SA would be used as the distribution point for neighbouring states.

The company sold 4,000 trucks a year in Africa. Other assembly plants were in Algeria, Morocco, Tunisia and Egypt.
FRENCH motor manufacturer Peugeot and McCarthy Motor have signed a distribution agreement which will see the return of the French marque in the new year.

Earlier this week, Ford announced it was reinvesting in Ford manufacturers Suncor by buying a 45% stake in the group from Amic and the employee trust, set up when it withdrew in 1986.

Peugeot will add to the list of imported vehicles now available in South Africa, including Alfa Romeo, Subaru, Volvo and the "semi-imported" Hyundai which have entered the extremely competitive and perhaps bloated SA market. Even local manufacturer Audi is expanding its model range through imports.

The first order of 50 Peugeot vehicles is already on the water and will arrive soon, says McCarthy Motor chairman Theo Swart.

The marketing thrust will be aimed at the rally-winning Peugeot 405, which will sell for between R200 000 and R120 000 for the standard and upmarket models. The more luxurious 605 will cost between R220 000 and R300 000, while limited numbers of the 306 cabriolets will also be available.

The models, being specifically manufactured to meet SA conditions, will be extended when demand develops and pricing will be structured to be competitive in the middle sector of the market, says Mr Swart.

The timing of the agreement is described as excellent. Although details were revealed only this week, a company with French connections has already placed an order for nine cars.

"The economy is picking up and GDP growth next year should be about 3%. The car market should rise to between 213 000 and 220 000 and import duties are due to fall further. The Peugeot has always been known as the "Africa car."

Sales will initially be limited while a dedicated dealer network is established. The first branch will be in Johannesburg, followed by Durban and Cape Town. McCarthy has had a long association with Peugeot dating back to the 1960s. It continues to supply Peugeot spares through its Midas outlets.
Peugeot back in SA

PEUGEOT has returned to SA, signing a distribution agreement with McCarthy Motor Holdings.

McCarthy will start distributing spare parts for the many Peugeots still on SA roads as well as launching a new range of cars in the new year, McCarthy chairman Theo Swart said.

The imported French range will include the Peugeot 405 and the luxury 605, which are being manufactured specifically to suit local conditions.
French giant invests in SA

By Isaac Moledi

FRENCH liquor giant Pernod Ricard has established a sales and marketing operation in South Africa in a joint venture with Vinimark Trading of Stellenbosch.

With branches in Cape Town, Johannesburg and Durban, the company's operation represents its first direct investment anywhere in Africa, says head of Pernod Ricard's Stellenbosch office, Mr David de Mardi.

The company is an international group with subsidiaries involved in the production, marketing and distribution of alcoholic and non-alcoholic drinks worldwide.

Although the amount involved was not divulged, the company stock is ranked number two of the best performing shares on the Paris Stock Exchange over 35 years and has a market capitalisation of about R10 billion.

Mardi says they are still in the early stages of "putting up a quality sales and distribution network". The formal launch of Pernod Ricard SA will be in May.

"We expect to employ local people. But the number of people we employ will be dictated by what happens in the market. If our product sells well we will employ more people," he says.

The company's major international wine and spirit brands are now available in South Africa. Mardi is confident that their products will make a significant impact on the local spirits market.

"Pernod Ricard is committed to making its brands as successful in South Africa as they are elsewhere in the world," he says.

Vinimark Trading of Stellenbosch, which has a national marketing and distribution network with branches in all major centres in the country, will help with national distribution and provide sales support."
PARIS — French car maker Renault SA yesterday reported preliminary consolidated sales for 1994 of FF180.5bn, up 5.2% from a year earlier.

Sales of the group's car division amounted to 76% of the group total at FF135.5bn and were 4.1% higher than in 1993.

Renault's unit sales rose by 5.4% in 1994 to FF1.3bn, compared with a 5.7% growth in the overall European market.

In an otherwise depressed market sales of Renault and its French rival PSA Peugeot-Citroën were boosted last year by government financial incentives in France and Spain for buyers of new cars when they scrapped ones that were more than 10 years old. — AP-DJ.
Pernod for Africa

European liquor company Groupe Pernod Ricard has set its sights on South Africa as a new major market for its international brands.

"Pernod Ricard is committed to making its brands as successful in South Africa as they are elsewhere in the world," the company's local managing director David de Mardt said.

Among the Pernod Ricard wine and spirits brands already available in South Africa is the flagship brand Jameson Irish Whiskey.

Other labels available here include Clan Campbell, Wild Turkey Bourbon, Jacob's Creek Wine, Pernod absinthe, as well as the world's largest-selling spirit brand, Ricard.

Pernod Ricard is the largest producer and distributor of spirits in Europe, De Mardt said.

Having established a sales and marketing office in Stellenbosch, De Mardt said the company now planned to focus on stepping up its investment while also increasing marketing backing for its brands in this country.

Developments

The year ahead, he said, would see exciting developments in both the alcoholic and non-alcoholic beverage sections.

De Mardt also hinted at imminent launches which would be tailored to the needs of the South African market.

Groupe Pernod Ricard has appointed a firm based in Cape Town, Relationship Marketing, to assist it with its public relations and launch activities.
French caterers flock into Western Cape

The company has moved into the

Excluding the government of France, it's

The growth plan in projected catch -

By Francois Botha

WVS ECONOMICS

THE GOVERNMENT
Renault truck plant for Brakpan

EAST Rand company SA Euro Truck is to set up a truck assembly plant in Brakpan on the East Rand, under a Renault Motor Company franchise.

The project’s first phase — the purchase of land from the Greater Brakpan transitional local council — is completed. Two more phases — a new headquarters for the company and a display room — will be completed by the end of the year.

Euro Truck spokesman Johan Dippenary said the company would produce Renault commercial vehicles including light, medium and heavy trucks, as well as coaches.

He said the project would include the distribution of the product: the assembly plant; building of new premises; and marketing.

Dippenary said the company was SA’s sole Renault representative.

The Brakpan council that the company had bought about seven hectares of land.

A council spokesman said the assembly plant would create about 2,000 jobs.
French group acquires stake in SA company

BY ROY COCKAYNE

Paradigm Systems Technology (PST), which was part of an IBM-led consortium awarded a R360 million contract by the Royal Air Force last year, has undergone major restructuring.

Sema, the French information services group, has obtained a minority shareholding in PST, a logistics-information computer-software developer which is based in Pretoria.

Leo Theron, a PST account manager, said there were two share take ups in PST by Sema this year.

However, neither the total shareholding taken up by Sema nor the price paid for the shareholding was divulged.

The acquisition of the PST shareholding by Sema has prompted a decision by the South African shareholders to consolidate their majority shareholding into a holding company, Paradigm Holdings.

The board of PST has also undergone some changes. Dries Groenewald has retained the chairmanship of the board of PST but JC de Kock, an industrial engineer by profession, has been appointed the new managing director.

Three other directors were also appointed to the board.

Paradigm Logistic Systems United Kingdom has also been established as a 100 percent PST-owned subsidiary to spearhead and support the activities of PST in Europe.
Renaults set to return to SA roads

THE once-popular Renault range will again be seen on SA roads following an agreement signed between Imperial Motors and the French manufacturer, writes DON ROBERTSON.

Bill Lynch, chairman of Imperial Holdings, was reluctant to disclose details of the deal, but confirmed that the cars would be imported early next year.

The vehicles will be sold and serviced through a number of Imperial dealerships.

Taking advantage of the lower import duties announced in the Motor Industry Development Programme, the McCarthy group began importing Peugeot's earlier this year. Last year Durban-based Combined Motor Holdings reintroduced the Volvo range to motorists.

Last week Venture Imports, a large Opel dealer, announced that it would bring in a range of Chevrolet vehicles, while Chrysler is expected to reveal details of a similar scheme soon. There is also talk that Daewoo will soon be exporting cars to South Africa.

Local manufacturers believe that by 2000 imported cars will make up about 25% of sales.
More French firms plan to invest in SA this year

By James Tomlins

Paris — French exports and investment in sub-Saharan Africa have been declining since 1989 while remaining stable in South Africa, an economic survey reported last week.

Fifty-nine percent of French firms trading with South Africa said they planned further investment this year, compared with 58 percent in 1994.

No detailed financial data were given in the seventh annual report of the Conseil des Investisseurs Français en Afrique (CIAN).

It noted that: "For many years Africa was France's second trade partner after Europe. Last year it dropped to fourth place, behind Asia."

Last available figures, for 1993, put that year's total at FFr5.9 billion (R4.2 billion), CIAN chairman Jean-Pierre Proteau said: "France faces a triple challenge in Africa: increase our exports, guarantee the presence of French firms already there and encourage others to follow suit."

The 1993 figures show France with 20 percent of the African market, compared with the US (13.6 percent), Germany (12.7 percent), Japan (10.7 percent), Italy (10.7 percent), and Britain a low 8.9 percent. France's prominence at that time, which has started to dwindle, is accountable by the franc bloc of its 12 former colonies.

Franco-African trade in 1994 is estimated at FFr138 billion (R98.5 billion), with French exports totalling FFr18 billion (R57 billion).

The 1994 trade balance was favourable to France at FFr24 billion (R17.1 billion), but down from FFr29.7 billion (R20.7 billion) in 1993.

— The Independent of London
French interest in SA

AN increasing number of French investors in Africa are turning their backs on their traditional economic partners and looking to South and Southern Africa.

This was revealed in a report published last week by Jean-Pierre Prouteau, chairman of the Conseil des Investisseurs en Afrique Noire, a committee of French company bosses specialising in Africa. The annual report, based on a survey carried out among French companies on the continent, is aimed at analysing the economic situations of the African countries, but at reflecting the attitude of French investors toward these countries.

According to the report, reigning “afro-negativism” and the sudden devaluation, in January 1994, of the West African CFA franc, had not caused the expected exodus of French investors. France remained the biggest trading partner of the African continent.

Altogether 69 percent of French companies operating on the continent wanted to maintain their level of investment for at least the next three years — 42 percent even planned on extending their activities.

The decline in Afro-French trade — six per cent since 1992 — was due to a drop in French exports to five countries: Egypt, Algeria, Cameroun, Gabon and the Congo where specific financial problems hampered investment.
France’s Danone buys into Clover

Amanda Vermeulen

PARIS-based food giant Danone has bought a minority stake in SA dairy group Clover in a deal estimated at more than R300m and believed to be one of the largest European investments since sanctions were lifted.

The director of Danone’s sponsoring brokers Fleming Martin, Richard Stuar, said the food group had bought a minority stake in both Clover Holdings and Clover SA, and would establish a new joint venture company, managed by Danone, to tap into the value-added fresh milk market. He declined to disclose the value of the transaction.

Danone is one of the world’s largest food groups, with a market capitalisation of €10bn. It has interests in dairy products, biscuits, beer, grocery products, pasta, ready-to-serve dishes, and mineral water. It operates in 24 countries and has an annual turnover of close to €11bn.

It said it was entering SA because of the potential to grow its business and to establish a base for entry into Africa. The group was considering entering other southern African markets.

Clover dominates the local dairy market with a range of products including fresh milk, yoghurt, cheeses, fruit juices, dairy desserts, butter, milk powders and condensed milk. It also owns 100% of Spesca, a cold chain distributor in SA.

Stuart said Clover had about a third of SA’s dairy market by volume.

He said the deal would strengthen Clover’s balance sheet by partially reducing its R440m debt, while also bolstering its business.

Danone had identified growth areas in the SA market. It was a major player in the yoghurt, soft cheese and dairy desserts markets, all of which would be developed in SA.

The transaction should be completed early next year.
Tati may invest R25m to open more local stores

BY FRANCOISE BOTHA  
ct(PR)24.4.96 (64)

Cape Town — Tati, the French discount clothing chain, which is set to open its first outlet in South Africa this week, could invest more than R25 million to open more stores, said Fabien Ouaki, the managing director.

Ouaki said yesterday that the chain, which had formed a joint venture with Pepkor’s Pep International, planned to open 10 outlets in South Africa.

Initial projections were to spread the investment over five years, but this may be reduced.

In terms of the joint-venture agreement, Pepkor would provide the personnel training and expertise for running the outlets and Tati would be responsible for merchandise design, sourcing and store development.

The capital investment would be shared equally between the companies. The first outlet will open in Cape Town this week.

More stores will open in Johannesburg and Durban later this year.

Ouaki said South Africa, the first non-French country to benefit from investment by the company, would be a springboard for expansion into southern Africa.

The company, which imports its clothing from Europe, has reached agreement for the manufacture of some garments in South Africa.

The company is planning to increase its exports of South African clothing to its French stores, with an initial medium-term target of R10 million a year, said Ouaki.

The stores, which target cost-conscious shoppers, are not expected to affect Pepkor’s stability.

Marlies Loubser, the managing director of Pep International, said that although the clothing groups competed with one another, stores in the stable such as Jet and Ackermans were aimed at a specific niche market, which Tati was not.
French buy out meter factory

Schlumberger invests in SA tops R45m

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