SANCTIONS- 1986

November

Australia to end landing rights for SAA

(280) N/M 3/11/86

PRETORIA—The Australian Government yesterday gave formal notice of its intention to terminate landing rights for South African Airways, effective from October 31, 1987.

The Australian Embassy in Pretoria confirmed that Foreign Minister Bill Hayden had 'taken steps to terminate Australia's air services agreement with South Africa'.

The move, Mr Hayden was quoted as saying in a statement, was in accordance with sanction measures accepted by his Government at the meeting of seven Commonwealth heads of state in London in August.

Under a bilateral agreement signed between South Africa and Australia, one year's notice is required for the termination of the contract.

Meanwhile, in Johannesburg, a South African Airways spokesman said SAA had met the United States deadline for objections to the termination its U S landing rights.

She said SAA legal representatives had made submissions to the U S Department of Transportation yesterday to meet the 5 p m deadline

And from Harare it is reported that with its office there in ruins and the prospect of imminent enforcement of a ban on its operations there, SAA has cancelled all its advertising in Zimbabwe.

The SAA office in Harare was gutted when students set fire to it after President Samora Machel's death — (Sapa)

Swiss companies face 'micro-boom' over sanctions

SWISS companies are already experiencing a "micro-boom" in getting increased orders as threats of sanctions become reality.

This was revealed in Port Elizabeth this week by Dr Paul Norman, a world-renowned authority on specialised welding applications.

He was in the city during a countrywide tour, representing UTP Welding, Switzerland, the company that supplied electrodes to manufacture and maintain oil rigs in the North Sea.

He said the company was being "flooded" with inquiries through its South African branches for electrodes for use on more specialised metals as other welding companies were being forced to reduce or halt their involvement in the country due to sanctions.

Reasons were:

- Dealing with a Swiss-based company "guaranteed" continued technical back-up and supply.
- The economic climate had resulted in many companies repairing rather than replacing equipment, so requiring more sophisticated welding techniques and increasing demand.
- Developments in welding devices which cut costs to a fraction of those previously.

As a result, said Dr Norman, the Swiss company was actually increasing its staff in South Africa.



Dr PAUL NORMAN

Sanctions no help — mayor

Municipal Reporter

SANCTIONS and disinvestment would not hasten the arrival of an egalitarian society, and it was "insane" to think they would, the, Mayor Mr Leon Markovitz, said yesterday.

Addressing the Cape Computing '86 seminar opening in a city hotel, Mr Markovitz said "mountainous evidence" suggested that economic growth had subverted and undermined apartheid in recent years.

"It would be naive of us to ignore the inevitability of punitive sanctions," he said. "Your industry is vitally dependent on imported components, and no doubt import replacement plans are well under way in most boardrooms already."

Sanctions were unlikely to succeed as some countries were determined not to sever trade links with South Africa, he said.

Mr Markovitz appealed to companies with overseas principals to reconsider disinvestment, as their contribution to the creation of a new South Africa could be "pivotal".

World tightening up on visa applications

JOHANNESBURG — Countries throughout the world are tightening up on visa applications from South Africans wanting to travel abroad.

Mr Karl Flatau, chairman of the Executive Air Committee of the Association of Southern African Travel Agents (Asata), told a Johannesburg newspaper today he feared that even the European Community (EC) countries might "tighten up".

Only Britain, Germany and Switzerland now allowed South Africans in without visas.

Portugal had tightened up on visa applications. Every application was now referred to Lisbon for processing, which could take up to five weeks.

Mr Flatau said this was particularly surprising in view of the country's friendliness to South Africa, and the fact that the huge Portuguese community of about 700 000 in this country regularly send out hefty remittances to Portugal.

Japan recently revoked all tourist visa applications and business visa applications now took much longer.

Measures to beat US threat

SA banks move funds to Europe

JOHANNESBURG. — SA has already moved "hundreds of millions" of dollars, previously held in the US, to Europe — to circumvent recent US anti-apartheid measures. Also, steps have been taken to move virtually all the country's dollars from the US to British and continental banks if necessary.

This was confirmed yesterday by the country's largest (and three smaller) banking groups, as well as by sources close to the Reserve Bank and the State President's office in Pretoria.

The migration of funds to Europe, which could run into sums worth more than R5 billion, has been precipitated by anti-apartheid legislation recently passed by congress in terms of which US deposit-receiving institutions may not receive or hold deposits for the SA government, or any of the agencies or organizations it controls, except for diplomatic purposes.

Europeans 'only too happy'

US banks had 17 days grace from yesterday to close the SA accounts, although the ban has not so far extended to SA commercial banks with dollar balances in US banks in New York.

Several large SA banking groups have already opened accounts in Europe in case they are forced at some stage to close their US accounts.

European banks have been "only too happy" to offer their services, not only to the commercial banks but also to the Reserve Bank, according to a spokesman in Pretoria.

Another source was quoted as saying: "The Europeans have indicated they would welcome the business and could easily handle SA's dollar transactions in the US through Europe . . ."

The really big cross-over will come if the Reserve Bank decides to follow the commercial banks.

This is a strong possibility, and the the country's central bank has already prepared the ground to move at short notice if need be.

The Reserve Bank has sought legal opinion on the scope of the ban, and is reported to have made all necessary preparations to shift its own dollar holdings if forced to.

It is also reported to have taken the matter up directly with the US Federal Reserve.

'Measures' to guard dollars

Two reasons cited for the possible exclusion of the Reserve Bank from the ban are:

- The bank is not owned by government, nor is it a government agency.
- The US legislation defines US deposit-taking institutions as those covered by federal insurance.

The Federal Reserve, where the SA Reserve Bank holds some of its reserves, is not covered by this definition.

Commercial bankers in SA are quoted as saying: "We know the possibility of the ban is hanging over our heads and will not be caught with our pants down."

Another leading banker: "Various measures have been taken to ensure that our balances in new York are not frozen."

Should the necessity arise, SA banks might, for example, deposit dollars in the Zurich account of a Swiss bank, which would, in turn, place dollars with another bank in New York.

US authorities would be unable to seize the account as it would be held by a legitimate foreign bank. — Sapa

Councillors fight over sanctions

2/11/86 · City Press 280

By STAN MHLONGO

LEKOA councillor P Motswahole – who opposed a motion for a delegation of councillors to be sent overseas to fight disinvestment and sanctions – was threatened with assault this week.

"Sit down or I will kick you," councillor Sonny Mofokeng warned him when he asked the council's monthly meeting whether "the council had a mandate from residents to speak against the imposition of sanctions against SA".

Mofokeng called on the council to send a delegation to the United States to fight disinvestment and sanctions.

Motswahole said the council should first call a meeting and get a mandate from residents before going abroad.

He said it is above the council to speak about disinvestment and sanctions.

To emphasise his point, he turned to the agenda and said "the councillor who made the motion can't even spell sanctions properly – so how can he encourage the council to go overseas to fight disinvestment and sanctions?".

Lekoa mayor Esau Mahlatsi said he could not reject the motion because of "typographical errors".

"I'm not going to penalise people for wrong spelling," Mahlatsi said.

moved to a new township
e. – Sapa.

Kenya walks out over SA

A KENYAN delegation to the first world livestock producers' conference in Denver has walked out – in protest against the presence of an SA representative.

"Had we known that South Africa was coming we would not have come," said Kenyan delegate EK Belsoi.

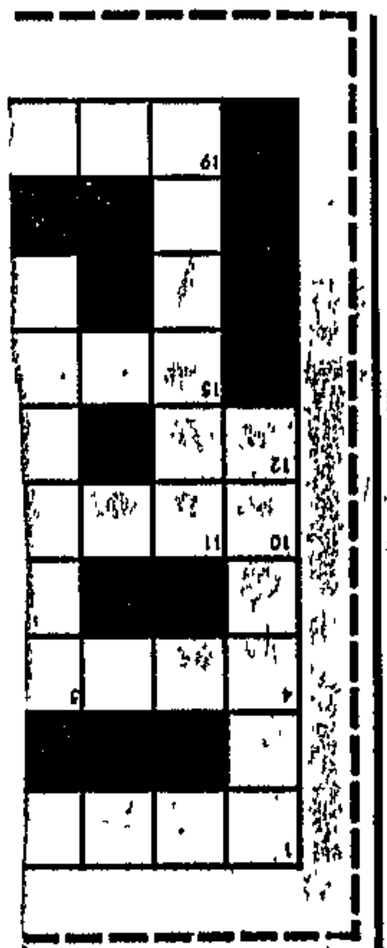
SA delegate Jan Van Der Walt was placing his country's flag with the flags of 30 other participating nations when the Kenyans decided to leave

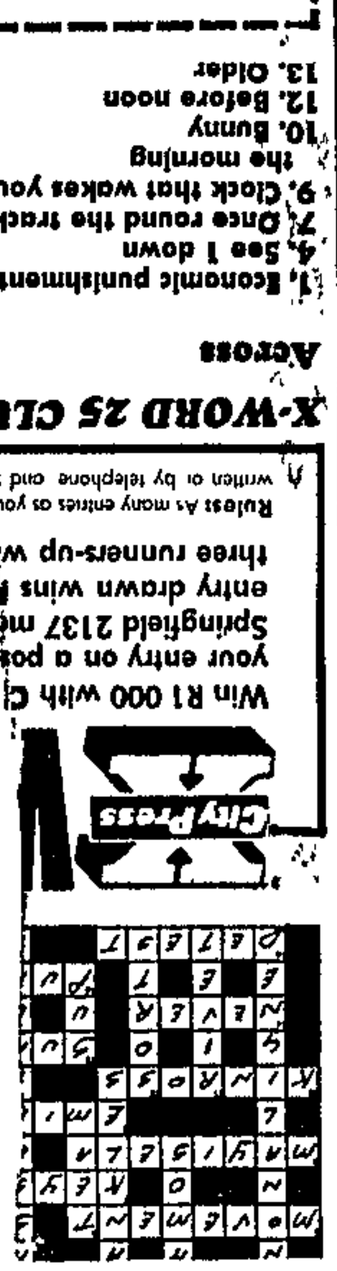
"I was rather sad when I learned what they had done," Van der Walt said

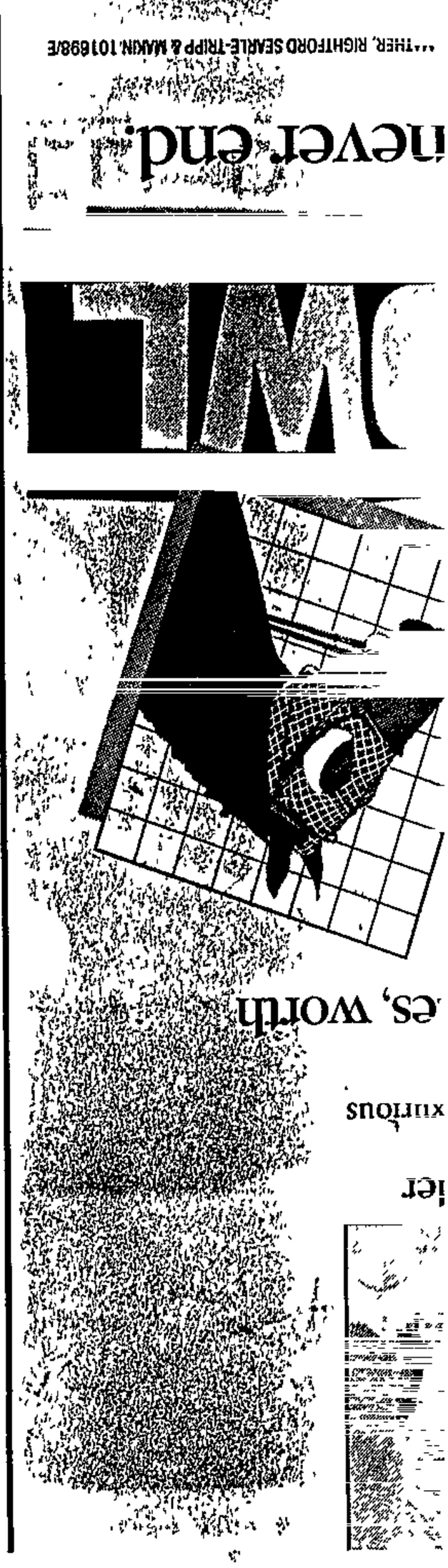
John Cameron of Britain, chairing the conference, said he regretted that the Kenyans – the only black delegates from an African nation – had left "We told them they are welcome to resume at any time," he said.

"We are an internationl association of farm organisations, a forum for discussing farm problems – not a political organisation."

The conference, the first of its kind, is sponsored by the International Federation of Agricultural Producers, a Paris-based organisation with 38 member countries. – Sapa.







3 000 Workers sleep in over GM pullout

By MONO BADELA

MORE than 3 000 car workers last night spent a second night sleeping-in at General Motors' Port Elizabeth plant – in protest at GM bosses' failure to consult them on the company's withdrawal from South Africa.

And their strike – also affecting work at GM's Kempston Road and Aloes plants – is threatening to delay the launch of GM's new Monza car, due out in November

Confrontation between GM workers and bosses erupted last week when the company announced it was pulling out of SA, following President Ronald Reagan's reluctant decision to impose limited sanctions

The workers' National Automobile and Allied Workers' Union immediately slammed the announcement, saying GM should have consulted the workers before deciding to sell out The union also demanded that workers get two seats on the new board of GM, when it takes over early next year

Workers downed tools on Wednesday, and slept in the factory overnight GM responded by going to court where they were granted a court order on Wednesday to show cause why the current strike should not be deemed unlawful Judge Jennet granted the order in the form of a rule nisi against Naawu, the Metal and Allied Workers' Union and the Motor Assembly and Component Workers' Union of SA

Naawu official Les Kettledas told *City Press* workers would continue with their stand until they got a response from management

GM managing director Bob White told *City Press* he would not negotiate with the union until the men had either resumed work or left the premises "If it prejudices the Monza launch we have just got to accept it

He said GM received worker demands on Friday "We responded on Monday – they asked for a response prior to a mass meeting and we told them what our answers were

"They came in later and told us they weren't prepared to work or leave the plant until I talked to the union I told them they either had to work or leave"

Worker demands, decided at a mass meeting last Friday, are

- A month's severance pay for every year worked
- The repayment of worker and company contributions to the group insurance and pension funds

YOU CAN SEE DOUBLE – with Mainstay

ELLIS PARK will host the first ever Mainstay Cup semi-final double header – and there's every reason to be believe that the 75 000 fans expected are in for something special

Orlando Pirates have an excellent chance of getting into the November 29 final On the basis of their last two matches they should have the edge over Jomo Cosmos But Cosmos are more than anxious to get into their first cup final since Jomo Sono bought Highlands Park in 1984

And the second game, between Swallows and Sundowns at 3 15pm, is equally appetising

See Back Page

THE EMERGENCY

This newspaper has been produced under emergency regulations which amount to censorship. The restrictions effectively suppress information of public interest. No details of unrest or security force action can be published without permission. However within the limits of these restrictions, City Press will continue to make every effort to provide objective coverage.

Sanctions speed Mossel Bay

THE growing threat of tighter sanctions appears to be the Government's chief reason for going ahead with the multi-billion-rand Mossel Bay gas project.

In spite of indications that oil is likely to remain cheap for some time to come, conceptual engineering work for the project is going according to plan.

The contract for the offshore work has been signed in Cape Town between Mossgas, a wholly owned subsidiary of the Central Energy Fund (CEF) and the Cape-based Engineering Management Services (EMS).

Secret

This phase of the project is expected to be completed in March next year. Physical implementation is expected to start at the beginning of 1988.

By David Southey

CEF director of projects Bob St Leger says each phase of the project will be assessed at completion and the results analysed before a decision is made on whether to go ahead with the next. This implies that the Government would then at least have the option of ditching or delaying work should circumstances demand.

CEF (Pty) has acquired land near Mossel Bay — although at what price remains a secret.

Mr Leger tells Business Times: "In terms of the feasibility study things are looking good. The conceptual work now involves firming up the ideas presented, determining costs more precisely, discussing and ironing out technical problems, drawing up basic designs for the project and determing the method of execution."

Mr St Leger says the Government is determined to maximise South African content of the project, which will give a significant boost to the heavy-engineering and construction industries. Wherever possible, imported components will be financed by supplier credits.

Confident

Mr St Leger says the project is likely to be completed in spite of projected falls of $5 a barrel or more in world oil prices.

"A study of oil over the long term shows that if the price stays low for long enough, more and more users will convert to oil and vice versa if the price rises over a long period."

Mr St Leger is confident that the gas reserves off Mossel Bay will last long enough to maintain the project.

"We are very comfortable with the known reserves," he says.

Sara Lee gives reasons for pulling out

GIANT US food-product company Sara Lee said at the weekend it had sold its SA holdings because of increasing shareholder disapproval and decreased profitability tied to a weakening dollar.

Spokesman Bob Lauer said the company's sole operation in SA was a plant which manufactured non-prescription drugs, such as analgesics and antacids; and shoe- and personal-care products.

MICK COLLINS

"The plant, which employs 220 people and accounted for annual average sales of $10m, was part of Nicholas Kiwi Ltd, an Australian-based subsidiary of Sara Lee acquired in 1985."

Lauer said the plant was sold to Vlijmense Beleggings Maatschappij, a Dutch corporation. He declined to disclose the price.

The decision to quit SA was announced last week at the company's annual shareholders' meeting in Chicago.

Although Sara Lee did not report net profits for the company's divisions, the SA plant was becoming less profitable because of the weakening dollar, Lauer said.

GM strikers' jobs could be on line today

By Sheryl Raine

More than 2 400 workers at General Motors in Port Elizabeth were still on strike this morning but could lose their jobs today if unions representing them lose a Supreme Court case against the company

National Automobile and Allied Workers' Union and GM spokesmen confirmed that the strike, which began on Wednesday and stopped production of the new Monza, was continuing.

Mr Les Kettledas, regional secretary of Naawu, said workers would decide whether or not to go back to work after the outcome of a Supreme Court action this morning. The court last week ordered strikers back to work by 7.15 am today or show cause by 9 30 am why the strike should not be declared illegal and the workers liable to be fired.

The strike, over GM's decision to sell to local buyers, has resulted in union demands for full severance pay, repayment of workers' and company contributions to benefit funds and the right to appoint two directors to the new company board.

Mr Bob McIlwaine, GM's industrial relations manager, would not say whether GM intended to fire the strikers but said: "A company does not go for a court order if it is not serious."

GUIDE TO WITHDRAWAL

· Three unions have issued a guide for multinationals intending to withdraw from the country. The Metal and Allied Workers' Union, Naawu and the Motor Industry Combined Workers' Union want all multinationals to give timeous notice and provide full details to unions and workers to enable them to decide on their future.

Withdrawal terms should guarantee:

- No retrenchment or redundancies.
- Minimum severance pay of one month for every year of service.
- No prejudice of benefits
- Payment of full earnings for a year from the date of notification of withdrawal or sale.
- The new management recognise and agree to negotiate with unions on any issues affecting workers, including issues arising from the withdrawal or sale.

Mr Jack Harned of GM's international public relations department in Detroit has refused to answer questions from The Star on the strike and job security. All questions would be dealt with in South Africa, he said, but added only concern for employees had kept the company in South Africa for so long.

Details of GM's future in South Africa are expected to be disclosed at a Press conference in Johannesburg today. Executives of the new local management team, believed to be headed by GM's director of technical operations Mr Keith Butler-Wheelhouse, returned from Detroit at the weekend with details of the new licence agreement.

Nafcoc says it won't discourage sanctions

3/11/86 Eye Post

By JIMMY MATYU

THE National African Federated Chamber of Commerce and Industry (Nafcoc) had decided not to urge the international community to discontinue sanctions against South Africa, Dr Sam Motsuenyane, Nafcoc president, said in Port Elizabeth at the weekend.

Addressing a dinner of the Eastern Cape African Chamber of Commerce, he said: "Nafcoc has decided to make no attempt to urge the international community to discontinue sanctions against South Africa until the Government takes steps towards meeting legitimate black political demands and aspirations.

"We have chosen to endure the hardships of sanctions in the hope that these would help bring such pressures on the Government and the white community so as to prompt the desired fundamental changes in the country's political policies.

"It is only by realising that our best future as a disadvantaged people lies in togetherness, not in isolation, that we shall overcome the trivial differences dividing us."

Dr Motsuenyane said South Africa was passing through a period of increasing upheaval, insecurity and turmoil.

"This is evidenced by continuing political unrest, the unending state of emergency involving the whole of South Africa, the imposition of economic sanctions against South Africa by her erstwhile traditional Western partners and disinvestment by foreign companies.

"Further, by soaring levels of unemployment and inflation, the virtual collapse of the black educational system, the low level of economic growth, continual strikes and boycotts in the major urban areas and a general air of uncertainty about the future.

"This is the climate in which black businessmen operate.

"The Eastern Cape has remained a front runner in the conflict that has engulfed our country and has experienced the greatest measures of turbulence during the past two years.

"As responsible South Africans, we have endeavoured to propose what we construe as the appropriate and effective solutions to the existing problems which mainly emanate from the major problem in South Africa

"This is the policy of apartheid, which the majority of South Africans and the world have constantly rejected and opposed, but to which the South African Government has clung to and defied widespread criticism and opposition from all quarters.

"The Government recently conceded apartheid was a discredited and obsolete concept, but has failed to practically demonstrate their sincerity in practice".

Dr Motsuenyane said Nafcoc last year asked the Government for

- The unconditional release of political prisoners.
- The unbanning of black political organisations.
- The scrapping of all racial policies.
- The opening of schools and tertiary institutions to all races
- The involvement in negotiations with credible black leaders, leading to the formulation of a new constitution for South Africa.
- The lifting of the state of emergency.

(280) N/M 3/11/86 (280)

U S denies SAA bid for extra time

Simon Barber

WASHINGTON—The U S Department of Transportation has denied South African Airways' request for extra time to present its case against the immediate ending of the airline's U S landing rights, and is expected to issue a final termination order this week.

Once that order is issued, SAA will have three days to suspend its transatlantic service, which has been continuing at two flights a week since October 12

SAA chief Gert van der Veer said he had been told to expect the final order within a matter of days, but he left open his next move

'Right now we have not determined our response,' he said. The only alternative to complying with the order would seem to be to seek a court injunction against it.

The continuation of the flights has sparked protests from congressional Democrats who interpreted the comprehensive Anti Apartheid Act of 1986, passed on October 2, prohibiting service within 10 days

In a legal brief sent to the Department of Transportation last Thursday, SAA's Washington-based attorneys argued that the law did not require the immediate revocation of its foreign air carrier permit and that such revocation would violate the 1947 U S-S A air transport agreement

The brief, responding to the department's order to show cause against prompt termination, contended that the agreement provided for a 12-month notification period

It also argued that Congress did not specifically abrogate the treaty, but required that action be taken under its terms

Should SAA seek an injunction, it is likely to point out that Australia, which announced its decision to terminate South African landing rights on Friday, is sticking to its agreement with South Africa which also provides for a one-year grace period

Mr van der Veer said the airline had no objection to ending its U S service by October 1987, but needed the time to wind up the operation.

He added that while SAA employed 90 U S nationals, their contracts would not be terminated because the airline would continue to market its services over here.

He also predicted no retaliatory steps against the U S, for example refusing to buy American aircraft

'We see no need to be vindictive. The need now is to build bridges between our two countries. We do not see this situation as permanent.'

But he added that SAA was considering replacing its domestic Boeing 737 fleet by 1991, and was naturally considering European alternatives.

3/11/86 (280) NJH

GM expected to tell big secret today

Mercury Correspondent

JOHANNESBURG—Details of the future shape of General Motors in South Africa are expected to be disclosed today in what one motor manufacturer describes as 'one of the industry's best-kept secrets this year'.

Executives of the new local management team, headed by GM's director of technical operations, Mr Keith Butler-Wheelhouse, returned from Detroit at the weekend with details of the new licensing agreement.

Optimism about the new operation is expected to be punted heavily in the run-up to Wednesday's Monza car launch

GM announced its withdrawal on October 20

While some industry quarters rate GM's survival chances as low, managing director Bob White has made it clear the company is close, before interest payments, to breaking even and is expected to post its strongest bottom line in 15 years.

But Nissan, for one, sees GM progressively running down its activities over the next few years because of the high cost of retooling for new models.

'It's too high a tab,' Nissan managing director John Newbury said yesterday, pointing out that about R55 million — depending on the local-content level — would have to be injected into the tooling-up of a new model, at today's costs.

According to one industry source, GM's payment of financing charges — estimated at R100 million — and sale of local assets at a nominal charge will 'make it easier for the local operation to show an attractive bottom line'.

Jobs must not

Jobs must not suffer, say unions

PORT ELIZABETH—Three major motor industry unions said yesterday that job tenure should not suffer when multinationals withdraw from South Africa, but rather the companies' profits should 'bear the brunt of the results of apartheid'.

In a joint statement, the National Automobile and Allied Workers' Union, the Metal and Allied Workers' Union and the Motor Industry Combined Workers' Union said they condemned General Motors' 'high-handed decision' to refuse to negotiate with GM workers about their future.

GM had drawn profits for 60 years from South Africa and now wanted to pull out with no cost to itself, making no provision for the future of workers.

The pull-out was of benefit only to the management, the statement said.

'Workers are no longer prepared to be the victims of unilateral decisions taken over their heads by capitalists.'

The statement said the pressure for sanctions and disinvestment was a result of apartheid Jobs and the safety of workers should not suffer.

The statement demanded that all multinational companies in which the unions organised workers and which pulled out or sold out to South African businesses should:

Give timeous notice to the unions and workers;

Provide full details of their plans;

Provide adequate information to allow workers and their organisations to make decisions about their future; and

Negotiate the terms of the withdrawal.

The departing companies must guarantee that no retrenchment or redundancies would follow from the withdrawal or sale. — (Sapa)

n, Mr
King
arged
treat-
es. At
police

Man shot

Claim to

MGS 3/11/86 280

Sanctions: SA boffins plan hi-tech stockpile

The Argus Correspondent

JOHANNESBURG. — Industrial boffins today took the initiative in building a new stockpile of high-technology know-how from around the world to beat sanctions.

A team from the private sector has launched what has been code-named Operation Tech Search with the aim of acting as brokers in buying and swopping high technology knowledge in deals with both East and West.

The operation is being handled by a private company in Johannesburg.

It will go into action at the 1986 European Technology Exhibition in Milan, one of the main centres of hi-tech exchange, with agreements to manufacture under licence or on a royalty basis or with barter trade deals. The team flew to Milan at the weekend where the exhibition will open tomorrow for four days.

KEY INDUSTRIES

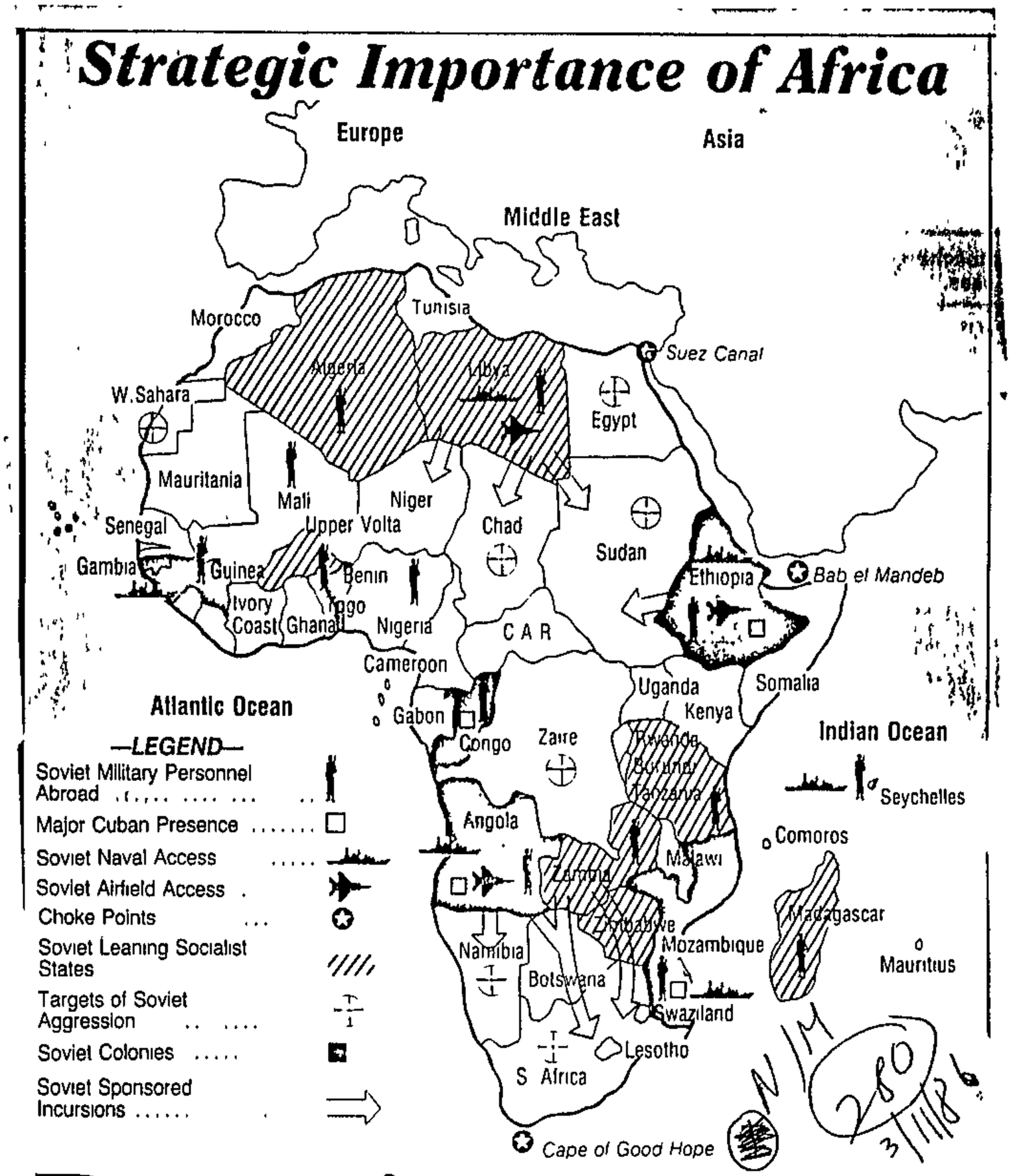
A spokesman said the operation would involve discussions with representatives from at least 35 countries who will be in Milan with shopping lists or sales catalogues covering hi-tech knowledge.

The spokesman said: "South Africa is fairly well-equipped with high technology in several key industries such as steel, cars, electronics and mining.

"But there are weaknesses in other industries — general engineering, pharmaceuticals, chemicals, computers — that we would be well advised to remedy in case the flow of new know-how is hampered or sealed off.

"Because our operation is outside the political arena, we believe we can talk straight business with lots of overseas companies and research institutes willing to exchange hi-tech ideas on a purely commercial basis, especially since the exchanges will be invisible to political eyes."

He is convinced that deals can be struck with companies and institutes in the East and West alike, as long as they have assurances of staying out of the political spotlight.



Restraint urged in face of sanctions

IF SOUTH AFRICA wants to live up to its self-image of a strong and responsible regional leader the country must react with restraint in the face of sanctions from Zambia and Zimbabwe even if provoked by these countries.

This is the view of Mr Erich Leistner, director of the Africa Institute of South Africa, writing in the latest issue of Africa Institute, an independent publication issued by the organisation.

Mr Leistner says the stage where the 'lights are going out' in southern Africa may be approaching

'In that sad event, it should be remembered that, once the dust has settled and the passions subsided, South Africa will still be the predominant regional power, and Zimbabwe and Zambia will still be its neighbours', he writes

Mr Leistner says that by taking up Mr Pik Botha's challenge to Zambia and Zimbabwe to declare economic war against South Africa Mr Robert Mugabe has embarked on a course in which the odds against him are much longer than against his powerful neighbour

'South Africa can readily trump any hostile step he might choose to take', he declares.

Mr Leistner says that if the Zimbabwe Prime Minister implements his declared intention to stop payments to ex-Rhodesian pensioners in South Africa, and if — failing intervention by Britain — the South African Government should feel obliged to shoulder responsibility South Africa could recoup this outlay by imposing a special levy on freight to and from Zimbabwe conveyed along this country's transport routes

'The recent blowing up of the Beira-Mutare oil pipeline by Renamo can remind Mr Mugabe how his country was almost literally forced to a standstill when in late 1981 the pipe was also damaged while fuel supplies by rail and road from South Africa were delayed,' he says

Mr Leistner says that by working 'day and night' Mr Mugabe hopes to develop alternative routes to the ones through South Africa within three months.

This means he will have to re route the 90% of Zimbabwe's external trade which currently travels through South Africa.

At present, the Africa Institute director points out, only 800 000 to one million tons a year goes through Beira

The direct rail link between Zimbabwe and Maputo has been out of order for more than two years

'It seems highly unlikely that Mr Mugabe will realise his plan to raise the capacity of the railway to Beira and of the harbour to three million tons by the end of 1986,' Mr Leistner says

Even this, however, would represent at most 40% of Zimbabwe's external trade This would leave only the Tazara line to Dares Salaam to take the remainder

'Tazara is operating well below its maximum carrying capacity of about two million tons a year and cannot even convey all of Zambia's external freight', Mr Leistner says

Whereas South Africa has been preparing for sanctions for a considerable time, Zambia and Zimbabwe have not, he writes

Both stand to suffer heavily, if not disastrously, if they were really to engage in economic warfare against South Africa

Mr Leistner avers that about 90% of the 150-million kilograms of tobacco Zimbabwe expects to export in 1986, will go via Durban.

Delays en route would greatly diminish the tobacco's quality and price, he says

'Most of the country's chrome is exported through Durban and Richards Bay, and most of its steel through Durban and Port Elizabeth

Apart from the relative size of Zambian and Zimbabwean trade and via South Africa, both are vulnerable to delays occurring in South Africa Next to oil products, this is true also for machinery, spares, foodstuffs and many consumer goods.

Zambia's 'tottering economy is overwhelmingly dependent on the copper mines and lack of vital spares would inflict serious damage

Patrick Leeman

African Affairs Correspondent

Trade ban has 'zero effect' — travel agents

Cape Times 3/11/86

280

From IAN HOBBS

LONDON. — The British tourism trade and its advertisers have scorned the government's "voluntary" ban on trade with South Africa, which became policy on Thursday.

Official travel business sources said the unenforceable sanctions would have "zero effect" on business.

A spokesman for the Association of British Travel Agents (ABTA) said that "at best a couple" of their thousands of members had withdrawn from South African business.

The ABTA spokesman said the government policy was a voluntary ban "on the promotion of tourism", rather than a request to end actual business with South African tourism.

Another senior travel agent said: "... The amount of South African package tours we sell in this country and elsewhere in the Common Market is too small to be any worry and, anyway, I don't think it will do any damage."

A spokesman for the Anti-Apartheid Movement said the attitude of the British travel agents was no surprise.

"The British Government knows voluntary sanctions will never work and the so-called tourism and new investment bans are no more than a cynical farce."

● Our Johannesburg correspondent reports that the British tourist office there has reduced its operations.

Public relations officer for the office Ms Cheryl Logan said that because of the reduction in traffic from SA to Britain, it was no longer economically viable to function at the same level as previously.

Ms Logan said the move was not related to the steps taken by the British Government.

McKechnie considers pull-out

BRITISH-BASED McKechnie Brothers is considering disinvesting from SA.

The company, which owns a 50% stake in the Wadeville metals group Macdem, has given notice in its annual report of its intention to hive off its SA interests.

McKechnie's partner in Macdem is Haggie Ltd. Haggie MD John Feek said it was common knowledge that its UK partners were not too happy with conditions in SA.

Feek said a *Financial Times of*

MICK COLLINS

London report said the company had been steadily reducing its SA interests over the past few years.

"In the year reported, SA represented 8% of earnings and 10% of pretax profits."

McKechnie chairman Jim Butler said: "It is likely, but not certain, that the Macdem stake would be sold to Haggie."

McKechnie also owns a further 18% interest in Consolidated Industrial Holdings. The report said the Consolidated stake would be reclaimed through strong dividend flow rather than disinvestment.

"McKechnie is certain to lose up to £5m of the value of its Macdem stake if it disinvests. In financial rands the stake is now valued at about £4m, but in commercial rands, its real value is £8m.

"McKechnie has already written the value down to £4m in its balance sheet."

GM slammed over no talks

Profits, and not workers, should suffer — unions

THREE major motor industry unions said yesterday workers' job tenure should not suffer when multinationals withdrew from SA, but rather the companies' profits should "bear the brunt of the results of apartheid".

In a joint statement, the National Automobile and Allied Workers Union (Naawu), Metal and Allied Workers Union (Mawu) and Motor Industry Combined Workers Union (Micwu) said they condemned General Motors' (GM) "high-handed decision" in refusing to negotiate with GM workers about their future.

GM had drawn profits for 60 years from SA and now wanted to pull out with no cost to itself, making no provision for the future of workers. The statement said the pull-out was only of benefit to management.

The unions said: "Workers are no longer prepared to be the victims of unilateral decisions taken over their heads by capitalists.

Pressure for sanctions and disinvestment was a result of apartheid. Jobs and the safety of workers should not suffer.

Naawu, Mawu and Micwu demanded that all multinational companies in which the union had organised workers should, when pulling out and selling to SA businesses:

- ☐ Give timeous notice to the unions and workers;
- ☐ Provide full details of their plans;
- ☐ Provide adequate information to allow workers and their organisations to make a decision on their futures; and
- ☐ Negotiate the terms of the withdrawal with the following minimum conditions:

The departing companies must guarantee:

- ☐ No retrenchment or redundancies would follow from the withdrawal or sale;
- ☐ Minimum severance pay of one month's pay per year of service;
- ☐ No benefits would be prejudiced by the withdrawal or sale;
- ☐ The full earnings of workers for a period of 12 months from the date of notification of withdrawal or sale; and
- ☐ The new management recognised and agreed to negotiate with the representative unions on any issues affecting workers, including issues arising from the withdrawal or sale. — Sapa.

Unions: firms must pay for disinvestment

PORT ELIZABETH — Three major motor industry unions said yesterday workers' job tenure should not suffer when multinationals withdrew from South Africa but that the companies' profits should "bear the brunt of the results of apartheid."

The National Automobile and Allied Workers Union (Naawu), the Metal and Allied Workers Union (Mawu) and the Motor Industry Combined Workers Union (Micwu) said in a joint statement they condemned General Motors' "high-handed decision" to refuse to negotiate with workers about their future.

GM had drawn profits from South Africa for 60 years and now wanted to pull out with no cost to itself and without making provision for the future of its workers, the statement said.

"Workers are no longer prepared to be the victims of unilateral decisions taken over their heads by capitalists."

The pressure for sanctions and disinvestment was a result of apartheid Jobs and the safety of workers should not suffer, the statement said.

Naawu, Mawu and Micwu demanded that all multinational companies where they had organised workers and that sold to South African businesses on pulling out should:

- Give timeous notice to the unions and workers;
- Provide full details of their plans;
- Provide adequate information to allow workers and their organisations to make a decision on their future; and
- Negotiate the terms of the withdrawal with the following minimum conditions.

The departing companies must guarantee:

- No retrenchment or redundancies would follow from the withdrawal or sale;
- Minimum severance pay of one month's pay per year of service;
- No benefits would be prejudiced by the withdrawal or sale;
- The full earnings of workers for a period of 12 months from the date of notification of withdrawal or sale; and
- The new management recognised and agreed to negotiate with the representative unions on any issues affecting workers, including issues arising from the withdrawal or sale.

— Sapa

PUSDAY
250 3/10/86

Gold could replace uranium

IF US sanctions on uranium — possibly followed by other countries — result in reduced sales of uranium oxide, some mines could be tempted to convert their uranium plants to gold plants.

Western Deep Levels had already done this before sanctions were imposed, with the uranium plant being converted to a plant milling 120 000 t per month to produce gold from dump waste rock.

The view that plants might be converted to gold production, far more profitable than uranium production, is expressed by London brokers James Capel, one of whose directors, Julian Baring, is considered London's leading gold "guru" in investment advising.

He believes the next upswing in gold could make the last one look like a minor event.

ADAM PAYNE

Uranium sanctions by the US could be more severe than sanctions on steel and coal, particularly if other countries follow the American lead.

The table shows percentages of pre-tax profits attributable to uranium in 1985 of SA gold mines and the profits in the year to June 1986.

In some cases, there are consumer loans which, presumably, will not be repaid if deliveries are reneged upon. In addition, not all uranium sales are export-orientated.

The US sanctions, if effective, may represent an opportunity for the mines affected to convert plant to gold recovery so as to enhance gold production.

Harmony has considered this step, which would seem ideal for surface material gold recovery plants.

A company not listed in the table is Rossing Uranium. Production is not known but is thought to be in the ball park of 4 300 t to 5 000 t a year, according to Capel.

A Rossing spokesman is on record as saying that the US sanctions, if effective against Namibia, could result in closure of the mine.

RTZ derived 9,7% of profits last year from that source. Capel's estimate for this year is 6,2%.

Julian Baring, in his optimistic gold market projections, has worked out the paper profits that the huge rise in world stock markets generated. He concluded that they added up to $100bn in the UK, $460bn in the US and $550bn in Japan.

With markets struggling in most countries, there is an uneasy feeling that capital gains will be harder to make in future. The one remedy for all this nervousness, Baring considers, is an investment in gold.

Pullouts: little praise

THE STRIKE at General Motors has highlighted to both opponents and supporters of the international sanctions campaign that the nature of the recent rash of withdrawals of US companies from SA — whereby assets and franchising rights are tranferred to local interests — is something nobody expected.

And the moves by the likes of GM, IBM and Coca-Cola have won little approval from the disinvestment lobby.

SA's two largest trade union federations, the Congress of SA Trade Unions (Cosatu) and the amalgam of the Council of Unions of SA and the Azanian Confederation of Trade Unions (Cusa/Azactu), both advocate international economic pressure against SA in one form or another.

Cusa/Azactu is on record as supporting a full programme of economic sanctions. Cosatu also supports sanctions and disinvestment, but with the rider that any multinational which pulls out should hand over its local assets "to the workers who have generated them".

Cusa/Azactu general secretary Piroshaw Camay says the US corporate moves have done nothing to hasten the end of apartheid. He says multinationals which choose to remain in SA should be taking up the cudgels against government.

ALAN FINE

But those which have announced their intention to withdraw will continue to gain from their indirect presence, while no longer having sufficient presence to oppose the system.

Cosatu policy has been criticised, even in its own terms, as an example of unrealistic and woolly thinking. A more generous interpretation sees it as a reflection of the dilemma of militant organised labour.

While it is concerned at the further collapse of the economy, it simultaneously wishes to preserve what it sees as a valuable political weapon and to remain aligned with the anti-apartheid forces advocating sanctions.

Cosatu vice-president Chris Dlamini, himself an employee of a US multinational, says his organisation has not formulated a response to this type of disinvestment. But he criticises the companies for not heeding Cosatu's approach.

Cosatu education secretary Alec Erwin argues that the withdrawals are part of a worldwide trend by multinationals towards overseas-franchising operations. In SA this trend is being expedited by the sanctions campaign, he says, and for companies producing more-sophisticated products — such as vehicles and computers — it is happening prematurely.

While these withdrawals will have little impact on the economy, they represent a political statement that apartheid is unacceptable, Erwin says. He concludes by arguing that events of the past few years have highlighted the fact that foreign investment has been "a rip-off on a large scale".

While political pressures may have accelerated the flow of funds from SA, the outflow preceded both the unrest, which began in September 1984, and the intensifying of the sanctions campaign.

280 BUSDAY 4/11/86

Tax laws may determine when US firms disinvest

Economics Reporter

TAX law changes in the US could play a major part in determining the method and timing of corporate disinvestment from SA.

So far, it is difficult to tell whether the recent wave of disinvestment activity by major multinationals has been motivated by tax strategies, since the exact formats of their transactions have not been revealed..

Announcing General Motors' action, MD Bob White implied that tax factors had not been a significant factor in the company's decision.

But experts say US tax law changes, which take effect on January 1, will be worth millions of dollars in more favourable tax treatment to companies who time their disinvestments correctly.

Under the new law the maximum rate for corporate income tax is reduced to 34% from 46%. And the alternative minimum tax that provided for 20% taxation of capital gains, and losses, has been eliminated.

As a result, companies that expect to take a large capital loss on the sale of their SA assets generally will benefit by waiting until 1987 to complete the transaction.

The present measure allowing a company that abandons an asset to deduct the full amount of the loss from income will remain in the 1987 law. Therefore, observed Arthur Anderson's Kevin Wiles, companies planning to liquidate operations will receive a greater tax benefit by completing the transaction this year, while corporate tax rates are higher.

Former GM MD will head team



● PRICE

GENERAL Motors has named a former MD of its SA operation to head the local management buy-out team that will acquire GM's interests here.

Bob Price, 60, MD from 1971 to 1973 and until his present job a vice-president of GM Overseas Corporation, will take charge of the new company once negotiations are complete.

However, GM officials are still refusing to say how the sale will be financed. Price says most of the funding is in place and the remainder will be complete by the end of the year. He says some of the financing is being done internally and some externally.

Industry sources believe much of the money is being put up by GM in the US, and that the new company will repay the loan out of profits.

While declining to give details of the deal, Keith Butler-Wheelhouse, a member of the local management team negotiating for the company, insisted last night: "We are going to have to pay for the company. I can assure you, it's a full management buy-out."

DAVID FURLONGER
Industrial Editor

GM has already said it would pay off all its SA debts, rumoured to be more than R200m.

Bob White, who will remain as MD until the buy-out is complete, said the company had assets of R440m in SA. He said that since the debt moratorium, GM was no longer bound by rules insisting that no more than 50% of the value of those assets be held in debt.

Officials said the company would also no longer be bound by US rules forbidding vehicle sales to the SA military and police. The new company, which has yet to be named, will be able to get round the regulation by sourcing parts from Opel, Isuzu and Suzuki factories in West Germany and Japan.

Butler-Wheelhouse said: "We don't intend to preclude ourselves from selling to the military and police."

Price said the new company would be operational by January 1. He said: "I don't see any problems. There are technical agreements but we don't see any obstacles that are insurmountable."

While confirming the existence of a buy-back option in the sale, Price denied

● To Page 2

Former GM MD to head team

● From Page 1

his role was that of a caretaker MD imposed by GM. However, he admitted his presence would lead to doubts over whether it was a genuine local buy-out.

He said he had returned to SA at his own request. In doing so, he had "permanently severed all links with GM after 36 years with the corporation.

"I couldn't ignore the challenge this presented. I've watched the fortunes of the company ebb and flow over the years and have always taken a keen interest."

Although he had been aware of management buy-out talks since their early stages, it was only recently that he decided to return to SA.

Price said: "I've been privy to these talks all along but not as an active participant. It was a completely personal decision on my part."

□ Workers at GM yesterday resolved to continue their strike after the National Automobile and Allied Workers' Union's (Naawu) general secretary conceded in the Port Elizabeth Supreme Court the action was unlawful.

Buthelezi warns of fifth column

CAG TRIALS 4/11/86 280

BONN — Chief Mangosuthu Buthelezi warned a top international conference yesterday that South African whites would form "a horrendous internal revolutionary fifth column movement" if a new government were brought about through the barrel of a gun.

The overthrow of the present government by black military violence would lead only to a counter military force in turn taking over the new government.

He was addressing heads of state, ministers and other representatives of Asian, European, American and African countries at a seminar organized by the Konrad Adenauer Foundation.

The KwaZulu Chief Minister said that, for the next South African government to work, it was an absolute prerequisite that blacks and whites co-operated in replacing apartheid with an open democracy.

There was a race against time between democracy and violence, Chief Buthelezi said And the struggle had to be waged in South Africa by South Africans.

However, whether it could be won by democracy might well be decided outside the country.

The sooner it was realized that sanctions were not going to stampede State President P W Botha into capitulating, the less danger there would be for South Africa

Chief Buthelezi said the black people's most powerful form of democratic opposition to apartheid at present was their refusal to participate in any government move which was not a meaningful step forward.

The South African Government had in fact now recognized that apartheid had to be scrapped, that South Africa was one country and that political reform had to be radical and far-reaching.

"I am now confronting the State President with the reality of the fact that he cannot go backwards," he said. "He cannot return to classical apartheid and he cannot move forward unless he initiates meaningful negotiation with black leaders who have the kind of constituency I have."

EMBER 4, 1986

Most of GM financing is secured

By RALPH JARVIS

PLANS for a South African management buy-out of General Motors South African are well advanced, with the bulk of the financing secured.

And, by the end of this year, the balance of an undisclosed buy-out sum would be available.

This was announced in Johannesburg last night at a Press conference called to give details of the key personnel to be involved in the initial negotiating team.

As reported in yesterday's Evening Post, former managing director of GMSA, Mr Bob Price, 60, will head the local management team.

The other three men to serve on the team are:

● Mr Keith Butler-Wheelhouse, 40, present director of technical operations.

● Mr George F Stegmann, 41, now director of personnel and public affairs.

● Mr Andre G van Rooyen, 38, presently strategic planning manager.

The announcement of the negotiating team structure was made by Mr John P McCormack, GM vice-president in charge of Latin American and South African operations.

Mr Price, he said, had left GM permanently to head the new SA company which would be in operation by January 1.

Mr Price told the meeting more executives would be adding to the core group later.

There would also be complete continuity of product, including the Opel Rekord, Kadett and Monza and Isuzu bakkies, he said.

"We are already planning on new products, perhaps even different sources to supplement what we feel is already one of the strongest product lines in South Africa."

Mr Price said the GMSA dealer council had given their "100% unqualified support for the way we're planning to run the business in future".

Commenting on the Sullivan principles, which in general keep a close eye on workers' rights, Mr Price said the new company would continue to do what it thought necessary to improve the human and economic situations in the areas in which it operated.

Mr Price said General Motors would be leaving South Africa and would not have a financial stake in the country.

However, if circumstances changed, there should be no problem of GM coming back to invest in SA in the future, he said.

He said that in the sale of the South African company, GM was being relieved of a large debt which had proven to be a liability for the operating end of the company over the past few years.

Mr Price said a buy-back option was involved but declined to say over what period the option would operate.

Mr Price said the new company would have a new name and that it would operate under a holding company.

Mr Butler-Wheelhouse, asked if the new company would supply vehicles to the SA Defence Force or the Police, said: "We certainly don't intend to preclude ourselves from that."

280 005 11/86

Japan to be asked to step up SA sanctions

TOKYO — Government ministers from three non-aligned nations have arrived here to ask the Japanese Government to strengthen its sanctions against South Africa, a Foreign Ministry official said yesterday.

Zimbabwe's Foreign Minister, Mr Witness Mangwende, the Algerian Minister of State, Mr Mohamed Abdelghani, and India's Foreign Minister, Mr Narain Tiwari, are to meet Japan's Prime Minister, Mr Yasuhiro Nakasone, and the Foreign Minister, Mr Tadashi Kuranari, today.

Their mission follows a decision taken at the non-aligned nations' summit in September to ask other countries to strengthen sanctions against South Africa.

The ministers visited the United States, Italy, Britain, France and West Germany before coming to Japan.

Japan said in September it would ban iron and steel imports from South Africa, refuse to issue tourist visas to South African citizens and prohibit its government officials from traveling on South African Airways.

The government had said last year it would also stop sales to South Africa of computers that might be used by the military, police or other agencies to enforce apartheid and would curb imports of Krugerrand gold coins.

Japan was South Africa's second-largest trading partner after the US last year, accounting for 8,6 per cent of its total trade.

Japan's exports to South Africa in 1985 totaled just over $1 billion, while imports from South Africa came to $1,84 billion. — Sapa-AP

GM meeting ends abruptly

By KIN BENTLEY

A MEETING between 15 shop stewards and management at General Motors today ended abrutly after only a few minutes with talks deadlocked on strikers' demands.

The strike entered its sixth day today.

Earlier today the strikers were waiting for senior management to respond to proposals made at a meeting between union representatives and GM yesterday, before deciding to either continue their strike or return to work.

Mr Freddie Sauls,

● Turn to Page 3

Deadlock at GM plant

● From Page 1

national secretary of the National Automobile and Allied Workers' Union (Naawu), said the meeting, which started at about noon today, included Mr Bob Price, who heads the team negotiating GM's local takeover.

Mr Sauls said others in the meeting were the managing director of GMSA, Mr Bob White, the other members of the takeover team — Mr Keith Butler-Wheelhouse, Mr George Stegmann and Mr Andre van Rooyen — and the labour relations manager, Mr Rob McIlwaine

He said the meeting was "a golden opportunity for Mr Price to clear the air on the company's future"

Mr Sauls said he would make another attempt to meet management this afternoon

No comment could be obtained from GM

IGI LIFE INVEST
Co Reg

...MBER, 1986

...for the six months ended 30 Septem...

...the finish line and several

NZ shuts door on SA exchange students

The Rotary Club of New Zealand will no longer accept South African exchange students, nor will it send New Zealand students to the Republic.

A spokesman in New Zealand said this week's decision followed the controversy which resulted in South African exchange student Nicole Oeshger withdrawing from a school in Rotorua.

A teacher at the school objected to teaching the South African student, and she was subsequently moved to another school.

The chairman of the Auckland District Youth Exchange Committee of Rotary, Mr John Robinson said exchanges with South Africa were "just too much trouble".

"It is unfortunate. People kick up such a stink that its not worth carrying on. We don't feel it is fair on the students."

Next year about 180 South African students will be going to school overseas, and about 150 overseas students will come here.



Job — to co-ordinate activities

Govt appoints Krogh as top sanctions man



● KROGH

MICK COLLINS

Government has appointed Dr Desmond Krogh as head of operations to co-ordinate SA's secret efforts to circumvent sanctions.

The Department of Finance appointment puts the ex-Governor of the Zimbabwe Reserve Bank in overall charge of the anti-sanctions effort.

A department spokesman yesterday confirmed the appointment saying Krogh would be directly responsible to the Minister.

He said: "It's rather difficult to describe the post. Dr Krogh will be there to advise people on how to circumvent sanctions.

"In fact, his job will be to co-ordinate all government activities in this direction."

When Krogh was asked if he had been appointed by government to co-ordinate all anti-sanctions action, he said: "I don't wish to comment."

Various political figures who sit on government's Joint Committee on Sanctions (JCS) also refused to comment.

The appointment is being viewed against a background of hush hush co-operation between government and the private sector.

The Private Sector Export Advisory Committee (Pseac) has already made a detailed report to government saying it would be wrong to underestimate the deleterious effects sanctions could have on economic growth.

It said SA should recognise the degree to which satellite and document surveillance, trade union activity and concerted action by foreign governments could disrupt the country's export markets.

Sources said the appointment could be viewed in the light of Pseac's request for such a person or body to be appointed.

Pseac said mechanisms should be created whereby needs of the private sector can be made known to a centralised government authority.

In that respect the presence of a specifically appointed individual or body to act as co-ordinator should be considered.

● To Page 3

Krogh — top sanctions buster

● From Page 1

Committee members also believed counteractive steps to sanctions should only be taken after the fullest consultation with the business community.

Possibilities had to be explored by private enterprise for alternative routes to markets using overseas facilities and aids.

Attention had to be given to additional financing facilities to assist cashflow problems faced by exporters as a result of longer and more involved export routes.

The appointment is also seen as part of an overall plan as government rushes to align domestic economic policy to counter the isolationist impact of sanctions.

Krogh is considered in many circles to be sufficiently powerful to co-ordinate the efforts of the country's unconventional trade unit.

The unit, whose presence has been confirmed by Deputy Trade and Industries Minister Kent Durr, is assisting industry and commerce to remove obstacles and set up contacts around the world.

Confusion over sanctions bill may drag on

THE US Treasury Department may not produce the regulations needed to enforce Congress's SA sanctions bill until after November 15 — meaning continued confusion over the issue of new investment in the country.

A Treasury spokesman Robert Levine said from Washington that department personnel were working "furiously" on the regulations, which will define in

Economics Reporter

practical terms the vague law enacted by Congress when it overrode President Ronald Reagan's veto on October 1.

But there still was "no guarantee" that the guidelines would be completed by the deadline set by the Congress bill for new investment.

The question of how the new law's measure on investment should be interpreted — especially as it affects US companies that must pump money into SA subsidiaries before disinvesting from the country — has drawn widely varying views.

At a news conference on Monday, General Motors, which announced its withdrawal from SA last month, said it had been told that it need only apply by November 15 to invest capital in its subsidiary. The actual investment, it said, could come at any time thereafter.

GM financial director Keith Butler-Wheelhouse said the interpretation came out of negotiation with US customs officials.

But Levine said officials working on the regulations had told him that "an application would not be enough".

IBM staff worried about future after US pull-out

By Sheryl Raine

IBM SA's plans to sell its local subsidiary have prompted several unhappy IBM employees to approach The Star complaining about being kept in the dark on the firm's future, loss of job security and the lack of a severance pay option.

IBM SA currently employs 1 486 people. It has been criticised by staff in much the same way as General Motors for its decision to withdraw from South Africa, leaving employees anxious about their future.

Employees say they have the highest regard for the company and its ideals, but they believe it is being unfair by not:

- Offering staff a full severance option.
- Keeping them informed about current developments.
- Offering watertight guarantees that employees will not lose their jobs if rationalisation and retrenchments become necessary in the new company in the future

One employee who took the liberty of making known his dismay at the company's parting and his feelings, by sending a memorandum to the United States electronically, was temporarily disciplined

After undertaking not to do it again, the employee had his access to IBM's electronic systems fully restored, according to IBM spokesmen.

IBM SA on invitation from The Star has answered all staff criticisms stating that the new firm would be economically viable and competitive, and would continue to be an equal opportunity employer, upholding the IBM principle of respect for the individual and adhering to its present employment practices.

Some employees who contacted The Star believed the company was pulling out of South Africa as "quickly and cheaply as possible".

● See Page 11.

SAA keeps up its US flights

Airline ban could be delayed for 60 days by Reagan review

WASHINGTON — The Reagan Administration said today that a Congressional ban on airline services between the United States and South Africa might be delayed for as long as 60 days while President Reagan reviews it.

The possibility of such a lengthy delay is a development that Congressional sources said had not been foreseen by Congress when it passed — over the President's veto — legislation imposing sanctions on South Africa.

In apparent anticipation of the delay, South African Airways has scheduled another two weeks of flights between New York and Johannesburg.

An SAA reservation clerk said additional flights had been scheduled for November 8, 12 and 15.

Last week SAA said its last flight on the New York-Johannesburg route would take place on November 3.

An end to air service between the two countries was ordered in the Comprehensive Anti-Apartheid Act, which became law in early October.

The law, adopted by Congress to protest against apartheid, gave Mr Reagan 10 days to order the government to carry out the airline service ban.

But a spokesman for the US Department of Transportation (DOT), the agency which regulates international air routes, said a proposed order it drafted banning South Africa flights must now go through the same procedure, set out in Federal aviation law, as any other order affecting international air service

Under the aviation law, the President has 60 days to review an order and can veto it on foreign policy or national security grounds.

DOT spokesman Mr Robert Marx stopped short of saying the aviation law could override the sanctions legislation, in effect giving the President the legal right to prevent the Congressionally ordered ban from taking effect.

"In order to assure that this revocation sticks, in the event it's challenged, we have to go through all the steps, or it could be grounds for a suit," Mr Marx said. "It's an academic question whether the President has the right to block the ban, but I don't think there's any expectation that that could happen."

Sapa-Reuter

280

STAR 6/11/86

Detroit sends message: No severance pay

Police tell strikers to leave GM plants

By Sheryl Raine

Police last night ordered hundreds of strikers at General Motors in Port Elizabeth to leave the plants they have been occupying for seven days, a union spokesman said.

In a midnight drama, workers who had earlier defied a company ultimatum to leave the premises by 3.45 pm, left peacefully.

"The police used no force and the plant is now closed," said Mr Les Kettledas, regional secretary of the National Automobile and Allied Workers Union (Naawu).

He said attempts to break the strike stalemate would continue when the industrial council for the motor industry met the parties in Port Elizabeth today.

General Motors Corporation in Detroit has refused to give severance pay to the more than 2 500 strikers at General Motors SA after its decision to sell the South African company

At a meeting yesterday, GM SA told Naawu and the Motor Assembly and Components Workers Union of SA (Macwusa) that severance payments demanded by the unions for employees were out of the question because no one was going to be retrenched

It said GM SA's financial withdrawal from South Africa had been structured in such a way as to do everything possible to preserve present jobs.

Illegal strike

The company also told the unions

- It would continue to do business in South Africa under a new company operating from its plant in Port Elizabeth.
- It would not continue negotiations until the present illegal strike ended
- A request by the unions that employees be allowed to nominate two members to the board of the new company would be conveyed to the new owners.

Mr Kettledas expressed disappointment at the company's "hardline" position, saying that on two occasions in recent days a settlement looked likely.

He criticised the attitude of managing director Mr Bob White, saying his uncompromising stand was "inexplicable".

Mr White said that because of the escalation of "incidents of intimidation of, and assaults upon GM SA employees" wishing to return to work, he ordered strikers occupying the company cafeteria to leave by 3 45 pm yesterday. The company later abandoned an attempt to enforce the eviction with a Supreme Court order.

Shot men's bodies found

Crime Reporter

The bodies of two murdered men were found in separate places in Johannesburg yesterday, police said

The first body was found by a 16-year-old boy in a Kensington park on Marshall Street

The man had been shot in the head.

Last night, a Mrs Maine found the body of a man shot in the back in Bath Road, Parkwood

He had been killed with a 45 calibre gun.

The sellout on Main Street: 'No one was taken for a ride'

IBM SA staff who approached The Star following the October 21 announcement by the company that it is to sell its local subsidiary, said they felt "betrayed, afraid for their jobs in future and disappointed in a company to which they had been totally committed"

Sheryl Raine put the following questions to IBM's MD Jack Clarke and his communications team and this was the company's response

Question: Since last December IBM has been denying rumours of a pull-out The company recently underwent a reorganisation process Staff believe the withdrawal was on the cards a long time before it was made known Those who cooperated with the reorganisation feel they were taken for a ride

IBM It is not really fair to say that employees have been taken for a ride IBM's commitment to South Africa in the past was based on viability and the company's ability to contribute positively to peaceful change

Circumstances are now different. Sanctions have been legislated in the US South Africa's relationship with its main trading partners has deteriorated

For these reasons IBM decided that there must be a change in ownership in order to protect the interests of employees and customers

As for the claim that the change was premeditated a long time before it was made known, an examination of the events leading up to the announcement will show that this was not the case

On October 3 IBM's corporate board decided to terminate IBM SA Jack Clarke was informed by John Akers (IBM's chairman) on October 9 The IBM SA board was told on October 13

The agreement in principle was signed on October 16, and less than three working days later employees, customers and Press were told on October 21

Jack Clarke decided to declare the intentions of the company knowing that the details of the takeover were still to be negotiated These will be made known as soon as they are completed

There is no denying that this change is painful Directors at first felt as though they were on an emotional pendulum because their pride in IBM remains, yet they know there is no realistic alternative

Question. A voluntary severance package was offered to staff last year. It was denied to "critical skills" staff who now feel cheated. They feel staff least valuable to the company got the best deal while they remained loyal to IBM and now find themselves with precarious futures.

IBM In November 1985 we announced a voluntary separation programme to ensure viability in a recession Those with less than three years' experience were offered eight-and-a-half months salary and one month's salary for every year of service There was also an early retirement option for over-50s Separations cost the company R20 million and involved 300 people out of a total staff at that time of 1 914 We are curently down to 1 486

The point is that this separation of personnel was undertaken to protect the company's viability because the intention at that time was to remain in South Africa

Critical skills staff were precluded but it is not true that they were cheated Critical skills people remain as critical to the company today as they were at the time of the voluntary separation We really did not want to subsidise the erosion of our skills base We believe our employees are the company's greatest asset

Question: No severance packages are on offer Staff fear future retrenchments and accuse IBM of slipping "cheaply out the back door".

IBM There are no severance packages

As regards job security — IBM SA was a self-funding company which grew into a valuable asset with a current R600 to R700 million turnover We are enjoying a very profitable year though volumes may not be as high as they were last year

As an independent company in future, we will be among the top companies in South Africa in terms of profitability A large part of our value rests in our employees and the skills they have We are going to need them to compete vigourously in the SA marketplace Naturally, some of them feel disappointed over the way things have turned out, but we have to make a go of it.

While staff say they have no separation options, we believe the real emphasis is on staying in business and staying viable and IBM has done everything it could to make that possible

Question There was no prior consultation before the "bombshell announcement" Unlike General Motors, IBM staff are white collar workers with no associations or unions. They say trust between themselves and the company has been damaged and they mistrust the management of the future

IBM. Everyone is sad that we will soon cease to be IBMers But, no unions or staff associations could have prevented this

Throughout its 34-year history IBM SA has not needed unions or staff associations because it has a a comprehensive set of grievance procedures ranging from anonymous Speak-
ups to skip-level interviews all the way up to John Akers if necessary

The fact that some IBMers have set a precedent by going to the Press before talking to their managers is symptomatic of the emotional situation and the number of unknowns staff are facing right now

According to current employee opinion surveys, there is a great deal which is positive within IBM Management should be given a chance to run with the ball and prove that it is playing by the same rules

It is the same management It is not going to change its style

The intention is to drive for full employment However, the IBM corporation never said job security exists forever It can t in the real world In times of recession we have seen retrenchments taking place here If the reading of the economic news is correct, we are bottoming out and emerging from the recession The only thing that will provide an antidote to fears of retrenchment is the success of the new company

We have good products, demand is strong and we are profitable A number of large financial institutions have again expressed strong interest in getting a piece of IBM's action We cannot disclose names but the interest has been expressed We also have customer confidence

Question: What will happen to the Sullivan Code principles and how can IBM guarantee present employment practices in the new company?

IBM IBM employment codes existed before the Sullivan principles were drawn up. We have achieved a number one rating on Sullivan over the years Jack Clarke says he is not interested in running the new company any other way The company s employment practices will be monitored by its own board

Question: What will happen to IBM SA's corporate responsibility Projects Fund?

IBM About R30 million has been committed and that commitment stays There is still a lot of money in the kitty What happens when the R30 million has been expended will be decided by the IBM corporation at the time Just how much the new company will be able to contribute in the corporate social responsibility area will, of course, depend on its viability

Question· Will the current IBM SA employees have to purchase shares or buy into the new firm?

IBM. No Transfer of IBM SA stock will be paid for, over time, out of the new company's cash flow

Electronic memo summed up workers' feelings

One IBM SA employee recently landed in hot water after expressing his dismay at the company's withdrawal from South Africa.

The author, whose name cannot be revealed, sent a memo electronically to IBM in the United States According to company spokesmen, he was temporarily disciplined for using the company's professional office system to send a document which was not official IBM business.

He had his electronic access to IBM systems temporarily curtailed but his access has been fully restored

The author never intended the memo to become public It was forwarded anonymously to The Star by IBM employees who felt it summed up their feelings at this time

This is an edited version of what he wrote:

"I need not describe what heart one invests in a company like IBM It is not just an employer. IBM is a way of life.

"I believe in IBM because it is founded on principles and beliefs that are the wellspring of human freedom, human dignity IBM is, I believe, the acceptable face of capitalism because it is built on what is finest in our world .

"For the first time I could sink my heart and soul into a collective human endeavour whose aims and hopes approached my own . "

"In return for this commitment I understood that IBM reciprocated with a promise of a job as long as I performed satisfactorily

"Now that hope, that trust is shattered. All 1 400 employees of IBM SA — black and white — are being left, abandoned.

"Willy-nilly our employment with IBM is being ended . with no offer of a job elsewhere in IBM, no offer of a separation payment, no offer of anything but a transfer to a non-IBM company with zero record of upholding the values we all cherish. Or we can simply leave .

"I need not here mention the great loss to our society of the leaven of IBM IBM was a model of equality, fairness, justice, even truth, in my country Its contribution to the struggle for greater justice is a matter of public record All that is lost .

"Whatever the outcome for me personally, I believe IBM is morally obliged to treat its employees in South Africa with greatness with a more tangible show of its commitment. I believe too that this is a disturbing precedent "

Violence fears over delaying sanctions

6/11/86 NJM

280

HARARE—Australia's envoy to Zimbabwe yesterday warned that any delay in imposing sanctions against Pretoria would result in more violence in South Africa and a prevarication by the South African Government to dismantle apartheid, Ziana, the semi-official news agency, said.

Mr Christopher Edwards said the Commonwealth must intensify communication among its members for an effective stand on sanctions against South Africa.

He told parliamentarians at a Commonwealth Parliamentarians' luncheon in Harare, that improved communication should not be a reiteration of countries' stands on apartheid, but better exchange of ideas and attempts to reach understanding among all members of the group.

'The Australian Government believes in sanctions not as a measure of bringing South Africa to its knees, but as a means of bringing it to its senses.

'Our objective is not to bring down a government, but to change the political dynamics of South Africa in a more progressive direction,' he said. — (Sapa)

FOR SUBSCRIPTION INQUIRIES — TELEPHONE EAST LONDON 26141

Buthelezi: sanctions could end if Mandela is freed

JOHANNESBURG — Chief Mangosuthu Buthelezi said he hoped the reshuffled cabinet of the State President, Mr P. W. Botha, would have the understanding needed to bring about the changes necessary for democratic reform in South Africa.

Addressing a press conference at Jan Smuts Airport yesterday on his return from an international conference of Christian Democrats in Bonn this week, he said one of the major problems curbing reform in South Africa was the continued imprisonment of the African National Congress leader, Nelson Mandela, and other political prisoners.

"It would be a significant step to release him and all political prisoners. It would even halt all the sanctions against South Africa."

While Europeans appreciated the reforms Mr Botha had implemented, only the release of Mr Mandela would secure him as a statesman in International and domestic perceptions

There could be no National Statutory Council (NSC) if Mr Mandela was not "as free as I am to choose to participate or not," he said.

"I will ask my people if they want me to participate in the NSC provided no-one accuses me of acting behind the back of Mr Mandela"

Before the NSC could start, the puppet-clauses in the bill, which gave the State President the right to appoint or dismiss members, needed to be removed and the tricameral parliament needed to be given the "death sentence".

"We blacks are scared of the NSC, because if we have a part in it it would legitimise the tricameral parliament."

While he was in West Germany the South African Council of Churches, in which the Anglican Church participates, sent a vilifying communication about him to German chuches, he said.

Chief Buthelezi said, he found no solace from spiritual leaders like Archbishop Desmond Tutu, and the Catholic Archbishop of Durban, Archbishop Denis Hurley, who needed to be conciliators. —Sapa

FOR SUBSCRIPTION INQUIRIES — TELEPHONE EAST LONDON 26141

Buthelezi: sanctions could end if Mandela is freed

JOHANNESBURG — Chief Mangosuthu Buthelezi said he hoped the reshuffled cabinet of the State President, Mr P. W. Botha, would have the understanding needed to bring about the changes necessary for democratic reform in South Africa.

Addressing a press conference at Jan Smuts Airport yesterday on his return from an international conference of Christian Democrats in Bonn this week, he said one of the major problems curbing reform in South Africa was the continued imprisonment of the African National Congress leader, Nelson Mandela, and other political prisoners.

"It would be a significant step to release him and all political prisoners. It would even halt all the sanctions against South Africa."

While Europeans appreciated the reforms Mr Botha had implemented, only the release of Mr Mandela would secure him as a statesman in international and domestic perceptions.

There could be no National Statutory Council (NSC) if Mr Mandela was not "as free as I am to choose to participate or not," he said.

"I will ask my people if they want me to participate in the NSC provided no-one accuses me of acting behind the back of Mr Mandela"

Before the NSC could start, the puppet-clauses in the bill, which gave the State President the right to appoint or dismiss members, needed to be removed and the tricameral parliament needed to be given the "death sentence".

"We blacks are scared of the NSC, because if we have a part in it it would legitimise the tricameral parliament."

While he was in West Germany the South African Council of Churches, in which the Anglican Church participates, sent a vilifying communication about him to German chuches, he said.

Chief Buthelezi said he found no solace from spiritual leaders like Archbishop Desmond Tutu, and the Catholic Archbishop of Durban, Archbishop Denis Hurley, who needed to be conciliators. —Sapa

EVENING POST, THURSDAY, NOVEMBER 6, 1986

Cutting of air links delayed

WASHINGTON — A congressional ban on airline service between the US and South Africa might be further delayed for as long as 60 days while President Ronald Reagan reviewed it, the Administration said yesterday.

Congressional sources said the possibility of such a lengthy delay had not been foreseen by Congress when it passed, over the President's veto, legislation imposing sanctions on South Africa.

Aviation law, under which the President has 60 days to review an order, was not taken into consideration. Under the law, the President can veto an order on foreign policy or national security grounds.

He therefore has the legal right to stop the congressional ban from being put into effect.

President Reagan requested that the Department of Transportation (DOT) send him the banning order for review. It was handed over yesterday.

The DOT is the US agency that regulated international air routes.

In apparent anticipation of the delay, South African Airways has scheduled another two weeks of flights between New York City and Johannesburg.

Last week the airline said its last flight on the New York-Johannesburg route would take place on November 3.

An end to air service between the two countries was ordered in the Comprehensive Anti-Apartheid Act of 1986, which became law in the US in early October.

The law, adopted by Congress to protest against apartheid, gave Mr Reagan 10 days to order the Government to carry out the airline service ban

A DOT spokesman said the order it drafted banning South Africa flights had now to go through the same procedure, set out in federal aviation law, as any other order affecting international air service.

The DOT spokesman, Mr Robert Marx, stopped short of saying the aviation law could override the sanctions legislation.

He said it was "an academic question" whether the President had the right to block the ban.

Congress did not intend the 60-day review period to apply to the South African flight ban, an aide to the House Foreign Affairs Committee said.

"It may have been faulty drafting, but it was not the intention of Congress to permit a 60-day review," said the aide, who asked not to be identified.

SAA is the only airline in the world to offer direct service between the United States and South Africa. No US airline provides direct or indirect service to any South African city. — Sapa-Reuter-AP

FOR SUBSCRIPTION INQUIRIES — TELEPHONE EAST LONDON 26141

SA hunters awaiting US sanctions ruling

(280 DD 28 6/11/86)

Dispatch Reporter

QUEENSTOWN — South African professional hunters are waiting anxiously for a ruling from America that could determine whether or not they can expect a serious drop-off in clients from that country.

The Johannesburg-based president of the Professional Hunters' Association of South Africa, Mr Don Lindsay, is now in the United States seeking clarification on aspects of sanctions legislation against this country.

The Daily Dispatch's Washington correspondent has reported that the US customs service had ruled that American big game hunters were no longer permitted to bring home their trophies, stuffed or otherwise, from South Africa.

In terms of the new US Anti-apartheid Act the US customs define dead South African wildlife, however well-preserved by taxidermists, as an "agricultural product".

A customs spokesman, Mr Jim Mahan, said the ban applied to all game shot after 12.01 am (Washington time) on October 3 this year.

Animals killed earlier, but still being stuffed or preserved, would be permitted entry provided the taxidermist was not a parastatal company whose products were embargoed.

Mr Mahan said game was considered an agricultural product because "the hunting takes place on reserves where the animals are being raised solely for hunting purposes."

Asked if zoos would be allowed to import live animals, Mr Mahan said a judgment would have to be made on a "case by case basis".

The US customs ruling could mean a falling off in the number of Americans coming here to shoot game because these visitors would wish to take their trophies home with them.

The chairman of the East Cape Game Management Association, Mr Robin Halse, who organises shoots at his property, Carnarvon, about 50 kilometres north of here, said yesterday:

"Our view is that trophies should not be classed as agricultural products. They are the property of the tourists concerned and are not intended for resale. They have been bought and paid for by individuals, not firms.

"It would be serious for us if the other interpretation is placed on the sanctions legislation," added Mr Halse, who has 15 species of animals, though mostly fallow deer, at Carnarvon.

"There has already been a drop in clients from overseas over the past year because of the unrest situation and the general bad publicity South Africa has been given abroad."

Mr Halse, about one-third of whose shooting clients are from overseas, principally from America, said the situation would be made clearer at the Professional Hunters' Association conference in Bophuthatswana next week.

Meanwhile, the Safari Club International, which claims 90 000 members worldwide, is "inundating" the US Congress with angry letters demanding an exemption.

The club's chairman, Mr C. J. McElroy, said the ban would hurt SA game because US hunters' dollars were helping conservation efforts.

"Sanctions should have nothing to do with hunting," he said.

Mr McElroy said US hunters were already losing "thousands of dollars" because the animals which they had paid to shoot were suddenly stranded in SA taxidermy shops.

Mugabe reassures South African whites

Special Reporter

PRIME Minister Robert Mugabe of Zimbabwe says there is no reason for whites to fear black rule in South Africa.

In an interview conducted by former PFP leader Dr Frederick van Zyl Slabbert on behalf of the magazine *Leadership* the Zimbabwean leader said: "From my experience here, the fears of the whites in the country were more psychological than anything else.

"But of course, when a group has entrenched itself in power, then it regards its rights and privileges as sancrosanct. Then it seeks to make them permanent, one way or another ...

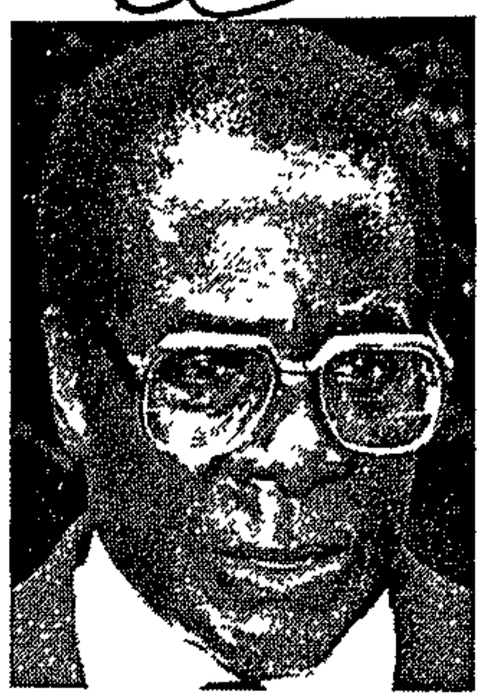
"So South Africans really are facing is what we faced here. But there is no need for whites to fear that they will be discriminated against if democracy is established."

MR Mugabe said that naturally there would have to be "some giving" — which meant more giving by whites than by blacks.

"There will have to be equal rights to the acquisition of property, equal opportunities in respect of such social services as education and health. A non-racial pattern must evolve.

"It may, for a start, be repulsive to whites that their children should go to the same school as blacks. Here it took some doing and we are still getting over the psychological difficulties. But our whites are now used to it and, more and more, we see parents being willing and amenable to their children mixing, even socially, with blacks.

On the matter of economic sanctions, Mr Mugabe concedced that sanctions would not bring "the apartheid regime" to its knees.



Robert Mugabe

"But they are under the additional pressure of the political struggle being waged by the people of South Africa in general. A combination of these forces is what will yield the solution in the end, not just sanctions alone"

He conceded that South Africa would retaliate in the sanctions war and that it would "obviously affect us"

Hong Kong ban on S A steel imports

London Bureau

THE British Government has denied putting pressure on Hong Kong to impose a ban on South African steel imports.

The R240-million ban caught some observers here by surprise, particularly after the apparently successful trip by Foreign Minister Pik Botha ın September and the visit last week by former Anglo American chairman Harry Oppenheimer.

Although the ban is to be announced only next week, it was leaked in the Financial Times yesterday after a report the previous day indicating that Hong Kong would not joın the sanctions bandwagon.

British Government sources insisted that the decision was taken by the Hong Kong executive council — appoınted by the British Governor — and that no direct pressure was exerted.

'But they know on which side their bread is buttered and would not want to be too far out of line with the major industrial nations,' a Whitehall source said.

While the Hong Kong ban does not extend to coal imports and other trade, the Hong Kong authorities have indicated that they will be looking elsewhere for coal contracts to fuel their power-stations.

The move ıs likely to be a serious blow to South Africa as the British territory has become an important counduit for the covert sale of South African steel to maınland China.

Japan's stand

Meanwhile, from Tokyo it is reported that Japan, South Africa's second-largest trading partner after Brıtain, declined a request yesterday from members of the Non-aligned Movement for 'comprehensive, mandatory sanctıons' against Pretoria, Foreign Ministry officials said.

The Japanese Foreign Mınister, Mr Tadashi Kuranari, gave Tokyo's response at a meeting with visiting foreign ministers from non-aligned natıons, the officials said.

'Comprehensive, mandatory sanctions are unacceptable,' said Mr Kuranari. — (Sapa-Reuter)

'Boycott will dig graves of varsities'

JOHANNESBURG — An international academic boycott would dig the graves of universities committed to the struggle for a non-racial democracy in South Africa, Professor Phillip Tobias, said last night.

The state of emergency presented universities with the greatest threat to their freedom ever and the boycott would add to this crisis, Prof Tobias, head of the Department of Anatomy at Wits University, told the Foreign Correspondents' Association's annual dinner.

"Those who have grasped hold of the academic, cultural and medical boycott have sown the wind and we shall reap the whirlwind," he said.

"If the international cultural boycott succeeds, its supporters will have dug the graves of this country's universities."

He said growing academic isolation came at a time when "freedom is under siege as never before".

"The emergency, and what has been promulgated in its name, is whiteanting the university's function. No university worth its salt should take the present situation lying down."

Although economic sanctions might actually stimulate industry, there was no chance that an academic boycott would give a similar boost to local universities.

"The legacy of boycotts to post-apartheid South Africa will be tired, dispirited, third-rate universities, from which the standards will have drained away, the best academics will have fled, the traditions will have been despoiled."

It was far more effective for the concerned world to help the crisis in South Africa by funding black education. — Sapa

Cape Times · 6/11/86

Hong Kong imposes SA sanctions

280

Own Correspondent

JOHANNESBURG. — The Hong Kong Government has decided to impose sanctions on SA from next week.

The move will come into effect on November 14.

The sanctions package will include a ban on the import of SA iron and steel — said to be worth R240m The colony's commercial and industrial sectors will be urged to refrain voluntarily from investment in SA.

Banks will also be called on to curtail lending to the Republic and tourists will be discouraged from visiting South Africa.

Last year, Hong Kong exported R216m worth of goods to SA out of total exports of nearly R38,5 billion, and imported goods worth R674m out of total imports of R65 billion.

About R347m worth of the imports from SA were raw materials, chiefly iron and steel, but sources said some of that amount was re-exported to China.

The move is likely to be a serious blow to South Africa as the British territory has become an important conduit for the covert sale of South African steel to mainland China.

The British Government has denied putting pressure on Hong Kong to impose the ban on SA steel imports.

New move on SAA

WASHINGTON — The US Transportation Department yesterday sent an order to the White House that would prohibit South African Airways flights to and from the US.

President Reagan, who requested the order after Congress directed the suspension of the air service between the two countries last month, must now approve the action before it officially becomes final, officials said.

The order revokes SAA's operating permit and prohibits any US air carrier from providing a direct service between the US and South Africa.

SAA recently reduced to two the number of weekly roundtrip flights between New York and Johannesburg. No US airline provides a direct service between the two countries.

Termination of direct air service was among the sanctions in anti-apartheid legislation passed by Congress over Mr Reagan's veto.

● The Reagan administration said yesterday a congressional ban on airline services between the United States and South Africa may be delayed for as long as 60 days while President Reagan reviews it. RNS

GM strikers deciding today whether to go back

The 2 500-plus black workers on strike at General Motors in Port Elizabeth were deciding at a meeting today whether to return to work, a union spokesman said.

Regional secretary of the National Automobile and Allied Workers' Union (Naawu) Mr Les Kettledas said workers were angry over GM's decision to involve police and troops and evict 500 sleep-in strikers.

He added: "At today's meeting we will discuss police involvement and the supposed dismissal of the 500 workers."

GM industrial relations manager Mr Rob McIlwaine was unavailable.

Worker demands for severance pay and repayment of pension contributions have gone to arbitration.

7/11/86

Warning on attempts to sidestep US sanctions

By Alan Dunn

WASHINGTON — A representative of South African commerce here has warned businessmen against trying to "circumvent" American trade sanctions.

The South Africa Foundation director in Washington, Mr John Chettle, said any illegal efforts to beat the sanctions regulations presently being drafted by the Reagan administration would be counter-productive.

There were legal means of doing so, said Mr Chettle, a lawyer who has studied the Comprehensive Anti-Apartheid Act of 1986 which imposed the sanctions on October 2.

This was a case of the difference between tax avoidance and tax evasion, he said; if done illegally it was evasion, and if done legally it was avoidance.

"And, similarly, I think it is possible for us to try and avoid having a greater proportion of our exports covered by this legislation," he said.

Mr Chettle said this would be legal, proper and something South African businessmen were expected to do. "Equally, I think it would be counter-productive and damaging for us to give the impression that we are seeking to dishonestly move around the edges of this legislation."

He said the penalties for illegal sanctions-busting would hit US importers. The law specifies a $1 million maximum fine for groups violating the sanctions, $50 000 and/or five years' maximum for individuals doing so, and a civil penalty of $50 000 for any person contravening the Act.

Mr Chettle issued his warning in an interview as US and South African officials deciphered the Act which was hastily drafted and has been sharply criticised by lawyers on both the South African and American sides.

"It is the most horrendously drafted piece of legislation I think I have seen," said Mr Chettle. "It is widely phrased." In some respects it was absurd legislation.

US officials have encountered problems in dealing with contradictory, vague and conflicting passages in it. Congress passed technical amendments on the final day of its sitting last month to help sort out some of the confusion surrounding it and ease official frustration

November 7 1986

BUSDAY Hilbb 280

Treasury may not produce regulations by deadline

US confusion over SA

THE US Treasury Department may not produce the regulations needed to enforce Congress' SA sanctions Bill until after November 15 — meaning continued confusion over the issue of new investment in the country.



● REAGAN

In Washington, Treasury spokesman Robert Levine said department personnel were working "furiously" on the regulations, which will define in practical terms the vague law enacted by Congress when it overrode President Ronald Reagan's veto of the Bill on October 1.

Economics Reporter

But there still was "no guarantee" the guidelines would be completed by the deadline set by the Congress Bill for new investment.

The question of how the new law's measure on investment should be interpreted — especially as it affects US companies that must pump money into SA subsidiaries before disinvesting from the country — has drawn widely varying views.

On Monday, General Motors, which announced its withdrawal from SA last month, said it had been told that it need only apply by November 15 to invest capital in its subsidiary; the actual investment, it said, could come at any time thereafter.

GM financial director Keith Butler-Wheelhouse said the interpretation came out of negotiations held by company treasury executives in New York with US customs officials.

But the Treasury's Levine said officials working on the regulations had told him that "an application would not be enough. The transfer would have to be complete by November 15".

A GM spokesman in Detroit could not confirm the company's interpretation of the investment measure.

AA Mutual creditors wait

THE vast number of people who are owed money by the defunct AA Mutual Insurance Company has led to the liquidators being unable to do their job as fast as they expected. There will be a three-month delay in an announcement to creditors.

In a Press notice today, the liquidators say they expect to be able to inform creditors, of whom there are about 600 000, on the current situation by the end of February 1987.

There have been difficulties in working out both the assets and liabilities of the organisation. But so far R50m has been raised.

The liquidators expect that a further R50m can be raised "if all the assets claimed by us are realised".

Sale of some of the assets has been delayed because some debtors are disputing liability or questioning the amounts while the owners of the AA Mutual are "claiming certain rights".

THE ECONOMY

Sanctions: Brace for a tougher line

By PHILLIP VAN NIEKERK

WEEKS after President Reagan's sanctions defeat in the United States Congress, opponents of apartheid in Washington are preparing for the near total economic isolation of South Africa.

Items which are likely to be key targets in next year's anti-apartheid Congress legislation include total disinvestment by US companies, a ban on all trade except strategic minerals and a ban on all bank loans.

Many US companies operating in South Africa are already moving out, partially in response to the growing disinvestment lobby at home and the anticipation of further economic measures.

Since 1981 direct US investment in South Africa has declined by more than half and since the beginning of 1985 more than 50 US companies have pulled out, mostly for economic reasons.

However, even after the withdrawal of giants such as IBM, General Motors and Coca Cola there remains a substantial direct US foreign investment in South Africa of more than a billion dollars in subsidiaries employing up to 60 000 workers.

In terms of last month's Anti-Apartheid Act US companies in South Africa will not be allowed to invest new capital in their operations though companies are allowed to reinvest profits.

However, Congress' final sanctions Act this year, which was approved over the head of a presidential veto, fell far short of measures passed by the Democratic-controlled House of Representatives in June

The American Committee On Apartheid (ACOA) has pointed out what it regards as four major shortcomings in the Anti-Apartheid Act, particularly in comparison to the bill passed by the House. These are:

●The House bill would have banned all investment in, and bank loans to, South Africa, and would have required disinvestment of all US companies within six months.

The final Act does not require disinvestment though it includes a limited ban on new investment.

●The House bill would have banned all trade with South Africa, except certain strategic minerals if the president determined them vital.

The ACOA estimates that the final Act bans only about 18 percent of total US-South African trade based on 1985 figures.

●The House bill did not include features of the final Act such as the repeated reference to "terrorism" and calls for a Central Intelligence Agency study of "communist infiltration" of anti-apartheid organisations and a Justice Department investigation of African National Congress activities in the US.

●According to the ACOA, the 1986 Act endangers local anti-apartheid purchasing laws and state and local divestment actions.

The ACOA is also concerned that the $40-million to be provided to groups inside South Africa through official US agencies may "be deliberately used to unduly influence the nature and direction of the struggle against apartheid".

Further, the ACOA points out that the bill allows the CIA to continue to co-operate with the South African government.

7/11/86. STAR

Foreign Ministers meet on Monday

European Community unlikely to agree on banning SA coal

The Star Bureau

LONDON — A Europe-wide ban on South Africa's annual R2,3 billion coal exports is unlikely in the near future.

It is still very much on the agenda for the European Community's Foreign Ministers' meeting in London on Monday but, while West Germany remains rigidly opposed to it, there is no chance of the ban being imposed.

Sanctions are on the agenda for next week's meeting but, among other things, Syrian involvement in terrorism and Europe's response to Britain's calls for action against Damascus will dominate discussions.

Holland has promised to keep pressing for a coal ban to be included in the EC sanctions package to make it "meaningful and effective" but its adoption is dependent on the unanimity of the 12 Foreign Ministers.

Britain's Foreign Office Minister for African Affairs, Mrs Lynda Chalker, indicated yesterday that unanimity was improbable. West Germany, she said, was not expected to back down. Sanctions would be discussed but consensus on a coal ban was unlikely.

Britain will agree to a coal ban if the other 11 member nations agree. But, while Britain holds the presidency of the EC, Foreign Secretary Sir Geoffrey Howe is obliged to remain neutral on policy issues and, although he has pledged to seek consensus on sanctions, he is prevented from actively lobbying either way.

Asked about Britain's attitude to Southern African terrorism — and specifically the ANC's armed struggle — in the light of its campaign for action against Syria, Mrs Chalker said: "The ANC are regarded as terrorists and, in our meetings with them, we have spent a great deal of time urging the need for dialogue and an end to terrorism.

END TO VIOLENCE

"We will go on doing so. One of the tragedies is the almost understandable impatience among black people because they have no part in their democracy.

"But what we are after has always been the same — an end to the violence on all sides, whoever the perpetrators are."

She said violence in the townships was "even said to be provoked by some not unconnected with the Government".

Train and truck collide

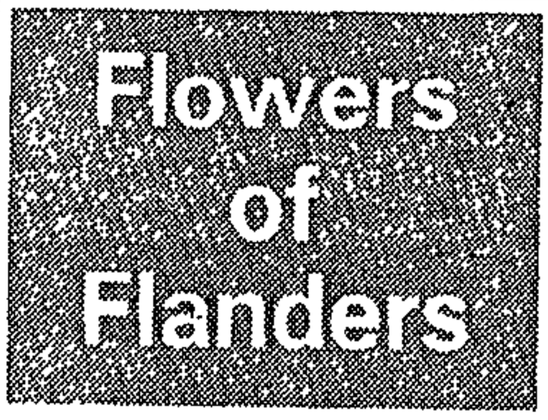
Pretoria Bureau

At least two people were injured when a commuter train collided with a truck yesterday morning near GaRankuwa township, 35 km west of Pretoria.

A spokesman for the police directorate in Pretoria said the injured were the drivers of the train and the truck. They have not yet been identified.

The accident occurred when a suburban commuter train from De Welt station collided with the truck at a level-crossing.

The cause of the accident was still under investigation.



RIGHT: Thousands of bright red paper poppies will be pinned to lapels throughout the country tomorrow in remembrance of World War 1. Mrs Eileen Lyons of the SA Legion (Central Witwatersrand branch) spent many hours making the beautiful wreaths pictured here. These wreaths will be laid at the foot of the Cenotaph opposite the Johannesburg Library during a memorial service on Sunday.

● Picture by John Hogg.

Japanese importers get special request

The Star Bureau

LONDON — Japan's Ministry of International Trade and Industry has appealed to importers not to undermine economic sanctions imposed on South Africa by the United States and European Community.

The written request was sent to 30 organisations, including the Japan Iron and Steel Federation, the Japan Coal Association and the Japan Foreign Trade Association.

Japan has already banned imports of iron and steel products, and therefore the request was aimed mainly at potential coal imports

The request is unlikely to cause distress among Japanese coal buyers since they are already planning to reduce imports because of weak local demand.

The ministry's move came a day after a delegation of the Non-Aligned Movement led by Mr Witness Mangwende, the Zimbabwean Foreign Minister, visited Japan to urge it to impose comprehensive and mandatory economic sanctions against South Africa.

Mr Tadashi Kuranari, the Japanese Foreign Minister, rejected the call for mandatory sanctions on the grounds they would lead to a deterioration of South Africa's domestic situation and make the government there more obdurate.

However, he said Japan had extended an invitation to African National Congress leader Mr Oliver Tambo to visit the country next year and was preparing to send a study mission to the Frontline states.

Britain tells the UN: apartheid has to go

The Star Bureau

NEW YORK — Sir John Thomson, Britain's ambassador to the United Nations, yesterday called again for the elimination of apartheid.

He was speaking on behalf of the 12 European Community (EC) nations Britain occupies the presidency of the Council of European Ministers until the end of the year.

"There is an urgent need for peaceful change through a genuine national dialogue, across lines of colour, politics and religion," he told the General Assembly during its second day of debate.

Six resolutions

"Conditions must be created in which dialogue can begin and the necessary changes made But such a dialogue is impossible while black leaders remain imprisoned or detained and anti-apartheid organisation proscribed."

The assembly debate on apartheid policies is an annual item for discussion.

It will end on Monday when the 159-nation body — excluding South Africa — will be called on to vote on a package of six resolutions calling for full mandatory sanctions on Pretoria, including an oil embargo

Diplomats told The Star Bureau that once the debate was over there would be a call for a meeting of the Security Council to consider sanctions The council is the only UN body that has the authority to impose mandatory sanctions

Sir John Thomson is, coincidentally, also president of the Security Council this month

"Apartheid," he told the assembly, "is an insult to the dignity of those it affects and a flagrant violation of the human rights and fundamental freedoms set out in the UN Charter and in the universal declaration of human rights to which we attach the highest importance

"It is, in short, an institutionalised system of state racism which deprives the majority of the people of South Africa of their civil, political, economic, social and cultural rights"

He accused the South African authorities of reacting "ruthlessly" to the efforts of the large majority of the people to secure the abolition of apartheid, and said too few reforms had been introduced

"These change have been too few and too slow to stem the surging tide of bitterness and bloodshed in the country. They have done nothing to address the root of the problem"

The Israeli delegate, Mr Benjamin Natanyahu, sharply attacked those who drafted the resolutions for alleging Israel's collaboration with South Africa

Israel's trade with South Africa was barely visible compared to that of European, Arab and other states, he said

"The assertion of a special place for Israel among the nations is exactly that — a groundless assertion endlessly repeated by those who wish not only to defame Israel but also to deflect attention from their own furtive and enormously profitable trade with Pretoria

"The battle against apartheid has reached an historic junction It can either surge forward on a straight path to the total abolition of this hateful system, or it can sink into the mud of falsehood and vindictiveness"

Boasting won't help us, say angry officials

The Star Bureau

WASHINGTON — Talk of sanctions-busting is enraging South African representatives here who say it is hardening the attitudes of US officials now drafting the rules

American officials presently working on the "final guidance" — a list of definitions and schedules of what South african imports are banned — have signalled to them that they view efforts to beat the new sanctions as a challenge.

HAMPERED

Infuriated SA representatives in Washington are also currently negotiating with US authorities about imports frozen on quaysides and in bonded warehouses, and debating definitions of steel and the like Their efforts, they say, are being hampered by sanctions-busting boasts.

"It is making it damned tough for us," said one senior official "US authorities are now writing regulations, and are feeling challenged This is not going to make it any easier for our companies to export."

A prominent businessman agreed· "The various organisations doing this have been most indiscreet"

Church's money links with SA under fire

The Star Bureau

LONDON — A legal assault is being mounted on the Church of England's investments in companies with South African links.

The church has insisted that it would be unlawful to sell its South African holdings, but a legal opinion obtained by the Dean of St Paul's, the Very Rev Alan Webster, says that charitable trusts — like the church's — can decide not to invest for moral reasons.

The issue will be debated at the General Synod next week.

In the meantime, a delegation of MPs and members of the general synod is to see Britain's Charity Commission to discuss the church's disinvestment.

The Charity Commission has indicated that charities can decide not to invest for moral reasons and would welcome a discussion on the subject.

The Church Commissioners, however, question whether the purpose of the trust administered by them is "for the cure of souls or the benefit of the clergy".

IBM, Coke, GM still under fire

By Chris Moerdyk

In spite of recent disinvestment moves, General Motors, IBM and Coca-Cola have been accused by the American Friends Service Committee (AFSC) of continuing to "make profits from the apartheid system"

In a statement issued from Philadelphia, the head of AFSC's South Africa section, Mr Jerry Herman, said: "While we welcome their recent announcements, the IBM, GM and Coca-Cola changes in South Africa must be seen as interim steps toward the necessary total US economic disengagement in that country."

REPRESSION

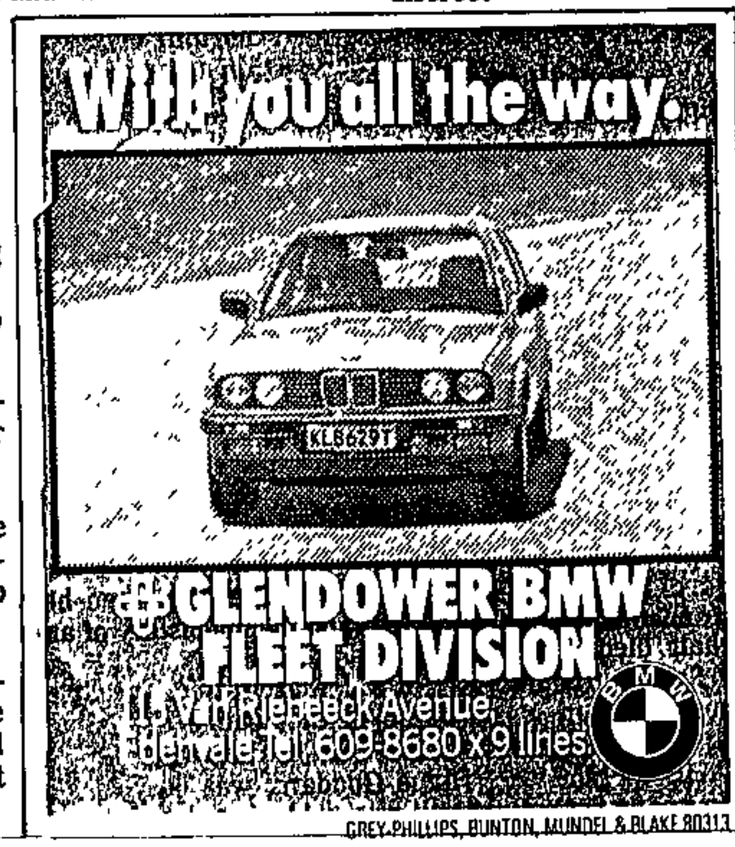
An AFSC researcher and author, Mr Thomas Conrad, whom the organisation claims to be one of the foremost US authorities on computer exports, said IBM's equipment had been used for years in sensitive military or strategic ways "as well as to repress blacks and other people".

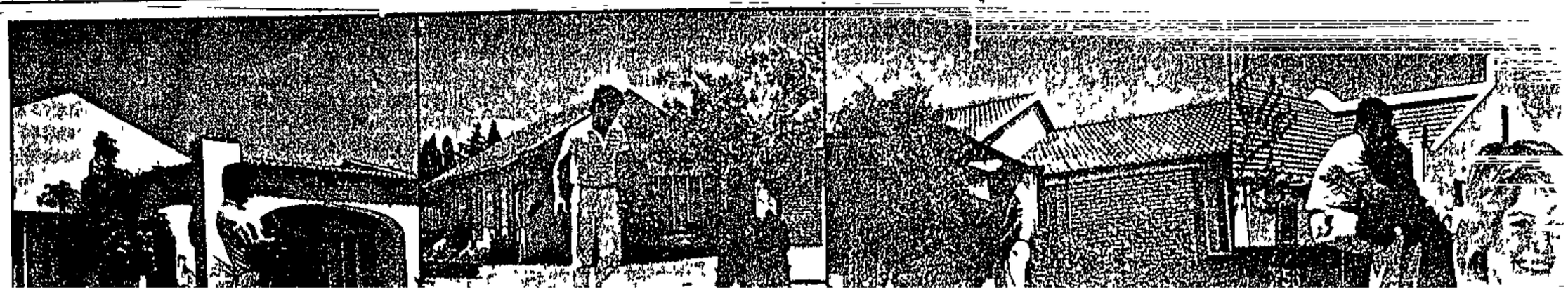
"IBM technology is widely used by local government officials, who are in the forefront of enforcing the apartheid system Their sale of (the South African) operations will in no way limit their sales to South African authorities"

A spokesman for IBM said in Johannesburg yesterday the company had not sold equipment to listed or restricted government agencies since 1976

"This was not only as a result of pressure from the US but also on our own initiative And the new company has recently given a public commitment not to market its products in these areas in the future"

● The American Friends Service Committee, a Quaker organisation, was founded in 1917 to "relieve human suffering and find new approaches to world peace and bring about non-violent social change" It is a co-recipient of the Nobel Peace Prize





Van der Post: sanctions are destructive

Dispatch Bureau

LONDON — Sir Laurens van der Post, the Afrikaner visionary who was actively fighting racialism in South Africa two decades before apartheid came into being, describes sanctions as "obscene and destructive" in new book.

Sir Laurens, who turns 80 next month, allows readers to join in a reflection on his astonishing lifetime in the aptly titled book, A Walk with a White Bushman, which holds optimism for the future in South Africa.

The Afrikaner-born poet, author, soldier and now universal guru whose devotees include Prince Charles, argues with intensity that, if left alone, South Africans of all colours, creeds and races will astonish the world.

His opinions and recollections are presented in conversation with the distinguished Congolese-born journalist and United Nations official, Jean-Marc Pottiez.

In his attack on sanctions he says: "I find nothing about sanctions constructive, nothing whatsoever. To me it is a bankrupt approach, typical of the bankruptcy of the modern spirit, that they think that by using instruments of destruction they can create something positive.

"I think it all goes back to this terrible concept and creed of revolution, that by violent overthrow, by doing something violent — by hurting the thing which is in the wrong — you can create something good out of it.

"I think that the idea of applying sanctions is morally obscene, irreligious in the extreme "

Sir Laurens said it should be recongised that in South Africa, apartheid was cracking — and whites in their thousands sought the change.

He said the total objective truth of the situation should be seen because "only the truth can save us and South Africa".



SIR LAURENS VAN DER POST

Condemning apartheid as "a certain way of crushing the Afrikaner for ever," he said South Africans needed the compassion of the world to "grow out of their problem and admit that it is more than a political problem but a great human problem that needs time to be lived and outgrown".

On the ability of all South Africans to achieve a future he said: "When I think how people have changed in my lifetime, I believe that South Africans of all races and colours, left to themselves, can redeem themselves and suprise a world itself in need of redemption."

He said that while apartheid was "completely and utterly wrong" the world set grossly selective standards, giving the example of Russia with millions in concentrations camps or lunatic asylums "not for the colour of their skin but for the colour of their ideas".

In a separate interview published yesterday in The Indpendent of London, Sir Laurens continued his theme of optimism for South Africa saying he believed Chief Mangosutho Buthelezi was a man of destiny for the country.

Ciskei clothes manufacturers caught with their pants down

CHRIS CAIRNCROSS

CLOTHING manufacturers who set up shop in labour-cheap Ciskei with the idea of using the independent state as a springboard into the important US export market have had their plans dashed by the introduction of sanctions.

Barred entry into the US, senior executives have set off on a desperate globe-trotting exercise to find alternative markets in Europe and the Far East — but with little hope of finding a line-up of eager buyers.

They are also turning their eyes towards the SA market, much to the concern of domestic clothing manufacturers, who complain the market is neither big enough nor sufficiently recovered to absorb any new entrants.

There is also concern that Ciskeian clothing is already entering SA through the back door, with manufacturers continuing to enjoy duty-free access to raw materials denied to local industry.

A spot survey by several large retailing groups failed to uncover any evidence that this was taking place to any extent.

REPUBLIC of China officials are painting a rosier picture about markets for the Taiwanese-owned garment factories in SA and the independent states. They say firms are having little trouble finding export markets.

Trade consul C C Kan says most of the 20 factories in the TBVC states are now selling to Canada, Europe and South America.

SA Chinese Clothing Federation chief Eugenia Chang says the Taiwanese began moving away from the US market a year ago.

Buyers confessed, however, that it was early days.

All orders for the season had been placed some time ago and the new year might present a different picture.

Basing forecasts on consumer purchasing trends over the past few months, clothing retailers are betting on a boom in sales towards the end of the year.

They argue that the decline in interest rates, leaves people with more to spend.

Sentiment has also improved in the wake of a number of forecasts that the economy will be in better shape during 1987.

The improved business conditions have raised capacity utilisation within the Western Cape's clothing industry to about 80%.

Recruitment is again taking place. Of 20 000 people who lost jobs over the past year, about 25% have been re-employed during the past three months, according to recent industry estimates.

Study: SA can weather sanctions

(289) DD 7/11/86

Dispatch Bureau

LONDON — South Africa may well be able to weather the sanctions storm, the Institute for Strategic Studies reports in its military balance study

Conflict and tension, mounting throughout Southern Africa, was intensified by sanctions and world pressure on Pretoria, the report said Internal unrest in South Africa, however, "had not forced the deployment of troops to support the police" but actions against front-line states said to be sheltering the African National Congress (ANC) "carried risks of escalation".

Outside South Africa, the report said, Angola retained the biggest and most sophisticated Russian-made armoury in the world, outside the Iron Curtain countries and Syria

But the anti-communist forces of Unita (National Union for the Total Independence of Angola) in Angola and the Mozambician National Resistance (MNR) in Mozambique, had increased their manpower, weaponry and menace

The institute said that with both sides in the Angolan conflict seeking super-power aid, the Luanda government had received replacement equipment from the Warsaw Pact countries while the United States Government had lifted its ban on previously covert aid for Unita although "the extent of actual deliveries remains uncertain"

Significantly the report claims the number of Cuban troops in Angola has increased from 20 000 a year ago to about 27 000

Unaccountably, the number of combat aircraft has fallen slightly from 141 to 136 with 23 of the deadly MIG-23s against 25 last year

But, says the report, Angola still bristles with the most sophisticated Soviet missile, anti-aircraft batteries and radar, including 48 SAM 8 Gecko sites and an unknown number of SAM-9 Gaskins

The only other foreign country to receive equipment of this sophistication from Moscow, is its Middle Eastern ally, Syria

There has been a significant increase in the number of T-54 tanks from 200 a year ago, to 260

The number of the mobile T-34 tanks has fallen from 175 a year ago to 130 but the report credits Unita forces with capturing 85 T-34s

The institute says Unita's trained fighters have increased from 18 000 with 23 000 militia a year ago, to 26 000 regulars and 34 000 militia

Across the continent in Mozambique, says the report, the MNR appears to retain the initiative and has inflicted major defeats on government forces

According to the institute, South Africa's total armed forces' manpower of 106 400 and reserves of 317 000, constitute the second largest military power on the continent, second only to Egypt with 445 000 regulars (some 250 000 conscripts) and 380 000 reserves

Nigeria, with total armed forces manpower of 94 000 and unknown reserves in all services, has by far the biggest army among black African states

GM's neat exit gets messier and messier

GM had barely announced its decision to pull out of SA when it found itself tangled in a messy and embarrassing labour dispute. PHILLIP VAN NIEKERK reports

GENERAL MOTORS' dispute with the National Automobile and Allied Workers' Union (Naawu) is shaping as a major test case of the responsibilities of multinationals who disinvest from South Africa

The dispute — which on Wednesday night saw Security Forces called in by the company to evict workers occupying two plants — is making GM's exit from South Africa look increasingly messy.

The slender hope that the dispute could be settled following Tuesday's talks between union officials and the company's industrial relations team was quashed after senior management apparently turned down the union's demands.

Naawu is demanding that workers receive one month's separation pay for every year worked for the company, the right to decide whether or not to be paid out contributor, benefits such as pensions, and representation on the board of directors.

GM says it is not prepared to discuss the matter with the union until the workers are back and that it has no obligation to make separation payments as workers are not going to be retrenched.

Now the union is referring the dispute to the industrial council for the motor assembly industry in the Eastern Cape whereafter — if it is not resolved — the strike will be legalised

In the meantime there is no end in sight to the strike and Naawu general secretary Fred Sauls said yesterday that if "the problem is legalised it could drag on for a long time" — even though management has signalled its intention to restart production today.

A further sign that the dispute was escalating was a statement from GM yesterday, suggesting that the workers who had been occupying the plants had been dismissed.

The strike was sparked by the company's decision, after five years of losses and following the United States congress' vote for tough economic sanctions, to sell-out GM South Africa to a local management team.

The union accused GM of not consulting with them on a matter affecting the job security of almost 3 000 members.

From January 1 the new team — headed by an American, Bob Price — will take over General Motors' South African assets and franchising rights and could introduce major management changes.

Sauls said that Price, who was managing director of GM SA in the Seventies, had a reasonable track record and that "we suspect he can't be any worse than Bob White" (the current managing director).

He added that any issue which affected their members would be up for negotiation with the new management

But the central issue — whether a multinational selling out to a local company has any responsibility to its workers when it leaves — remains, and will be hard fought

Sauls said GM had been in South Africa for 60 years and had made handsome profits for at least 50 of those years "Companies exploit the situation, but when it is no longer good for them they pull out, leaving what they've exploited behind"

The Eastern Cape News Agency reports that GM, backed by an army of riot police and SADF personnel, evicted 500 of the striking workers in a midnight operation on Wednesday night.

The eviction came after an agreement between management and the unions on Monday to postpone a court hearing during which workers were to show cause why the strike should not be declared unlawful.

But in a surprise move, the PE Supreme Court granted an order declaring the strike illegal late Thursday

Reporters outside the factory gates were told by union officials that management had announced that the workers were to vacate the factory at 10.30pm and that the Security Forces had been called in to enforce the court order.

Five riot trucks, six police vans, ten Security Police cars, one Casspir, two SADF buffels and over a hundred men carrying sjamboks and rifles, some with dogs, surrounded the factory at 11pm Minutes later they were let into the factory by a GM security official.

Above the sounds of barking dogs and shrill alarm bells, police using loudhailers ordered the workers to leave. No-one but management officials and the Security Forces were allowed into the plant.

At 11.55pm three workers looking tired, dejected and angry with bedding and clothing walk out the front gates. They said their work cards had been taken from them. "I presume I can regard myself as fired," a worker who declined to be named said.

Hundreds of workers then began streaming out of the gates and crowded the streets.The workers held a series of meetings in groups with their respective shop stewards and it was announced that the workers should then leave and a meeting was called for Friday morning.

A shop steward said white salaried workers had been inside the plant during the eviction, armed with guns in their hands and pockets Some, he said, had their dogs with them.

Things go better over the border

Coca Cola to set up in Swaziland

COCA COLA is to move its concentrate plant from Durban to Swaziland.

The company joins a growing list of South African-based firms setting up shop there to avoid international sanctions.

Coca Cola officials confirmed yesterday they had agreed in principle to build a plant at Matsapha, near Manzini, to produce coke concentrates for bottling companies in central Africa.

The giant American soft drink company's Johannesburg external affairs manager Hennie Viljoen said the plant would close down Coca Cola's Durban concentrate operation in 1987.

Coca Cola announced last month its intention to leave SA. The firm intends to sell off its SA marketing, advertising and bottling functions, in part, to a group of black investors.

Industrial Staff

The highly mechanised Coca Cola plant will only employ 30 people, but Swaziland officials say other relocations from SA are bringing thousands of jobs to the kingdom.

Two Taiwanese-owned garment firms, Oriental Swaziland and Swaziland Garment Industries, relocated in Swaziland in 1985, bringing 1 200 jobs.

Swaziland's Commerce and Industry Minister Derek von Wissel expects more SA-based companies to follow the same route.

SA's trade representative in Mbabane, J M Sterban, confirmed there had been a recent upsurge in inquiries from firms interested in moving to Swaziland.

Tax incentives in Swaziland make it an attractive investment.

Japan to put big freeze on SA trade

· HAMISH McINDOE and Sapa-Reuter

JAPAN is to freeze trade levels with SA.

A Japanese trade source said yesterday that the move would stall Japan's expected rise in the league of Pretoria's major trading partners in the wake of European Community and US sanctions.

He said: "It would be an embarrassment to the Nakasone government if Japan's trade volume with SA outstripped that of the US.

"The move is basically a request to industry not to expand trade with SA in the current political climate."

Tokyo has stressed that US economic sanctions against SA should not be undermined. But a Ministry of International Trade and Industry (MITI) official noted that the request did not mean that industry should reduce or ban imports.

While he did not specify what MITI wanted industry to do, the trade source confirmed that this meant an effective freeze on existing trade levels.

This comes afterspeculation from Japanese coal industry sources that SA might compensate for the loss through sanctions of the US market by increasing exports — such as coal — to other buyers at cut prices.

MITI sent its request to 35 associations, including the powerful Japanese Iron and Steel Federation and the Petroleum Association of Japan.

Japan announced limited anti-SA sanctions in September which included import bans on steel and iron. Coal imports were not included in the embargo.

The MITI official said Japan had no immediate plans to impose new sanctions against SA.

Japan's total imports from SA amounted to $1,9bn in the last fiscal year against exports of R1bn.

(280) DD 7/1/86 DAILY DI

UN delegates seek oil embargo on SA

UNITED NATIONS — UN delegates have put before the General Assembly six resolutions seeking full mandatory sanctions against South Africa, including an oil embargo

All are expected to be adopted by large majorities, but only the Security Council may order punitive measures and the United States and Britain have repeatedly exercised their power of veto in that body

Opening the annual debate on apartheid on Wednesday, the head of the UN anti-apartheid committee, Major-General Joseph Garba of Nigeria, criticised Swiss and West German bankers whom he called mainstays of the South African Government

He hailed action in the US Congress, which, despite opposition from President Ronald Reagan, had agreed on a package of limited sanctions

South Africa's delegation was ejected from the General Assembly in 1974, although it remains a UN member South African diplomats watched the proceedings from the wings

The South African Government announced this week that the State President, Mr P W Botha, was appointing a top official in the Ministry of Foreign Affairs, Mr Les Manley, to lead the UN delegation, replacing Mr Kurt von Schirnding

General Garba said the US was not only a major trading partner of South Africa but also its political ally He accused West Germany and Britain of blocking stronger economic measures by the European Community against South Africa

He said advocates of sanctions were not set on destroying the South African economy, nor was there a fight against the white minority

The principal draft resolution tabled in the 159 nation assembly strongly condemned the state of emergency in South Africa and requested the international community to exercise maximum pressure including comprehensive, mandatory sanctions Sapa-RNS

LABOUR AND DISINVESTMENT

The crunch at GM

The industrial action sparked by GM's transfer of ownership to local management may only be the start of problems associated with "disinvestment" moves by foreign companies.

While black trade union groupings formally support international economic pressure against SA in the form of sanctions and disinvestment, this week's events in Port Elizabeth indicate that the issues are far from clear cut. Indeed, on the available facts the action of the unions is contradictory. On the one hand, GM seems to have complied with their ostensible backing of sanctions; on the other, although their jobs were never in jeopardy as a result of the transfer, they are not happy with the mechanics of the buy-out. Perhaps they should have been consulted, although this is uncommon in world commercial practice, let alone SA.

Between 2 000 and 3 000 GM employees downed tools after the announcement that the US company would sell its South African assets to local buyers. The stoppage forced a shut-down at the Port Elizabeth plant and raised management-union tensions, which show no signs of easy resolution.

Initial fears among the workforce were that retrenchments and loss of benefits may follow the ownership transfer. "Tension and frustration is building up among workers resulting from the secret and mysterious dealings evident in this matter," said a statement issued by the National Automobile and Allied Workers Union (Naawu), which represents about 2 000 workers at the Port Elizabeth plant.

Despite assurances from GM that no jobs would be lost or that conditions of employment would not change after the takeover, workers resolved to sit in until their demands were met. These included that GM offer severance pay of one month a year worked, and that two union members be represented on the new company's board of directors. GM said it would not negotiate with workers while they were on strike or occupying the premises, then brought a court interdict calling on the union to show cause, by November 3, why the strike should not be declared unlawful and the company entitled to dismiss those on strike.

On Monday, Naawu filed a replying affidavit to the Supreme Court claiming it had incorrectly been cited as the respondent, as the union had not instigated or incited the strike. Both parties agreed to postpone the matter to November 11, and the issue of the strike's legality or otherwise remains unresolved.

In the meantime, GMSA's newly announced MD Robert Price told a press conference in Johannesburg that worker demands such as the request for representation would be "more properly placed with the new company," which has not yet been formally launched. The demand for severance pay threatens to be more of a headache as it remains unclear how either the present or future GM management intends to deal with the issue.

Indications are that even if the immediate issues are resolved, the new company will not be in for an easy ride. One of the key directors in the GM buyout, Keith Butler-Wheelhouse, admits that the new company will not rule out vehicle sales to the South African security forces. This could prove to be a thorny issue if Naawu adopts the position advanced by another Cosatu affiliate, the Metal and Allied Workers Union (Mawu), which last year demand of the Steel and Engineering Industries Federation that it cease supplies to the security forces. However, the question has not yet been discussed by the union, says Naawu general secretary Freddie Sauls.

As the *FM* went to press, the strike was still continuing, with no signs of early resolution. "We reported the results of the Supreme Court application to our members," said Sauls, "but they said they will not be side-tracked by the court proceedings or by the hardline attitude of management. We are now waiting for a reponse."

Earlier, GM's industrial relations manager Robert McIlwaine threatened the dismissal of workers persisting with the strike, although new MD Price has said no "precipitous" action will be taken.

"The threat of dismissal is real," acknowledges Sauls, "but the possibility of workers escalating action is also real. If it comes to that, we will seek community support so that there is no chance of scab labour. There is also the possibility of a boycott of GM products — then it will become nasty." According to Sauls, workers are sticking to their demands for severance pay, pension monies and worker representation on the new board.

The new GM owners may have more on their plate than they — literally — bargained for.

☐ See ***Business***

DISINVESTMENT

Is GM really going?

Is the much-vaunted sale of General Motors' (GM) South African operation all it appears to be? The appointment of a senior Detroit executive to head the new local operation has raised speculation as to whether ties have really been severed.

There is no doubt that Bob Price is eminently qualified for the job — he was MD of GMSA during its successful years between 1971-1973, and is currently vice-president of GM Overseas Corporation.

But although Price claims he made a personal decision and has "permanently separated" from GM, speculation is that he will remain until the political and economic storm in SA has been ridden out, and that GM will then buy the company back in terms of the agreement.

Price admits his appointment makes it difficult to convince the public that the new deal is a genuine local buy-out, and agrees he will have a problem ridding himself of the image of a Detroit nominee.

Until now management buy-outs have been associated with younger men and fresh faces, but local executives of the new company felt they needed 60-year-old Price's experience to steer the new company through difficult early days. And Price apparently offered his services less than two weeks ago.

It seems at least that the company will not be swallowed by one of the local giants — outgoing MD Bob White has denied rumours of involvement by Sanlam and Rembrandt in particular, and by institutions in general.

The only outside intervention could eventually come from the dealers, although Price says they have not come in "for the moment." Such a stake would act as additional security for the future of the company.

Price has many problems on his hands — the company is a very different animal from the one he left in 1973. It has long been overtaken by Mercedes/Honda, Samcor, Toyota and VW, and its market share hovers around 8%.

GMSA last made a profit in 1981; debts, which will now be paid off by the parent company, are estimated to be at least R200m.

How will the new man compare to pugnacious Bob White on social issues? Price tries to allay fears that the company will lose its commitment to social change· "I was doing the right thing long before the Sullivan principles came on the scene."

But the long-standing ban on sales to the military and the police is likely to go, according to current director of operations Keith Butler-Wheelhouse, a key member of the new management team: "As a new company we can't afford to cut ourselves off from any potential markets."

No details of financial aspects of the deal have been revealed. The local team says there will be no hand-out from the US parent, but a give-away price can't be ruled out.

It would be most unlikely that the face value of the assets, R440m, could be raised and GM's credibility will be seriously eroded if the company isn't off its hands by the new year.

This could well turn out to be the biggest test yet of the SA-style management buy-out formula. ■

AIR LINKS

SAA gloves up

SAA has ended speculation about its intentions by announcing that it is to go to court over the summary termination of its US landing rights. The message is clear: the national carrier will not easily give up any of its hard-won routes

Whether SAA gets its court injunction or not, its twice-weekly direct flights to New York continue in the interim. If it loses this round, it can still sue for compensation. Either way it will have bought time for an orderly wind-up of its US operation

Australia's decision to observe the 12-month notice clause for ending its bilateral landing agreement strengthens the airline's case in the US, as industry sources point out.

The next routes under threat appear to be links with Zimbabwe In Harare, where SAA's offices were ruined by student arsonists who struck after the death of Mozambican President Samora Machel, November 18 is suggested as the date of a formal announcement

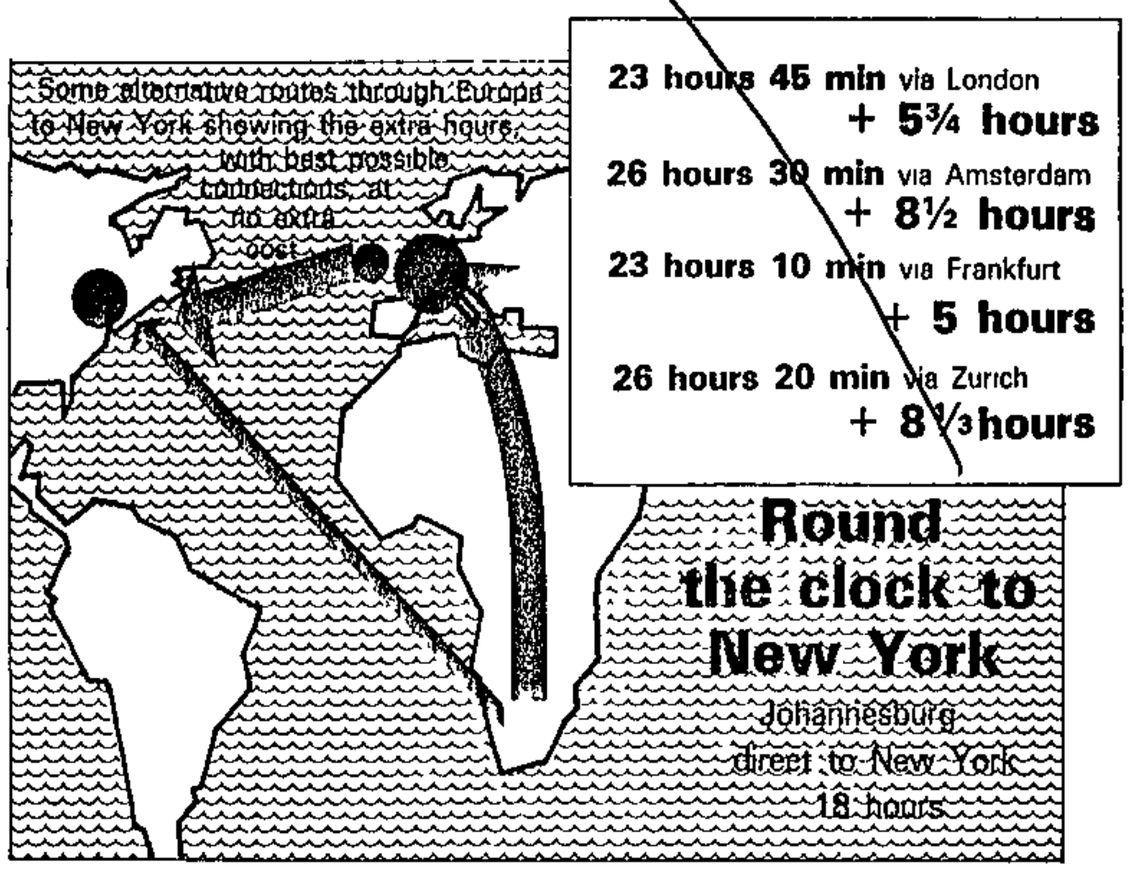
SAA says it is not aware of anything in the wind, and officials will not comment on reports of a hush-hush visit by its executives to Harare recently However, it has cancelled all advertising in the country.

Not everyone, however, believes SAA is moving wisely. Criticising the time and money being wasted and the secrecy of its plans, PFP transport spokesman John Malcomess tells the *FM* that he will raise the issue in the next parliamentary session.

"SAA is in a no-win position. If they go for compensation, which has been estimated at R30m, they will have to prove they would have made that amount on the route. I just don't believe the US service is that profitable, and I don't believe a US court would award more than a fraction of that amount. All SAA can do is buy some months' extra flying time — at great cost."

The Association of South African Travel Agents (ASATA) also believes it could help with sanction-busting plans if only SAA were less secretive.

Meanwhile, passengers, and especially businessmen, will welcome SAA's decision to fight to retain its US service for as long as possible.



Even with the best connecting flights, alternative European routes are five to eight hours longer on average than the 18-hour direct flight. The most popular links are through London, Paris, Zurich, Frankfurt and Amsterdam.

Passengers do not have to pay extra for the added destination, but TFC Travel deputy chairman Robert Foggitt believes prices could be increased as early as January.

The weekly service to Australia is one of SAA's most profitable routes, and the Qantas service to Harare is likely to pick up some of the traffic Other likely routes are through Hong Kong, Taipei and through Mauritius to Singapore. These routes are not only long-

SIR LESLIE SMITH

The view from abroad



Sir Leslie Smith, chairman of the influential British Industry Committee on SA (Bicsa) and chairman of BOC which has control of Afrox in SA, is in the country on a private visit. He spoke to the *FM* about the mounting disinvestment pressures on SA.

***FM*: Why are disinvestment pressures against SA increasing?**

Smith: This is largely a media-created political issue. The man in the street in Britain and the US is not really interested, and the complexities of the South African problem are largely misunderstood. Left-wingers call for one-man-one-vote, but this is not practical as SA is made up of various black and white tribes. Oversimplifications and calls for "instant solutions" only exacerbate the problems.

So why do companies like IBM and GM now pull out of SA?

I do not believe these companies would pull out if you had a flourishing economy. But the combination of a declining economy and political pressures is well-nigh irresistible for some US companies. US pressure groups are also more highly organised than in the UK, Europe and the Far East.

Would British companies move in to fill the gap left by US disinvestment?

No, the economic situation here is not good enough.

So, do you expect British companies to follow the US example and pull out?

No, I see no such sign yet among major British companies. But I have no doubt the issue has already been considered — a stable economic and political environment is needed for ongoing investments.

Are South African businessmen doing enough to explain SA's complexities overseas?

Businessmen have been in the forefront of pressing for reform. They realise the abolition of apartheid is a prerequisite for economic growth and that the only hope for growth lies in expanding black buying power — full labour mobility and political reforms are essential.

How do you feel about sanctions?

Sanctions pressures serve as a rallying force inside SA and your government is visibly consolidating its political power — it is getting stronger, not weaker. Even limited sanctions — as proposed by Liberal Party leader David Steel and SDP leader David Owen — are idiotic as these hit at the very people who are in the forefront of promoting reform in SA.

We are all united in our desire to end apartheid. But damaging the people who can promote reform does not help. It is very difficult to have reform in a declining economy — SA needs to create more and more economic opportunities for blacks, but this is not possible with sanctions.

So what practical and positive means exist to streamline reform?

I fully support a recent call by the *London Times* that the best solution lies in promoting a massive type of Marshall aid package for SA. This must be generated by the West and channelled towards black social, educational and economic upliftment. There have been substantial — if unacknowledged — changes in SA over the past 10 years and these need to be supported and expanded.

Is this a practical idea?

This is by no means a short-term solution, but Bicsa is now taking up the issue and will propagate this as a practical and peaceful way of getting rid of apartheid. Agencies like the Urban Foundation already exist through which such Western funds could be channelled to black South Africans. A precondition would be that your government also support the issue, while black support would be essential

It must be accepted that it would take a long time to work out the finer details of such an aid package — both in Europe and here. But only revolutionaries will benefit from economic deprivation and stagnation.

How do you see the outlook for the South African economy?

As sanctions start to bite, there will be a rush to substitute for lost imports — but, while this might boost the economy in the short term, it won't last. SA needs an ongoing 3,5% growth rate to provide sufficient jobs for its expanding population.

In your view, what are the political priorities facing government?

You've got to abolish the Group Areas and Population Registration Acts as a means of effectively ending apartheid. Then you would be well advised to release Nelson Mandela — if the ANC is, in fact, a communist organisation, it would be far better to have it out in the open than underground. This is our experience in Britain, where the Communist Party's policies are visible for all to see and to reject as impractical.

This opens the issue of black political rights.

The Natal Indaba seems to be making good progress and could be pointing the way towards a federal solution for your country. Let Buthelezi and Mandela take this debate further, once Mandela is released.

Do you think reform is on track?

The feeling at home seems to be that reform has stalled — especially under the pressure of sanctions.

If you could attend the November 7 government/business indaba, what would you say?

Your businessmen have said it all by calling for the abolition of apartheid as a precondition for the economic future of SA. Deregulation and privatisation are also essential as the control of your government over the economy is outright dangerous. Another danger flowing from sanctions is that this could act as a further spur for increased State controls.

What would you say to blacks who support sanctions as political pressure tool?

Well, Buthelezi rejects it — so does Helen Suzman and Alan Paton, who are all implacable enemies of apartheid. But their voices are not heard overseas — only those of Winnie Mandela, Robert Mugabe and Desmond Tutu.

The whole issue has become a political football and I am convinced the majority of blacks would reject it if they understood the full implications of comprehensive sanctions.

Rough mainstream

The shake-out in the micro-computer market caused by the withdrawal of IBM's US parent from SA (*Business* October 31) is spreading to the R300m a year mainframe market.

Battle lines are being drawn between IBM itself, the vendors of program compatible machines (PCMs) such as the Reunert Computers' Persetel, and the marketers of "own technologies" such as ICL and the new Sperry/Burroughs partnership.

These are the major players in the South African market.

Says Roux Marnitz, MD of Reunert Computers: "Worldwide, there's been a swing to IBM architecture in the past few years, and I see no reason to believe this will change. In SA, too, there has been a major move away from the BUNCH (Burroughs, Univac, NCR, ControlData and Honeywell) to IBM itself and the vendors of PCMs."

His view is endorsed by the fact that Southern Life, one of SA's biggest financial institutions, ordered a new IBM System 3090 the day after the management takeover was announced. The deal was worth R20m.

But, says Sperry/Burroughs' Neil Harding: "There will be a move away from de facto IBM standards, and away from the PCMs, simply because they are at the mercy of IBM software generation. And in SA, customers are going to be wary of committing themselves because of doubts about the local company's ability to obtain US technology."

So far, IBM is still at the top of everyone's market share list, with an estimated 35%. Each of the top three contenders claims second spot — ICL in terms of its base in the market, Persetel in terms of recent market gain and Sperry/Burroughs in terms of assets (see *People*).

But they agree on one thing — IBM will lose South African market share in the short term at least, despite an aggressive new sales policy.

Harding says if the IBM move in SA is a true management buy-out, the new company will have to pay back a substantial loan. This could hit its ability to provide service and support. Marnitz believes IBM locally, or its successor in title, is in for a "tough time," primarily because of uncertainty about the cost of equipment supplied by its former parent Jack Clarke, MD of IBM in SA, has guaranteed that this will continue for three years

However, the industry has it that the biggest problem is demoralisation of IBM staff. And Clarke agrees that there is some unhappiness, one factor being staff loyalty to the parent company. Another, he says, is probably the decision to announce the takeover before all the details were available, which may have left some employees uncertain about the future.

AIR LINKS

SAA gloves up

SAA has ended speculation about its intentions by announcing that it is to go to court over the summary termination of its US landing rights. The message is clear: the national carrier will not easily give up any of its hard-won routes.

Whether SAA gets its court injunction or not, its twice-weekly direct flights to New York continue in the interim If it loses this round, it can still sue for compensation. Either way it will have bought time for an orderly wind-up of its US operation.

Australia's decision to observe the 12-month notice clause for ending its bilateral landing agreement strengthens the airline's case in the US, as industry sources point out.

The next routes under threat appear to be links with Zimbabwe. In Harare, where SAA's offices were ruined by student arsonists who struck after the death of Mozambican President Samora Machel, November 18 is suggested as the date of a formal announcement.

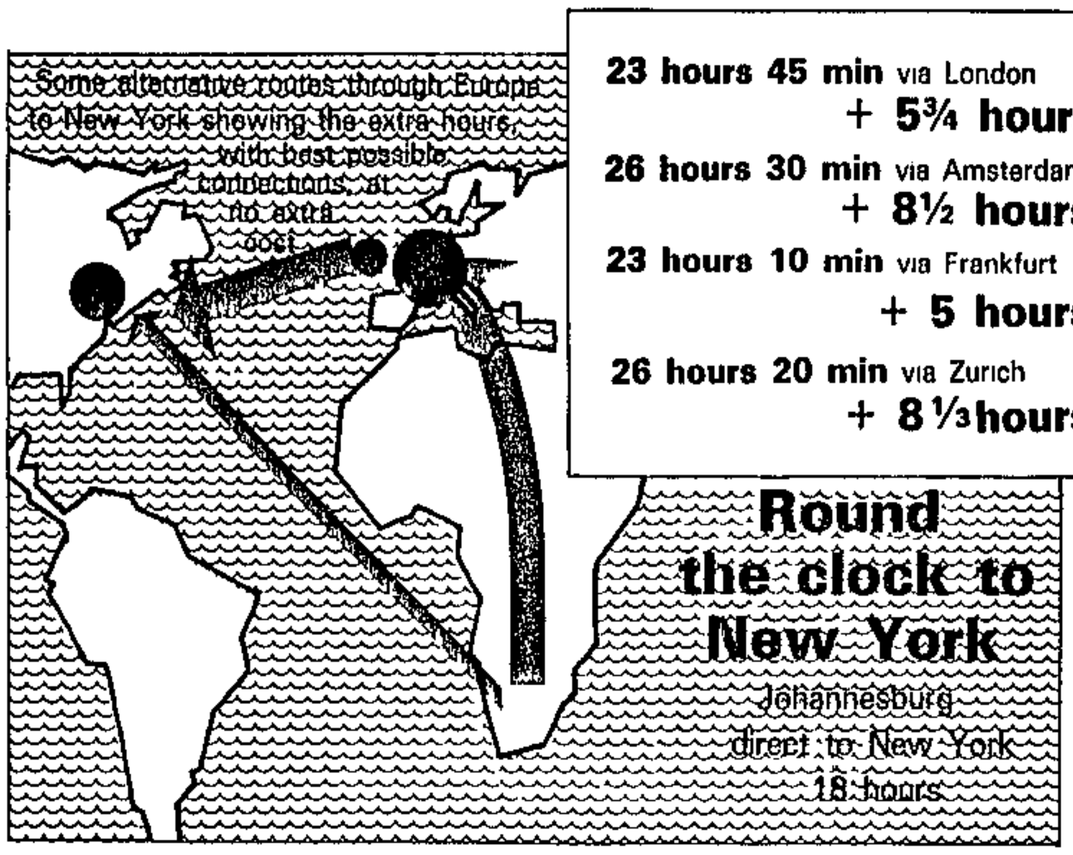
SAA says it is not aware of anything in the wind, and officials will not comment on reports of a hush-hush visit by its executives to Harare recently. However, it has cancelled all advertising in the country.

Not everyone, however, believes SAA is moving wisely. Criticising the time and money being wasted and the secrecy of its plans, PFP transport spokesman John Malcomess tells the *FM* that he will raise the issue in the next parliamentary session.

"SAA is in a no-win position. If they go for compensation, which has been estimated at R30m, they will have to prove they would have made that amount on the route. I just don't believe the US service is that profitable, and I don't believe a US court would award more than a fraction of that amount. All SAA can do is buy some months' extra flying time — at great cost."

The Association of South African Travel Agents (ASATA) also believes it could help with sanction-busting plans if only SAA were less secretive.

Meanwhile, passengers, and especially businessmen, will welcome SAA's decision to fight to retain its US service for as long as possible.



Even with the best connecting flights, alternative European routes are five to eight hours longer on average than the 18-hour direct flight. The most popular links are through London, Paris, Zurich, Frankfurt and Amsterdam.

Passengers do not have to pay extra for the added destination, but TFC Travel deputy chairman Robert Foggitt believes prices could be increased as early as January.

The weekly service to Australia is one of SAA's most profitable routes, and the Qantas service to Harare is likely to pick up some of the traffic. Other likely routes are through Hong Kong, Taipei and through Mauritius to Singapore. These routes are not only longer but, based on this year's prices, will cost about R300 more.

The loss of direct flights also means a boost for travel agents as confused travellers need more guidance on the best routes

Says travel agent Hilton Ross "We're coming into our own With the alteratives being forced on travellers, we've got more to sell "

At the end of it all, the good news for SAA is that the headwind seems to be easing — for a while.

There is a certain relief in the end to uncertainty, and plans are well advanced for the switch-over to well-mapped alternative routes. Airline and travel sources say that despite earlier fears, there is no new talk of further restrictions, particularly to European destinations. ■

CAPE TIMES 7/11/86 SOUTH 101 280

Opinion

Business no cohort of government

AS business leaders meet President P W Botha at the economic summit, the Cape Times London correspondent provides extracts from an address by the chairman of Shell South Africa, John R Wilson, which was delivered at a staff conference of the company in Cape Town and has been published abroad.



AFTER the Durban strikes of 1973 and the Soweto uprising in 1976, business realized it would be difficult to maintain an aloofness from socio-political issues

Politics began to hurt business and to adversely affect the return on investments. The business sector tried to reason with government, but in 1976 was told in no uncertain terms by the then Prime Minister, B J Vorster, at a conference in Port Elizabeth, to "stop meddling" and to return to the business which concerned them

Exactly 10 years later, the Federated Chamber of Industries (FCI) was accused of being un-South African and ridiculous by the State President as it tried earnestly to sound warning bells of the effects of a breakdown in communication between black and white as a result of the state of emergency regulations declared on June 12.

The private sector, in spite of its "ticking off" by Mr Vorster, felt a need to do something positive This led to the launch of the Urban Foundation.

The introduction of the Sullivan Principles and EEC Code of Conduct in 1977 also led business to accept that politics, business and labour have necessary complementary roles

Business recognizes that a sound economy presupposes a stable political system Its attempts to reason with government are founded on this belief

There was a period when businessmen thought they had broken through the communication barrier and the age of close consultation had arrived.

Government seemed ready to talk and listen to the private sector through the Carlton and Good Hope Conferences, held in 1979 and 1980 respectively

What we rather naive businessmen failed to realize was that we were, in fact, being "set up", that those conferences were nothing more than a forum for the propagation of government policies.

What government was trying hard to achieve, and indeed for a while did, was the creation of the impression that business and government were one.

When one looks at the results of exercises such as Project Free Enterprise, it is clear that it almost succeeded — business and government were firmly entrenched in the minds of many South Africans as one and the same thing.

It did not take businessmen long to realize that the honeymoon was over.

The country's economy worsened steadily, the promised "reforms" remained promises and the disastrous tricameral parliament simply entrenched apartheid in a new guise ..

Also, political events were impacting on an already weakened economy, affecting business's returns The pace of change was snail-like; things were not happening fast enough to satisfy the demands of South African blacks, backed by growing international support through calls for disinvestment and boycotts

Business realized it had to make it quite clear that the cosy chats of the past had not made it a cohort of government.

Dialogue between government and the private sector relating to business issues and the economy has always taken place. In recent years, however, there has been a shift and socio-political issues are now key agenda items.

Those who say that this is a new development are obviously unaware of the many intense sessions that have taken place behind closed doors.

The strategy was to give minimum publicity to these meetings It was sincerely believed that business could advance its cause far more successfully if it could speak freely and openly with government out of the spotlight of the media.

When resulting action from these meetings was not forthcoming, however, businessmen began to doubt the strategy

BUSINESS realized, too, that it had to make it quite clear that the cosy chats of the past had not made it a cohort of government that there were disagreements as to the road which government chose to tread, and that they did not wish to be identified with the hollow promises of change.

It became urgent that business should act. It was almost too late; already, in the minds of the majority of South Africans, business and capitalism had become synonymous with the apartheid system.

The internal and external pressures I have talked of certainly spurred business into political action, but I like to think it was the true corporate citizen within us that was the real catalyst.

A great number of people, both staff and outsiders, have asked me why Shell has been singled out for international boycott action. Other companies have their problems, but these are mainly localized.

Mobil, for example, has pressures from the US, Barclays from Britain. But Shell is faced with an onslaught from no fewer than nine different countries, and the number is growing. Shell is the only company having to handle an international campaign against it.

Remember Shell is big For the last three years, it has topped the Fortune 500 list of the world's largest companies. And big is seen by many as synonymous with bad. Shell has British and Dutch parent companies and its US operating company, now a wholly owned subsidairy, accounts for 30 percent of the group's profit world-wide.

One couldn't choose a better or bigger target and the bigger your target, the more impact and publicity your campaign is likely to achieve

In the US there was the added factor of a 20-month-old strike at a coal mine in which Shell Oil has an interest.

The Rietspruit strike, which has featured most prominently in the anti-Shell campaign, was therefore timed, fortuitously for some but unfortunately for us to coincide with the attack on Shell Oil by the United Mineworkers' Union in the States.

THIS was another barb to add to the anti-South African lash; not only was Shell union-bashing in America, but it was doing the same thing in South Africa, where it was accused of using slave labour to boot! And it was this slave labour which was furthermore depriving good, solid American citizens of their jobs on the coal mines of the US

There has also been particular anti-apartheid and anti-Shell activity in the Netherlands

This is understandable; not only is it the home of one of the shareholders, but the Dutch are burdened with tremendous guilt for their own part in creating the repressive system in South Africa. They seek atonement.

Indeed, the Dutch and the English share a common concern in South Africa, where their historical role in contributing towards the present system is an added dimension

Shell's position is not comfortable.

The other countries from which we face boycott action are Sweden, Norway, Denmark, the United Kingdom, Australia, New Zealand and Canada, while France and Italy are ambivalent in their attitude towards trade with South Africa.

Why is Shell taking a high-profile political stance? The answer can be summed up in one word: "survival".

If you, as employees, are looking to me for comfort and reassurance, I can't give it to you. I wish I could.

The situation is not comfortable; Shell's position is not comfortable. The threat of disinvestment is real. It is important that everyone accepts that. It is important that every member of staff realizes that the survival of this company depends to some extent on their own commitment to the company's stance.

As you are all aware, in the "Chairman's Review" of the 1985 Business Report, I nailed Shell's political colours to the mast.

I stated that this company condemned apartheid and would do all in its power to eradicate this unjust system. The first half of 1986 has seen Shell unequivocally choose its direction at the crossroads; Shell has started down the road towards a new South Africa and there is no turning back.

We appreciate that the path we have chosen may not be easy or without criticism from some of our employees, suppliers and customers. But we will face what lies ahead in the interests of building a stable and prosperous country

Business and the economy will have to change.

Clearly, the entire political framework will have to change. I would not deign to suggest just how: that would be just another unilateral imposition of a solution — the solutions must come from around the negotiating table, which must include participants of all shades of opinion.

Preconditions to setting up that negotiating table must be insistence on the unbanning of political organizations, the release of all political prisoners and the reprieve of all South Africans living in political exile as international refugees.

Business and the economy will have to change The free enterprise system, for example, is espoused by some and rejected by others In post-apartheid South Africa, the negotiated compromise between free enterprise and socialism could well lie in the greater involvement of capitalism and labour in industrial planning, strategy formulation and direction, and the allocation and use of resources for a more equitable distribution of wealth.

BUSINESSMEN will have to change. Companies will have to become far more active in accelerating black advancement in an industrial society, advancement based on merit and not tokenism.

The argument that blacks are not competent to govern is irrelevant when these very people have been denied the opportunity and educational foundations which will render them competent to take their rightful place as equal citizens in South African society.

We will have to learn, perhaps through sacrifice, to live in an equal, fair and just society under agreed laws.

We are totally committed to the concept of freedom for all in an equal society. . .

FOR SUBSCRIPTION INQUIRIES — TELEPHO

Krogh given top sanctions busting job

Dispatch Correspondent

JOHANNESBURG — The government has appointed Dr Desmond Krogh as the head of operations to co-ordinate South Africa's top secret efforts to circumvent sanctions.

The appointment, which was made by the Department of Finance, puts the ex-governor of the Zimbabwe Reserve Bank in overall charge of the country's anti-sanctions effort.

A Finance Department spokesman, who confirmed the appointment, said Dr Krogh would be directly responsible to the minister.

"It's rather difficult to describe the post. Dr Krogh will be there to advise people on how to circumvent sanctions.

"In fact his job will be to co-ordinate all government activities in this direction."

The appointment is being viewed against a background of hush-hush cooperation between government and the private sector.

The Private Sector Export Advisory Committee (PSEAC) has already made a detailed report to government saying it would be wrong to underestimate the effects sanctions could have on economic growth.

It says South Africa should recognise the degree to which satellite and document surveillance, trade union activity and concerted action by foreign governments could disrupt the country's export markets.

But although it's an over- relatively cheap house and brother comes to visit on week- scared to face the public who established

Israel blasts Arabs over oil to SA

NEW YORK — Israel said yesterday that Arab states had fuelled South Africa's economy with about R22 000 million worth of oil over a five-year period — thereby violating a United States embargo to which they subscribed.

Israel's UN ambassador, Mr Benjamin Netanyahu, accused Arab oil producers in a speech to the UN General Assembly of trying to divert world attention from their own thriving trade with South Africa by depicting Israel as a major collaborator with the South African Government

The Arab oil producers of the Persian Gulf provided two-thirds of the R6 500 million in oil which South Africa imported each year, said Mr Netanyahu in reviving an issue Israel raised at the UN last year.

"In other words," he told delegates, "the Arab oil producers provide the umbilical cord that nourishes the apartheid regime"

The Israeli envoy was protesting against a pending resolution that would have the UN again condemn "the continuing and increasing collaboration of Israel with the racist regime of South Africa, especially in the economic, military and nuclear field".

Mr Netanyahu denied that there was any nuclear co-operation between the two countries, and described Israeli trade with South Africa as "miniscule, about $100 million (R23 million) annually."

He spoke on the second day of the Assembly's annual debate on "Policies of Apartheid of the Government of South Africa". A vote on a package of resolutions is expected on Monday

LLOYD'S FIGURES

Mr Netanyahu said he had based his figures on reports of the anti-apartheid Shipping Research Bureau of Amsterdam, and the Lloyd's Voyage Record. The bureau, he noted, had traced 167 oil tanker shipments to South Africa from Gulf ports between 1980 and 1984

Those tankers, he said, carried a "staggering $9,9 billion for the five-year period".

He explained the lack of more updated figures by saying "There is roughly a lag time of two years between the actual shipment and the bureau's reports on them."

Mr Netanyahu complained that the UN Special Committee Against Apartheid had deliberately ignored the bureau's reports because of Arab pressure.

When Israel raised the Arab oil issue at last year's anti-apartheid debate, Saudi Arabia insisted it was "firmly committed to an economic embargo against South Africa in all sectors, most particularly in oil"

Other oil states also denied the Israeli charges. — Sapa-AP.



at the "South Carnival" today. It starts at Rosettenville Corner at 10 am and the theme is "Rock
n left): Clinton Basel, Diane Vieira, Fatima Almeida and five-year-old Jean-Paul Vieira.
ntertainment. ● Photograph: Garth Lumley.

Lorry driver was negligent — court

CAPE TOWN — A Kraaifontein businessman has been acquitted of attempting to murder a traffic officer who, he said, was "always giving me tickets" and "making my life very difficult"

Mr Johan Kriek (34) was found guilty yesterday of negligent driving after an incident in Kraaifontein on August 11 during which he was alleged to have tried to run down traffic officer Mr Johan Lotriet with his 18 m-long lorry

Mr Lotriet told the Bellville Magistrate's Court he had to jump out of the way of Mr Kriek's lorry while he was on point duty at an intersection

He said Mr Kriek stuck his arm out of the window of lorry, made waving "move-on" motions and drove straight towards him

Mr Kriek was fined R150 (or 75 days).

ville

troops in the wars to demand a place in the international community.

The suicidal fight for Delville Wood was one the most heroic but pointless battles.

The battle was a comparatively minor engagememt in the five-month long battle of the Somme, which was launched in July 1916 and claimed 420 000 British casualties, 194 000 French and 440 000 German.



Mr Geoff Stark.

Escort agency prompts legal prostitution plea

By Glenda Spiro

Another escort agency opened in Orange Grove, Johannesburg this week and the area's city councillor, Mr Geoff Stark, said prostitution should be legalised

Le Chic, which opened on Monday, is the third escort agency on Louis Botha Avenue.

"I'm not implying these escorts are prostitutes but I feel serious consideration should be given to legalising brothels"

This would lead to control and medical inspections

Mr Stark said he had had only one complaint about the new agency "I referred her to the licensing board."

Le Chic's owner, Mr Laurie Rosenberg, said he had had no complaints and whether sex would be for sale had nothing to do with him "I supply an escort to a guy and that is my purpose. It's an above board business"

After the first week of business he is still unsure whether opening the fourth agency in the northern suburbs will be successful "Like any other busines when you start off, it's fair It's not like a takeaway, you know."

Resident Mr Dara Behnam didn't mind "as long as men don't queue outside".

"It's better then seeing women standing on corners"

he Star and win yourself a week's holiday

"BEST OF TIMES"
ION
e best local news story in
nber.
NO

Your ability to pick out a news story which has been well written and properly portrayed, could win you a week's holiday at the Molopo Sun Hotel in Bophuthatswana.

Pick out the "best news story" in The Star for this week, and the holiday is yours

All reports in The Star, The Saturday Star and The Sunday Star this past week — from November 3 to tomorrow — are eligible for consideration

This competition is being held in conjunction with Ster-Kinekor to promote the film "The Best of Times"

Those who remember the competition from last year may recall that the winning news story — after hundreds had been nominated — was about Bishop Tutu preventing a necklacing at some risk to his life

It is not the event itself that should get your vote, it is the way the reporter has portrayed it

Reasons for your choice must accompany the local news story for which you vote

Canadian visa rule 'just a nuisance'

By Winnie Graham

Canada's decision that its Embassy in Pretoria will no longer issue visitors' visas to South Africans has been described as a "nuisance factor serving no real purpose".

Mr John Bing, secretary of the Association of Southern African Travel Agents (Asata), said South Africans who wished to visit Canada were being advised by the Canadian Government to apply for visas at Canadian missions outside South Africa.

"This, in fact, makes little sense, since it only increases red tape," he said. "Canada fails to recognise that it cannot change this government by imposing such petty action."

Mr Bing added that Portugal had reversed its recently-imposed and onerous visa application procedure, and was now almost back to normal with visa applications being processed in South Africa again.

The French Consulate had advised that visas for all French islands and territories could now be issued only after authorisation from the territory concerned.

D28/11/86 (280) (M)

Agents: visa facilities withdrawal just a hassle

JOHANNESBURG — Canada's withdrawal of visa-issuing facilities in South Africa is "more of a hassle factor than a true sanction," says the Association of Southern African Travel Agents (Asata)

After yesterday's withdrawal of the facility from Canada's Pretoria-based embassy, which was responsible for issuing South African visitors visas, Asata's secretary, Mr John Bing, said in a statement·

"This nuisance factor will serve no real purpose as South Africans who wish to visit Canada — either as tourists, students or temporary workers — are advised by the Canadian Government to apply for visas at Canadian missions outside South Africa.

"This, in fact, makes little sense since it only increases red-tape.

"Canada fails to recognise that, firstly, it cannot change this government by imposing such a petty action and secondly, Canada fails to recognise that it owes a lot to its thriving South African community which obviously wishes to retain contacts with its own relatives and friends from home

"Furthermore, the Canadian embassy in Pretoria will continue serving the needs of non-South Africans resident here as well as South Africans wishing to emigrate to Canada."

Mr Bing said that Hong Kong had also announced it would no longer encourage South African tourism but this only meant it would not advertise for the South African market.

"It hardly needs to as it is already such a popular destination As no visas are required to enter Hong Kong it is difficult to say what percentage of travellers are on business or leisure "

He said Portugal had "reversed its recently imposed and most onerous visa application procedure, whereby all documents were· submitted to Lisbon."

All visa applications from South Africa were now to be processed here, he said. It will take about two days to obtain a visa for Portugal. — Sapa

Striking workers face a lockout

THE Port Elizabeth-based motor giant, General Motors South African (GMSA), which has been crippled by a wildcat strike since Wednesday last week, will close both its PE plants tomorrow to avoid a possible violent clash with strikers.

The decision to close the plants — in direct reversal to a statement on Thursday that full production would resume tomorrow — was announced yesterday.

"It is incumbent upon the company to protect its employees working, or willing to work, from any acts of violence such as have already occurred, as well as to protect its property from possible damage," a management statement said.

Black GM workers had planned to march on the Kempston Road plant tomorrow without their identity badges, which they threw onto the stage at Friday's union meeting.

A resolution read to the meeting by the national secretary of the National Automobile and Allied Workers' Union, Mr Freddie Sauls, said that workers from both plants would "go to the Kempston Road plant on Monday at 6.45am with no badges and enter the plant".

Workers who try to enter the plant without their security badges will not be allowed in, according to company policy.

Production has ground to a virtual halt since the strike began last week.

It is believed that it was sparked by uncertainty among the workers about their future after the withdrawal of GM from South Africa and a buy-out by a local management consortium headed by the former head of GMSA, Mr Bob Price.

Workers are demanding severance pay and repayment of pension contributions.

KEEPING AN EYE ON PEOPLE AND EVENTS BEYOND O

It's not all bad news for SA

9/11/86 237 280 SUNDAYS

By PATRICIA CHENEY: Washington

THE sanctions-minded Democrats may be in control of the US Senate now, but congressional staff members say there is little likelihood they will slap a new round of economic bans on South Africa soon.

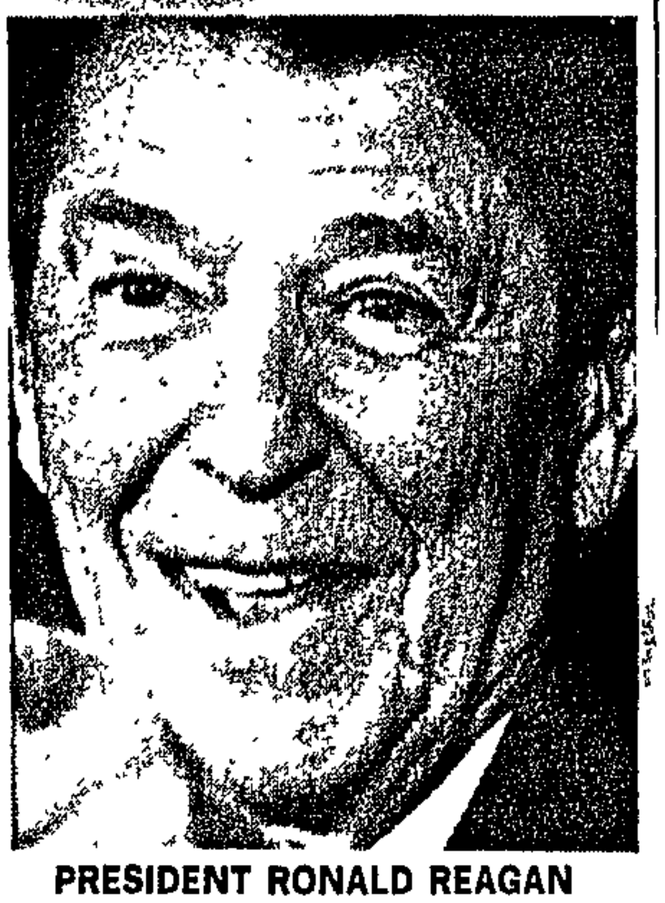
"We have to go through a legitimate waiting period to see if the South African Government responds to the present sanctions," said an aide to Senator Edward Kennedy.

"We also have to wait for direction from the black anti-apartheid leadership in South Africa," he added. "Congress is now run by people listening to Bishop Tutu, Allan Boesak and Beyers Naude."

The aide said even if the Senate did not consider any more sanctions, there would be an effort by the Foreign Relations Committee, probably to be chaired by Senator Claiborne Pell, to influence administration policy.

"I think there is going to be more of a regional emphasis," he said. "There is strong interest by many Democrats in providing aid to the Front-line States."

America has bigger fish to fry . .



PRESIDENT RONALD REAGAN

Gloomy

The frontrunner for the chairmanship of the Africa sub-committee is liberal Democrat Senator John Kerry of Massachusetts, a solidly pro-sanctions legislator who has undertaken to monitor the administration's implementation of the new sanctions legislation.

It is uncertain whether the former chairman, Senator Nancy Kassebaum, will remain on the Africa sub-committee.

Though gloomy about their party's defeat, Republican staff members agreed that the new Democrat regime did not necessarily spell disaster for South Africa.

"The Senate has already spent too much time on South Africa," said one Republican aide.

"The Democrats are far more interested in taking on the White House about Nicaragua.

"South Africa was a good issue for them when they were on the outs but now they have bigger fish to fry."

Battle

He also pointed out that a significant number of Democrat Senators were quite conservative.

"There's going to be a battle between conservative Southern Democrats and the more liberal faction before there's a Democrat consensus on any issue.

"That's good news from Pretoria's point of view."

One probable victim of the new regime will be the $15-million (R32,1-million) in covert American aid to Unita, the Angolan rebel group.

The Democrats, who bitterly oppose covert military aid of any kind, would like to call the Reagan administration to account for its assistance to several anti-communist groups like Unita and the Nicaraguan Contra rebels.

Moves have been put forward in the House of Representatives to make the Unita aid overt and thus contingent upon congressional approval.

Proponents of this initiative have already said they would try to take advantage of the new Democrat majority on this issue.

Whatever the Democrats' views are, possible targets of their ire will inevitably have a period of grace while the upheaval accompanying a change of control takes place.

Game

The final outcome will depend heavily on what senators chair what committees and what the liberal/conservative mix is in those committees.

"There's a game of musical chairs taking place now," said one aide.

"Ask me what's going to happen when the dust settles a bit."

Strike goes on as GM rejects new union proposals

CP Correspondent

THE strike at General Motors by about 2 000 workers, after the US company announced it was pulling out of SA, has apparently reached a stalemate.

The National Automobile and Allied Workers' Union said GM bosses "flatly rejected" revised demands by the union.

On Tuesday, Naawu and the Motor Assembly and Components Workers' Union asked that the issue of severance pay be referred to GM's Detroit headquarters.

They also proposed that workers be given the choice of being paid out their pension fund money or having it transferred to a jointly-managed new provident fund. The unions' also originally demanded worker representation on the new board of directors.

GM said it was not prepared to negotiate until workers returned to work, said Naawu regional secretary Les Kettledas.

Bosses said that the "new" GM, will continue to do business in SA, operating from its PE plant.

And it believes it has no obligation to make any severance payments to workers who, they say, are not going to be retrenched.

At the plant about 2 000 workers were encamped around the assembly line awaiting agreement to their demands.

● The massive Congress of SA Trade Unions has announced support for the GM workers "in their battle to get the company to negotiate with them on their future and the future of the company".

"We wish to reiterate that workers are not prepared to bear the brunt of sanctions and disinvestment which is the direct result of apartheid."

● A sit-in by workers at Harvestime's PE vegetable processing plant has been broken up by police after bosses brought an urgent court application against the workers.

and absolute comfort

99.90

Syria helps lift the heat off SA

Own Correspondent

LONDON — European Foreign Ministers meeting in England today are unlikely to make SA a priority issue.

While it is on the agenda, two other major issues are expected to take up most of the discussion time.

These are: East/West relations; and the question of Syria and its involvement in international terrorism.

A British Foreign Office spokesman said yesterday the Ministers would be able to discuss SA only in the afternoon — after the priority subjects had been dealt with fully.

He expected no dramatic statement or decision regarding SA to emerge from the discussions.

However, Whitehall sources said the fact that SA featured on the agenda at all showed that it remained a matter of considerable importance.

UK government sources believe the next move must come from Pretoria to show it means business with the dismantling of apartheid. The ball was still firmly in SA's court and the time was not ripe for a major diplomatic initiative on the part of the European Community, one Whitehall source said.

At last month's meeting of European Foreign Ministers in Luxembourg the SA question was overshadowed by British efforts to persuade the EC to adopt diplomatic and economic sanctions against Syria. This came after the Syrian Embassy in the UK had been implicated in a thwarted terrorist attack.

The death of Mozambique's President Samora Machel and the deterioration of regional security in Southern Africa have, however, ensured that SA will remain on the agenda this time.

While Holland and Denmark are expected to revive efforts to tighten EC sanctions against SA — by including a ban on coal imports — West Germany is again expected to veto the move and counter with a diplomatic initiative.

10/11/86 STAR

More moves to end apartheid

UN demand for mandatory oil embargo against South Africa

By Michael Kallenbach, The Star's Foreign News Service

NEW YORK — The UN General Assembly is expected to approve a package of eight resolutions today designed to force South Africa to end apartheid.

Among them is a call for mandatory sanctions against South Africa, including one which urges the Security Council to take urgent action to impose a mandatory oil embargo "on the supply and shipping of oil and petroleum products" to South Africa".

That resolution was sponsored by Algeria, Cuba, Indonesia, Iran, Kuwait, Malaysia, Nigeria, Norway, Uganda, Yemen and Zambia.

The main resolution, which calls for mandatory sanctions, will not gain votes from Western nations, particularly since it criticises President Reagan's policies of "constructive engagement".

It also asks the Security Council to apply sanctions under Chapter 7 of the UN Charter.

The US, Britain and other countries were urged to reconsider their opposition to the "application of comprehensive mandatory sanctions".

PRESSURE

In addition, there is strong condemnation of the state of emergency in South Africa and a request to the international community to exercise maximum pressure.

"Sanctions are the most appropriate and effective peaceful means to end apartheid, liberate Namibia and maintain peace in southern Africa," says one resolution.

Several speakers in the debate have denounced Western nations for their support of South Africa.

The chairman of the UN Committee Against Apartheid, Mr Joseph Garba of Nigeria, said at the start of the debate: "The purpose of imposing sanctions on South Africa is not to destroy the economy or punish the whites

"On the contrary, we are convinced that the South African regime's obduracy, its futile attempts to maintain white supremacy, its aggression against neighbouring states, will only cease when the threat of sanctions — mandatory, comprehensive and universally applied, is made real."

Several speakers praised the recent US Congress's recent decision to impose sanctions against South Africa but criticised President Reagan and noted that the measures were adopted only after his veto was overridden.

Mr Manuel dos Santos of Mozambique accused South Africa of intensifying its acts of aggression and destabilizing neighbouring states.

There were, he added, forced removals to impoverished lands and many had fallen victim to apartheid's "genocidal fury".

"Hordes of bandits and mercenaries have been dispatched into my country and Angola to sow death, sorrow and misery and to destroy economic and social infrastructures," he said.

South Africa had become ungovernable, he said.

Mr Dos Santos also hinted that South Africa might have been involved in the death of Samora Machel.

MNR attacks town near Malawi border

The Star's Africa News Service

10/11/86 STAR

MAPUTO — Anti-government rebels are attacking the town of Ulongue, in Mozambique's north-western province of Tete, the Mozambique News Agency, AIM, said yesterday. The town is about 20 km from the Malawian border.

Quoting government sources the agency said the attack against Ulongue had started at 6 am on Saturday, but it gave no further details.

When MNR rebels overran several towns in northern Mozambique a few weeks ago, sources in Maputo said at the time that Ulongue had been taken.

In its report yesterday, AIM said: "Several localities in Tete and Zambezia have come under MNR attack after invasions from Malawian soil which began at the end of September".

JONSSONS 00576/1

Strikers at GM find gates closed

Hundreds of striking General Motors workers arrived at two factories in Port Elizabeth early today, but locked gates prevented them entering the plants to continue their sit-in strike, according to the company and the union.

The regional secretary of the National Automobile and Allied Workers Union (Naawu), Mr Les Kettledas, said: "We are still on strike and regard this as an illegal lockout."

GM's industrial relations manager, Mr Rob McIlwaine said workers had been advised there would be no production today.

As the strike by at least 2 000 employees entered its thirteenth day today, moves were afoot to get the parties to arbitration as soon as possible.

The dispute, sparked by GM SA's decision to sell its operations to local buyers, centres on union demands for severance pay, pension fund payouts and a say in the board of the new company. Already GM has dismissed 567 workers for refusing to leave the plants last week.

Meanwhile, the launch of GM's new Monza range is almost certain to be frozen as a result of the strike.

Production of 60 Monza cars a day is being lost as a result of the strike and the company is now expected to suspend its launch, GM's Director of Technical Operations, Mr Keith Butler-Wheelhouse said.

New GM conflict looms

ALAN FINE

A NEW clash may be looming between General Motors management and the 2 000 striking workers today.

Workers decided at a mass meeting on Friday to return to company premises to "start where we ended off on Wednesday" — when more than 500 were evicted and subsequently dismissed.

But GM has announced that the two strike-bound plants "will be closed for normal production" today, cancelling its decision to open the plants after reading Press reports of the meeting which it interpreted to mean that the strike would continue.

National Automobile and Allied Workers' Union (Naawu) regional secretary Les Kettledas confirmed this yesterday.

Kettledas told *Business Day* resumption of production depended on management coming forward with "anything positive" regarding demands related to severance pay and pension contributions

● To Page 2

GM strike — new conflict looms

● From Page 1

when new management takes over, and the dismissal of the 500.

If, however, workers found themselves unable to gain access to company premises this would be considered by the union to be an illegal lockout, he said.

The GM statement says it is "senseless" for the strike to continue, as the matter is to be referred to arbitration. It is believed details about the identity of the arbitrator and his terms of reference will be addressed today. GM industrial relations manager Robert McIlwaine has also said if the company were approached on the issue of the dismissals it would be willing to enter into discussions on the matter".

But Kettledas questioned the veracity of this undertaking, saying any "positive" moves by GM's industrial relations department had, throughout the strike, been undercut by the "hardline" attitudes of MD Bob White and other top management.

McIlwaine declined to comment further yesterday, and White could not be contacted.

Announcement expected 'soon'

Harare set to review SA air, trade ties

THE cutting of air links and the re-evaluation of trade between SA and Zimbabwe is imminent, well-placed sources in both countries believe.

SA government and Zimbabwean diplomatic sources feel an announcement to this effect will be made in Harare soon.

The status of trade missions in Zimbabwe and SA is almost certain to be downgraded, they say. The moves are expected within the next two weeks.

Diplomatic sources in Harare feel it is unlikely, however, that Zimbabwe will sever all diplomatic ties with SA.

Sources feel there will be a change of name and status for the "trade mission" SA was allowed to maintain in Harare after Zimbabwe's independence in 1980.

The mission might become a consular facility or "interest office", continuing vital contact on border formalities, the issuing of visas, and matters such as repatriation of fugitive offenders against the common criminal law.

Diplomats discount a persistent rumour in Harare that Zimbabwe will this week close its Beit Bridge border post, the key road and rail link between the two countries.

MICHAEL HARTNACK in Harare and MAX DU PREEZ

They believe, however, that Zimbabwean Prime Minister Robert Mugabe will honour his pledge to participate in the Commonwealth "sanctions package" agreed to in London in August.

Measures provided for in the package include the severing of all direct air links and the barring of flights to and from SA.

Some 50 flights a week could be affected, causing hardships for families divided by the Limpopo, and extra expense for businessmen with interests on both sides of the river.

One result is likely to be the transformation of Gaborone into a regional air terminus. Another will be increased prices for all Zimbabwe's imports from SA — some 20% of the total, despite recently increasing emphasis on British and other overseas sources of supply.

SA Airways has cancelled all its advertising in Zimbabwe and has made no

● To Page 2

Harare-SA 'freeze'

● From Page 1

moves to reopen its gutted offices in central Harare, set on fire during the October 21 student riot triggered by alleged SA involvement in the air crash which killed Mozambique President Samora Machel.

But diplomats in Harare feel South Africans are doing nothing immediately to provoke Zimbabwean severence of existing economic and diplomatic links.

Pretoria is thought to be waiting for Mugabe to take the initiative.

The sources also note that despite the report during the Non-Aligned Movement summit in Harare in August that the Zimbabwe-SA preferential tarrif agreement was "dead", it is still working normally.

The trade pact, inherited from Ian Smith's Rhodesian government — and covering a wide range of commercial relations — was re-negotiated in July.

Mugabe has said Zimabwe's commitment to join international sanctions would take precedent over the provisions of the trade agreement.

A weekend statement by the SA Defence Force also predicted an escalation of the southern African war of words, especially between SA and Zimbabwe.

Business Day was told yesterday that in another development, SA was in the process of negotiating the establishment of other trade missions in Africa.

One country thought to be involved is Zaire. SA already has a trade mission in Maputo.

Diplomats monitoring the situation from Pretoria believe the release of a document by SA Foreign Minister Pik Botha last week, detailing evidence of a joint Maputo/Harare plan to topple the Malawian government of President Kamuzu Banda, has further angered the Frontline presidents, especially Mugabe.

Confusion delays US sanctions

Eve Post 28/11/86

WASHINGTON — The US Administration has begun implementing sanctions imposed by Congress on South Africa after weeks of delay which have caused chaos at ports and prompted accusations of foot-dragging from legislators.

US officials say the delay has been caused by mistakes and inconsistencies in the long and complex legislation.

Congressional aides say the Administration has been slow to enact the strong measures Congress enacted on October 2 by overruling a veto by President Ronald Reagan.

The law bans new US public and private loans and new investment by American business.

Imports of South African steel, pig iron, farm products and food, military vehicles and ammunition were banned immediately and after 90 days textiles, uranium and coal are due to be added to the list.

Mr Reagan, who opposes what he calls punitive sanctions against South Africa, did not order the implementation of the law until October 27.

During that time, South African goods piled up at US ports and airports and South African Airways, theoretically banned from flying direct to the United States since October 12, continued to land at New York.

One official said customs agents, confused about which goods were affected by the import ban, simply held up all goods from South Africa, pending orders from Washington.

Officials have eased the congestion by agreeing to release goods if the US importer signs a declaration of responsibility for possible violations of the law.

One US official attributed the delay partly to the fact that the White House believed it could defeat the sanctions Bill until a few hours before the vote in Congress.

This meant there were no contingency plans to enforce the measures as there are when sanctions are a result of Administration policy, such as the trade embargoes against Libya and Nicaragua.

Most officials say inconsistencies and contradictions in the law, written in Congress after about 20 hastily drafted amendments were approved in the rush to pass the Bill, have been the stumbling block.

The official said a row has blown up over ferro-alloys, or iron-based sheet metals. The US steel industry wants these included on a list of strategic materials exempt from the import ban, to guarantee its supply of cheap South African alloys.

The ferro-alloy industry argues they are not strategic metals and should be included in the ban, with obvious benefits to domestic manufacturers.

The State Department is also trying to compile a list of South African companies owned or controlled by the Government, whose imports are banned under the law.

Officials said the list could cause a problem by exposing the Administration to lawsuits from South African companies contesting their inclusion and US firms angry at being denied a source of raw materials. — Sapa Reuter

A pull-out a day keeps US firms away

CITY PRESS
26/10/86
280

COMPUTER corporation Honeywell became the third high-profile business to disinvest from South Africa on Wednesday in what has been dubbed the week of "a pull-out a day".

General Motors announced on Monday that it was selling its SA operations, and IBM followed on Tuesday – because of the deteriorating political and economic situation in SA.

The Honeywell decision was made at a board meeting in Scotland on Tuesday. Negotiations for the sale to a local company were in the final stages, but a definitive agreement had not been reached, according to the *Minneapolis Star and Tribune*.

The decision was confirmed by board member Elizabeth Bailey, the newspaper said.

Bailiey said the decision "had nothing to do with" those by IBM and GM. She said profits from the SA operation had declined in recent years.

Honeywell's SA subsidiary employs about 159 people, 49 of whom are black.

Reacting to the pullouts this week, Richard Knight of the American Committee on Africa – an anti-apartheid organisation – said: "This will be great news.

"Three major corporations leaving in as many days. This shows the success of the divestment movement."

Meanwhile 3 000 General Motors workers in Port Elizabeth are bitter and disappointed.

This comes amid the company's assurances that it would not leave them in the lurch.

Mono Badela reports that the workers' bitterness and anger centers on what happened to their colleagues employed by the Ford Motor Company when it pulled out of SA recently.

The GM workers believe that like Ford workers they may be "dumped" by their company.

In two weeks GM will announce the implications of its pull-out.

Cape Midlands Chamber of Industry director Brian Mathews could not say what GM's pull-out implied for the workers.

"We are waiting for November 3, but it seems assurances have been made to the workers."

City Press interviewed several workers this week and discovered that despite management assurances the workers were anxious about the future of their jobs.

They charged that PE car manufacturers have a poor "track record" when it comes to retrenchments."

● The US corporations' pull-out was triggered by Coca Cola when it announced last month that it had sold its SA franchise to local businessmen.

In a comment about GM and IBM's pullout, the *Wall Street Journal* suggested once more that "Americans who want a scorched earth in Southern Africa will probably get one", citing events like the killing of Soweto activist Masabata Loate and the World Council of Churches' R177 000 grant to the ANC and R244 000 to Swapo.

IBM SA employs some 1914 workers in 1984 and the sale of the company is to be completed on March 1.

Sanctions finally on line after chaos

WASHINGTON. — The US administration has finally begun implementing sanctions, imposed by Congress on SA, after weeks of delay.

US officials say the delay — which has caused chaos at ports and prompted accusations of foot-dragging from legislators — is due to mistakes and inconsistencies in the complex legislation.

The law, designed to put pressure on the white-dominated government in Pretoria to reform its apartheid system, bans new US public and private loans and new investment by American business.

Imports of SA steel, iron, farm products and food, military vehicles and ammunition were banned immediately and after 90 days textiles, uranium and coal are due to be added to the list.

Reagan, who opposes what he calls punitive sanctions against SA, did not order the implementation of the law until October 27.

Chaos at ports

During that time, SA goods piled up at US ports and airports and SA Airways, theoretically banned from flying direct to the US since October 12, continued to land at New York.

One official said Customs agents confused about which goods were affected simply held up all goods from SA pending orders from Washington.

Officials have eased the congestion by agreeing to release goods if the US importer signs a declaration of responsibility for possible violations of the law.

Representative Mickey Leland, a Texas Democrat, was among those angered by the delays.

Leland was particularly angry when he discovered SAA still flying in and out of New York, benefiting from a law that allows Reagan 60 days to decide whether ending air links could damage national security.

One US official attributed the delay partly to the White House belief it could defeat the sanctions bill until a few hours before the vote in Congress.

This meant there were no contingency plans to enforce the measures as there are when sanctions are a result of administration policy, such as the trade embargoes against Libya and Nicaragua.

Row over ferro-alloys

Most officials say inconsistencies and contradictions in the law, written in Congress after about 20 hastily-drafted amendments were approved in the rush to pass the bill, have been the stumbling block.

One problem arose over the wording of a textile ban which the State Department official said was so broad it would have meant "any South Africans arriving in the US would have had to strip on landing".

The official said a row has blown up over ferro-alloys, or iron-based sheet metals. The US steel industry wants these included on a list of strategic materials exempt from the import ban, to guarantee its supply of cheap SA alloys.

The ferro-alloy industry argues they are not strategic metals and should be included in the ban, with obvious benefits to domestic manufacturers.

The State Department is also trying to compile a list of SA companies owned or controlled by the government, whose imports are banned under the law.

Officials said the list could cause a problem by exposing the administration to lawsuits from SA companies contesting their inclusion and US firms angry at being denied a source of raw material. — Sapa-Reuter

US sanctions begin to bite



● REAGAN

WASHINGTON — The US administration has begun implementing anti-SA sanctions after weeks of delay which have caused chaos at ports and prompted accusations of foot-dragging from legislators.

US officials say the delay has been caused by mistakes and inconsistencies in the long and complex legislation.

Congressional aides say the administration has been slow in enacting the strong measures Congress enacted on October 2 by overruling a veto by President Ronald Reagan.

The law, designed to put pressure on SA, bans new US public and private loans and new investment by American business.

Imports of SA steel, iron, farm products and food, military vehicles and ammunition were banned immediately. After 90 days textiles, uranium and coal are due to be added to the list.

Reagan, who opposes what he calls punitive sanctions against SA, did not order the implementation of the law until October 27.

During that time, SA goods piled up at US ports and airports and SA Airways, theoretically banned from flying direct to the US since October 12, continued to land at New York.

One official said customs agents, confused about which goods were affected by the import ban, simply held up all goods from SA pending orders from Washington.

Officials have eased the congestion by agreeing to release goods if the US importer signed a declaration of responsibility for possible violations of the law.

Representative Mickey Leland, a Texas Democrat — among those criticising the delays — was particularly angry when he discovered SAA was still flying in and out of New York, benefiting from a law that allows Reagan 60 days to decide whether ending air links could damage national security.

One official attributed the delay partly to the fact that the White House believed it could defeat the sanctions Bill until a few hours before the vote in Congress.

This meant there were no contingency plans to enforce the measures as there were when sanctions were a result of administration policy, such as the trade embargoes against Libya and Nicaragua.
— Sapa-Reuter.

G Vincent products escape EC sanctions

ANTHEA DUIGAN

WITH the imposition of sanctions, G Vincent has found itself in the fortunate position of having products which are not subject to the sanctions imposed by the European Community.

Over the past three years a shrinking in local demand prompted the company to embark on an extensive export drive. The benefit of the drive has been reaped over the past 18 months with a 2 000% increase in export turnover.

G Vincent, which manufactures cold rolled steel sections for the building and allied industries, has numerous manufacturing divisions.

Turnover over the past 10 years has increased from R5,8m to R30m. The volume of steel processed through the Elandsfontein factory has increased from 10 000 tons to 36 000 tons/year.

Much of the increased production can be attributed to the company's many machines, which are designed and manufactured in-house by G Vincent staff.

In 1984 the company's single factory facility became too small, so a new factory site in Elandsfontein was bought and a modern expandable factory built to house certain rolling mills and the heat exchange division.

In the middle of this year the company acquired an automatic steel servicing plant, which has opened new avenues for both the domestic and the export markets.

No manpower is required once the steel sections or fabricated components have been loaded on to the mechanical handling system.

From cutting, the material moves off automatically to be drilled to any predetermined configuration. A multi-head drill performs swiftly and accurately.

After the drilling stage the material is either ejected from the automatic line or continues to the shot-blasting wheelabrator, where surface cleaning can be completed to the correct specification.

The final stage is the painting booth, where the material is primed prior to packing and despatch.

The plant is suitable for all structural steel fabrication and volume-oriented component manufacture.

Although repetitive volume is most suitable for the production facility, one-off jobbing is possible.

The usual product range of cold-formed steel profiles includes GV long-span galvanised and pre-painted roof-sheeting, structural profiles such as lipped channels, zeds, tophats, angles and numerous specials.

The Rondo range of suspended ceilings and Broadwall demountable partitions are manufactured. Cable trunking, electric support systems, permanent shuttering and many others are supplied to the building industry.

Specialised and ultra-heavy rollings bring heavy duty truck chassis members and railway rolling stock components into the product range.

Initially the company quoted through local agents for export inquiries and secured orders for roofsheeting for the Indian Ocean islands.

As a result of a survey visit to study steel-framed buildings in the Far East, some valuable contacts were made and after many visits, long-term exclusive distributorship agreements for suspended ceiling grids and demountable partitioning grid components were signed in Hong Kong and Taiwan.

However, the great impetus to export endeavours was in 1985, when the completed range of products including cold-formed structural sections, cable trunking and special purpose sections were placed at the Spring Fair in Cologne.

G Vincent has diversified in order to obtain the maximum contribution for its asset base, and is continually looking for a bigger market for its products.

● GORDON

Extension delayed 'indefinitely'

Europe holds out against coal sanctions

LONDON — West Germany and Portugal held the line against a possible European ban on SA coal imports yesterday. And after a meeting of Foreign Ministers from the 12 EC countries it seems an extension of sanctions has been delayed indefinitely.

British Foreign Secretary Geoffrey Howe, current president of the European Council of Ministers, said: "No conclusion was reached. It remains part of the measures on which there is no consensus."

Howe refused to detail the discussions, but officials said there had been no change in positions taken by European governments in Brussels in September, when limited sanctions were approved but coal — one of SA's major export earners — was dropped from the package.

Sources confirmed that West Germany and Portugal had maintained their opposition, while the Dutch and Scandinavian governments pressed for the inclusion of coal, which last year realised R2,3bn in European sales.

After the Brussels meeting, the British government was given a mandate to continue to seek concensus on coal. But yesterday that was clearly impossible and officials were reluctant to predict when the deadlocked situation might change.

SA was not a major issue at the London meeting and was well down on the agenda as Foreign Ministers struggled with the problems of East-West relations, Latin American policy and Syrian-backed terrorism.

The decision taken in Brussels banned European imports of SA iron, steel and gold coins, as well as blocking new investment.

Iron and steel exports to Europe last

● To Page 2

No EC consensus on SA coal ban

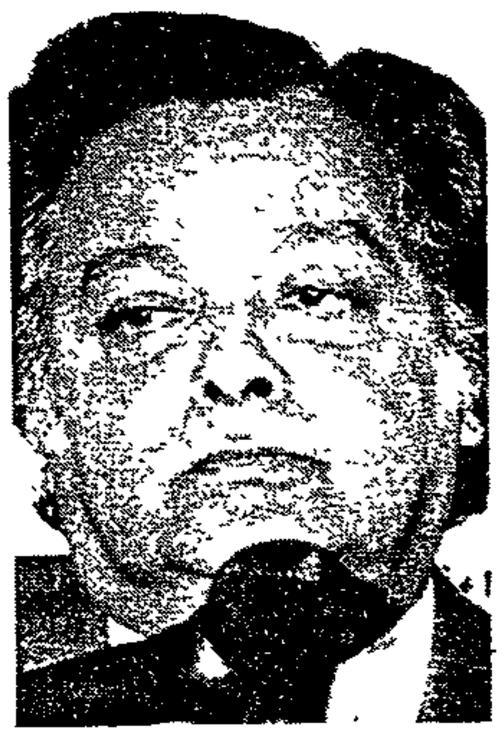
● From Page 1

year were worth R777m, but a series of complex definitions about which products could not be purchased has brought the impact down to a lot less than that.

The ban on new investment has proved even more difficult to implement, and European government officials are still working out the details.

The only formal statement on SA after yesterday's meeting was the familiar joint declaration that everything should be done to promote dialogue between black leaders and the SA government, and that in Southern Africa as a whole it was necessary for "restraint to be exercised on all sides". — Sapa.

Beira line may not be ready



Sir Shridath Ramphal ... 'November perhaps the month for sanctions'.

By Robin Drew,
The Star's Africa News Service

HARARE — Zimbabwe is a long way from being ready to cope with likely economic retaliation from South Africa should it go ahead with the limited measures, including a ban on air links, agreed to by six Commonwealth countries at the August mini-summit in London.

After that meeting, Prime Minister Mr Robert Mugabe said his country and Zambia were definitely going to impose the limited sanctions and that this might come about in the last quarter of this year.

Subsequently, he said the Commonwealth Secretary-General, Sir Shridath Ramphal, had mooted November as "perhaps the month" when sanctions would be imposed.

Because of the likelihood of South Africa impeding the flow of traffic on its transport system in the event of sanctions, an urgent programme was started to increase the carrying capacity of the railway line to Beira and to improve facilities at the port.

Zimbabwe relies on the South African transport system for 90 percent of its import and export traffic, and the use of Beira is an essential component of the contingency plan to get round South African retaliation.

The railway line from the Zimbabwe border to the port is being relaid at the rate of about one kilometre a day and it had been hoped it would be completed by the end of December.

But Mr Denis Norman, chairman of the Beira Corridor Group, a company associated with the rehabilitation of the route, said last week a more realistic date for the upgrading of the railway line was now the end of March

The channel at Beira is being deepened to seven metres and this should be complete by the end of the year.

The port currently handles about 1 million tons of traffic a year, but of this 600 000 tons is fuel for Zimbabwe which is pumped through the pipeline to Mutare.

Mr Norman said in theory the port should be able to handle 3 million tons annually by early next year, but a good deal of work had to be done in the harbour and more locomotives would have to be obtained.



Mr Denis Norman ... 'much work to be done in Beira harbour'.

towards the end of her stint in France

Ch

General Assembly approves package of anti-SA resolutions

By Michael Kallenbach, The Star's Foreign News Service

NEW YORK — The UN General Assembly yesterday overwhelmingly approved a number of resolutions aimed at bringing an end to South Africa's apartheid policies.

The main resolution, calling on the Security Council to impose mandatory economic sanctions, obtained 126 affirmative votes, 16 against, with 13 abstentions.

There was also a call for an oil embargo on South Africa and condemnation of the state of emergency.

The oil embargo resolution was passed 136-5, with 15 abstentions.

In addition, another resolution on Israel's cooperation with South Africa condemned such collaboration in the economic, military and nuclear fields and was adopted 102-29, with 26 abstentions.

Another draft reaffirmed South Africa must be isolated in all forms of sport and attracted 131 votes, none against, with 24 abstentions.

However, the resolutions are merely recommendations and only the Security Council can impose mandatory measures against South Africa.

As expected, the resolutions call on the council to do precisely that, while the US and Britain were asked to reassess their policy of blocking sanctions attempts in the council.

An earlier vote that this wording be deleted from a resolution fell flat after 73 nations said reference to Washington and London should remain in the text. Fifty said no, with only 23 abstentions.

Before the vote, Zimbabwe's delegate, Mr Isack Mudenge, told the assembly the time for sending faint or contradictory measures to Pretoria was over.

"Our message must be united, powerful and peaceful in character," he said, "and it should go out from the Security Council."

"This is no time for equivocation, hesitation or prevarication," he said, adding: "It is not the time for such dishonest arguments like 'sanctions will hurt neighbouring states and black South Africa' ".

Bitterness

He asked: "How can we fear the bitterness of the sanctions pill when the apartheid disease is killing us?"

Tanzania's Mr Wilbert Chagula praised the recent adoption of sanctions by the US Congress and said this factor, coupled with the internal revolt in South Africa, gave cause for optimism regarding the ultimate elimination of apartheid.

Zambia's ambassador, Mr Peter Zuze, criticised the West for enabling South Africa to be profitable despite abhorrent conditions.

He lashed out at the US and Britain for doing everything to prevent the Security Council from taking appropriate measures against South Africa, and said it was unfortunate the privilege of the veto power had been frequently abused.

"Soft policies towards South Africa will never have any impact for positive change," he said.

Unacceptable

The US delegate, Miss Patricia Byrne, repeated after the vote that sanctions against South Africa were unacceptable to the Reagan administration.

"Each member should feel free to adopt those policies which it believes will contribute the most to a solution of this problem," she said.

"My government has decided on a mix of pressure and persuasion."

Police sco drugs wor

By Craig Kotze, Crime Reporter

International co-operation and good detective work by the South African Police had led to drug hauls worth more than R34 million in the Transvaal,

GM workers meet today to decide on strike

More than 2 000 strikers at General Motors in Port Elizabeth will meet today to decide whether or not to end their 13-day-old strike, say union leaders.

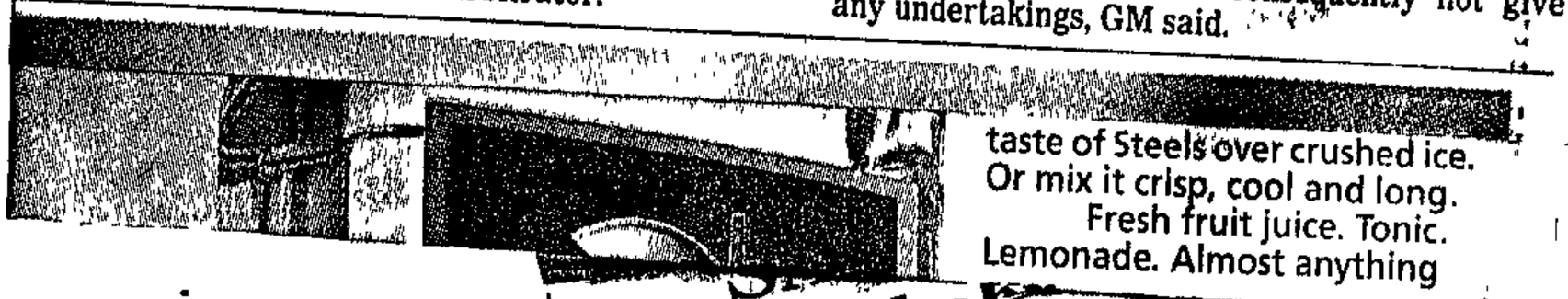
Employees from two unions involved in the strike told GM yesterday they wanted to end the work-stoppage but had to get union sanction first, a statement from the firm said.

GM plants remained closed today, said Mr Rob McIlwaine, the company's industrial relations manager. "We should know the outcome of the union meeting late this afternoon. In the meantime, plans are going ahead for an arbitration hearing and we are in the process of trying to agree with the union on an arbitrator."

GM said that after a meeting with shop stewards yesterday, and the undertaking that workers would report back to their unions, Mr Les Kettledas, regional secretary of the National Automobile and Allied Workers' Union (Naawu) telephoned GM requesting an urgent meeting.

A meeting was held with union officials at 2 pm yesterday and it was evident, GM said, both parties had a different understanding of the purpose of the meeting.

Mr Freddie Sauls, Naawu's general secretary, said at the meeting that he had no mandate from employees on strike that it was their wish to return to work, and could consequently not give any undertakings, GM said.



Vaal reporter

Argus
11/11/86
280

UN acts again on sanctions against SA

The Argus Foreign Service

NEW YORK. — The United Nations General Assembly has approved overwhelmingly a number of resolutions aimed at bringing an end to South Africa's apartheid policies.

The main resolution, calling on the Security Council to impose mandatory economic sanctions, received 126 affirmative votes, 16 against, with 13 abstentions.

There was also a call for an oil embargo against South Africa and condemnation of the state of emergency. The oil embargo resolution was passed 136-5, with 15 abstentions.

Another resolution condemned Israel's co-operation with South Africa in the economic, military and nuclear fields, and was adopted 102-29, with 26 abstentions.

One draft reaffirmed that South Africa must be isolated in all forms of sport, attracting 131 votes, none against, with 24 abstentions.

However, the resolutions are merely recommendations and only the Security Council can impose mandatory measures against South Africa.

US stand

As expected, the resolutions call on the council to do precisely that, while the US and Britain were asked to reassess their policy of blocking sanctions attempts in the council.

An earlier vote that this wording be deleted from a resolution fell flat after 73 nations said reference to Washington and London should remain in the text. Fifty said no, with only 23 abstentions.

US delegate Miss Patricia Byrne repeated after the vote that sanctions against South Africa were unacceptable to the Reagan administration.

"Each member should feel free to adopt those policies which it believes will contribute the most to a solution of this problem," she said.

● The Argus Foreign Service in London reports Europe has failed for a third time in just more than a month to reach agreement on banning South African coal.

West Germany's rigid opposition to it prevented consensus among the European Community's 12 foreign ministers. Any further EC-wide action against South Africa — like adding a coal ban to existing measures — must have the unanimous backing of all member states.

Unemployment

However, the EC has affirmed its backing for financial and other aid to South African blacks and the frontline states.

Holland, with the support of Denmark and Ireland (which both have their own coal bans), restated its plea for the ban to be included in the truncated package agreed to in Brussels in September.

Without a coal ban, Holland argues, the measures are too weak and are neither "meaningful" nor "effective".

West Germany, on the other hand, believes a ban on coal will cause further unemployment in South Africa and increase racial friction, and West German Foreign Minister Mr Hans Dietrich-Genscher refused to budge.



Picture PETER STANFORD, The Argus

CHAMPION CORGI: Proud owner, Mr Charles Prince of Southfield, shows off his certificate-collecting Welsh corgi Tara.

Corgi Tara pips the best to be SA's top dog

Staff Reporter

GOOD dog, Tara. Actually, she's such a good dog that she has become the first Welsh corgi in South Africa to be Obedience Champion.

It's an honour usually reserved for bigger working dogs like dobermans, German shepherds and border collies.

Tara — registered as Tammay — is the small, stocky type of dog probably best known as Queen Elizabeth's favourite breed. The corgi certainly doesn't fit the classic mould of obedience champion.

"I wanted to show that they are intelligent and can achieve a high standard of obedience," said her proud owner, Mr Charles Prince of Southfield.

To earn the title of obedience champion from the Kennel Club of South Africa, the dog has to win three certificates from three different championships under three different judges. And it has to score more than 290 out of 300 points each time.

Tara won her first title in Oudtshoorn on June 14.

"It was lucky 13 for us. We left on the 13th, there were 13 dogs in the contest, we drew number 13 — and of course number 13 won!"

It was not until September that she won her next title — but for good measure she won two titles in two days.

The obedience test involves various aspects like the heel command, controlling from a distance, the sit and stay, and the sendaway and recall.

"In the higher category no talking is allowed. You have to have a kind of bond between human and animal."

Why did he do it?

At first he simply wanted to train Tara to keep her in check at home.

"We trained virtually every day for about half an hour. As we progressed I cut down to avoid having her become stale.

"Many were sceptical. But one person who had faith in me was Peter Borgstrom of the German Shepherd Dog Club. He said to me: 'That dog will be a champion one day'."

US, European firms 'differ on SA'

LONDON — A new survey draws a sharp contrast between the role of West European companies investing in South Africa and their US counterparts.

The Americans, says author Geoffrey Hamilton, have played a prominent role in trying to persuade the International Chamber of Commerce (ICC) to take a clear political line against apartheid.

He claims the ICC's European membership has blocked US attempts to persuade the ICC to threaten wholesale disinvestment unless the SA government met certain conditions.

Hamilton is head of research at the Geneva-based Institute for Research and Information on Multinationals.

The institute's 23-page report cites several main reasons why US-based companies have been more active in opposing apartheid and, in some cases, disinvestment.

US multinationals are under much greater pressure to disinvest than their European counterparts. Such pressure comes from shareholders, consumer and anti-apartheid groups, churches, and local and national legislatures. The US's black community is taking a leading role

Own Correspondent

No comparable campaign exists in Europe and the influence on governments of trade unions, particularly in West Germany and the UK, have "rarely been at such a low ebb".

Hamilton says the principles for multi-racial employment formulated by US civil rights campaigner Leon Sullivan in 1977 have been much more effective in influencing US companies than the EC code has been in relation to European companies.

While US President Ronald Reagan has withheld subsidies from companies violating the principles, there has been no equivalent enforcement of the EC code.

While most US multinationals have wholly-owned subsidiaries with US managers, many subsidiaries of European companies are run as joint ventures by locally-recruited managers, making them, to the public, "indistinguishable from indigenous South African companies".

The report says companies' political action could be best exercised "less by trying to influence the SA government and more in support of their black employees and the trades union movement in their struggle".

Hamilton adds: "Out of this trade union movement will come, in all likelihood, the future leaders of South Africa, and it makes business sense for the companies to develop the closest possible links (with them)."

According to the survey, British companies in SA are more anti-union than those based in other countries and less active in mounting opposition to apartheid. They also show less sign than their US counterparts, such as General Motors, of pulling out of SA.

How to cope with sanctions

WITH the sanctions net drawing tighter around SA, government and many private bodies are presently exploring various means to circumvent these punitive measures.

Pat Corbin, president of the Johannesburg Chamber of Commerce, believes, however, that we may be premature in drawing conclusions on the effects of sanctions.

"Although a lot of sanctions legislation has been passed (in Europe and America) we do not yet know how punitive the final laws will be in practice."

This was illustrated recently when Denmark voted to ban trade links with SA.

However, Danish firms were given a six-month period to adjust, and those heavily dependant on SA goods may apply for an exemption period of up to two years.

"If we take the orginal EC proposals to ban coal exports there are still too many questions unanswered. Will it affect current contracts? How will it affect quasi-government bodies that have contracts with SA?"

"Furthermore, the element of self interest must be taken into account. West Germany is showing considerable opposition to the proposed ban because she is a major customer, while other countries not affected are making renewed sanctions demands."

But most people believe it is inevitable some form of effective multi-lateral sanctions will be implemented. What effect will this have on the SA economy?

"Sanctions — which will concentrate primarily on our exports — will deprive SA of vital foreign exchange earnings," says Corbin.

Exporters are already subject to "informal" sanctions and have lost orders, been forced to export at lower prices or to provide special terms and conditions in order to retain markets, as foreign customers levy a political discount on SA goods.

With the uncertainty over the outcome of sanctions it is difficult for businessmen to plan ahead, but government and the private sector are currently examining ways of circumventing these punitive measures, reports STEPHEN ROGERS

Exports to the US and Scandinavian countries have been particularly affected in this manner.

Furthermore, although the fall in the rand has assisted exporters, this advantage has been negated by exporters being required to give extended credit terms to retain markets.

As the rand starts to rise and with SA's relatively high inflation so exports will further lose their competitive edge.

The restriction on exports through sanctions — formal and informal — will lead to a shortage of foreign exchange.

Not only will this reduce SA's ability to import but will also, in all likelihood, lead to government tighting its control on an already highly regulated economy.

Measures may be introduced to regulate imports, the allocation of foreign exchange, and ultimately the means of allocation of scarce resources in the economy.

Financial sanctions — which caused an outflow of foreign capital and resulted in the foreign debt standstill — have already retarded economic growth. Furthermore, it has been estimated multilateral sanctions will result in over one-million jobs being lost, primarily in export-related industries.

Another effect sanctions have already had is the draining of confidence from the business community.

How then does SA cope with the sanctions threat?

"The sanctions problem cannot be dealt with by one party in isolation. There must be an awareness that all sections of the community have a vested interest in fighting sanctions and keeping our export markets open.

For example, importers may not believe that they will be affected but if SA does not earn sufficient foreign exchange then the supply to importers will have to be rationed."

The private sector has already been in consultation with government on the need to maintain exports.

Apart from earning vital foreign exchange, exports serve to keep trade links open, thereby negating the desired affect of sanctions.

With the emphasis on exports it has been suggested that government provide financial assistance to those exporters faced with cashflow problems. It is believed government export incentives are presently being revised.

As sanctions are applied to SA's primary markets, alternative markets will be found through which exports can be channeled.

"Creating alternative markets shouldn't be too difficult. We have had numerous offers of help from abroad in this matter. However, it may mean we will have to enter less sophisticated markets with a reduction in profitability," says Corbin.

SA goods could also by-pass sanctions by legitimately changing their country of origin. If the final process of production takes place, for example, in Swaziland, then goods may be classified as produced in that country.

This practice already exists in Europe where US set up the final stage of production in an EC country in order to avoid the community tariffs.

Counter-trading agreements — which are practised in many Western countries — could also be adopted. In these agreements foreign tenderers, in return for contracts, are asked to give a commitment to develop SA exports.

It is estimated that more than 25% of SA's trade passes through international trading houses at present. With international associates ensuring an effective spread of SA goods in world markets, these institutions could be used to funnel further trade abroad.

SA has the means, to a certain extent, to circumvent the sanctions campaign, albeit at the cost of restricted economic growth and higher unemployment.

However, the success of any counter-sanctions move will depend on measures being adopted in anticipation of sanctions rather than in response to them.

"If a foreign market is lost through sanctions it will be difficult for us to regain it," Corbin warns.

British teenagers told not to buy SA goods

Post Reporter

BRITISH teenagers have been told in a fashion magazine that they can fight apartheid by checking the labels of clothing and refusing to buy South African goods.

The teenage fashion magazine, Just 17, published in London for the 12 to 17 age group, suggests: "Give a bit to Ethiopia; withhold a bit from South Africa — it may not be much, but you can prove you care."

In an unsigned article under the headline "Apartheid: to buy or not to buy," the magazine says:

"For months most of us have been horrified by what we've seen and heard twice nightly on the TV news about South Africa's racist system. But can an individual far away in Britain really do anything to help?

"The Anti-Apartheid Movement, who've been fighting this campaign for 25 years, say there is a way — stop buying South African goods. They're easily avoided — just check the 'country of origin' mark.

"Our main imports from SA are clothes (including Rex Trueform dresses and Carvela shoes) and fruit (such as Cape and Outspan). So far the only major chain to announce a complete ban on South African produce is the Co-op.

"You may not think that an individual boycott can have any effect, but it is a method of gradually putting pressure on the economy run by the country's rich whites.

"Every South African item left on a shelf or a hanger leaves a hole in that wall (protecting apartheid)."

Strikers at GM find gates closed

Hundreds of striking General Motors workers arrived at two factories in Port Elizabeth early today, but locked gates prevented them entering the plants to continue their sit-in strike, according to the company and the union.

The regional secretary of the National Automobile and Allied Workers Union (Naawu), Mr Les Kettledas, said: "We are still on strike and regard this as an illegal lockout."

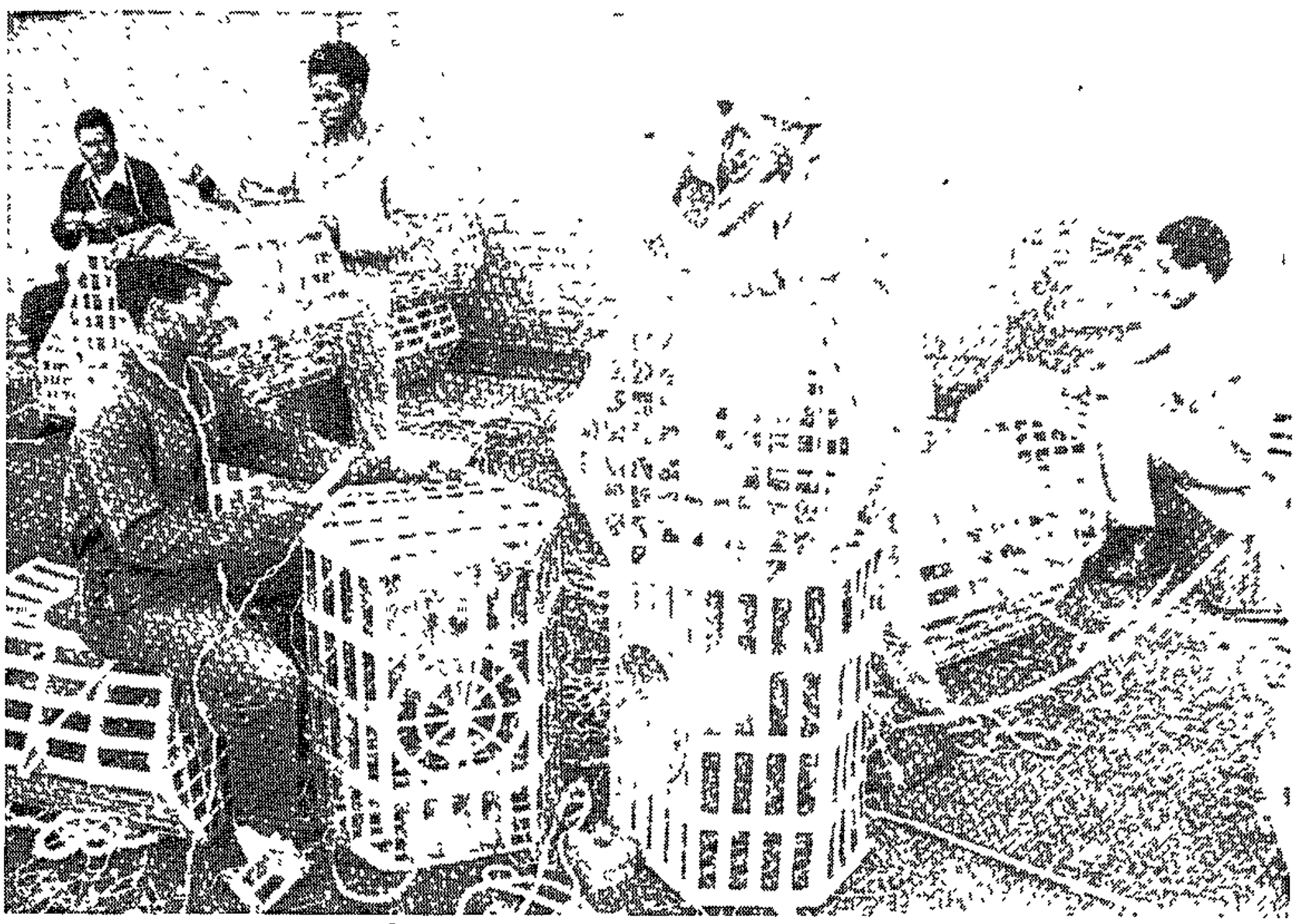
GM's industrial relations manager, Mr Rob McIlwaine said workers had been advised there would be no production today.

As the strike by at least 2 000 employees entered its thirteenth day today, moves were afoot to get the parties to arbitration as soon as possible.

The dispute, sparked by GM SA's decision to sell its operations to local buyers, centres on union demands for severance pay, pension fund payouts and a say in the board of the new company. Already GM has dismissed 567 workers for refusing to leave the plants last week.

Meanwhile, the launch of GM's new Monza range is almost certain to be frozen as a result of the strike.

Production of 60 Monza cars a day is being lost as a result of the strike and the company is now expected to suspend its launch, GM's Director of Technical Operations, Mr Keith Butler-Wheelhouse said.



The livelihood of these men working on crayfish traps could be in jeopardy if the lucrative lobster industry, which brings in R15 million from the East Cape coast alone, is paralysed because of sanctions.

Sanctions could paralyse E Cape lobster industry

Post Reporters

SANCTIONS are threatening to paralyse the R15-million rock lobster industry of the Eastern Cape.

Lusitania, the only PE-based fishing company that exports lobsters, yesterday recalled its two boats fishing for lobsters since the new season started on November 1.

The company's managing director, Mr Carlos Simal, left for Cape Town today to hold talks about the chokka industry with the Minister of Environment Affairs, Mr John Wiley.

Mr Simal said Lusitania had stopped fishing lobsters "because of sanctions and because our market is in the United States"

Lusitania had no other market "for this sort of product", which earned Lusitania R10 million a year.

The general manager

● Turn to Page 2

Sanctions threat to lobster industry

● From Page 1

of the SA Rock Lobster Association in Cape Town, Mr Steve Malherbe, said today "Those in the crayfish industry are worried

"We've got other markets, but the American market will not be easy to replace."

Each year, the Eastern Cape caught 1 000 tons of crayfish worth R15 million.

Two other companies operate in East Cape waters. They are Hout Bay Fishing Industries and Atlantic Fishing, both Cape Town-based. The group general manager of Atlantic Fishing, Mr Brian Flanagan, said today: "We're in the same position Mr Simal finds himself, but we have not stopped fishing. Sanctions have us worried, but we are investigating a number of options."

His company's crayfish quota was 226 tons.

● Fishermen normally spend eight months every year catching crayfish off the east coast.

With their livelihoods in jeopardy because sanctions have hit the lucrative lobster industry, the men are gloomy about the future.

"I have a wife and family in Cape Town, but come here for eight months every year. Now I am told I can only fish 10 days into the season. I can't live like this," said one.

Asked what the prospects were for the local market absorbing the industry, he said "Crayfish is a luxury only the rich can afford."

Europe stalls on sanctions

Cape Times 11/11/86
280

LONDON. — West Germany and Portugal held the line against a ban on coal imports from South Africa here yesterday at a meeting of European Community foreign ministers which seems to have delayed indefinitely an extension of sanctions.

The British Foreign Secretary, Sir Geoffrey Howe, current president of the European Council of Ministers, said: "No conclusion was reached. It remains part of the measures on which there is no consensus."

Sir Geoffrey refused to detail the talks on South Africa.

However officials said there had been no change in positions taken by governments in Brussels in September, when limited sanctions were approved but coal — one of South Africa's major exports — was dropped from the package.

The decision taken in Brussels banned imports of South African iron, steel and gold coins, as well as blocking new investment.

Sources confirmed that West Germany and Portugal had maintained their opposition, while the Dutch and Scandinavian governments pressed for the inclusion of coal which last year brought in R2,3-billion from European sales.

At the Brussels meeting Britain was mandated to continue to seek consensus on coal. Yesterday however that was clearly impossible and officials were reluctant to predict when the deadlock might change.

After yesterday's meeting, the only statement following the South African debate was the familiar declaration that everything should be done to promote dialogue between black leaders and Pretoria, and that in Southern Africa as a whole it was necessary for "restraint on all sides".

John Battersby reports that the 12 foreign ministers yesterday urged Pretoria to "respect the territorial integrity of its neighbours".

It follows growing concern that South Africa and the Frontline States are drifting towards a crisis over future control of Mozambique's strategic ports.

Western efforts to keep open the Beira Corridor underline growing concern that Pretoria should not be allowed to cut Zimbabwean trade routes to the coast.

Sir Geoffrey indicated yesterday that discussions on co-ordinating positive EC measures on South Africa had centred on "regional transport and communications".

The ministers agreed that the death of President Samora Machel was a "serious blow" not only to Mozambique but to Southern Africa.

And the 12 made a point of giving the new president, Mr Joachim Chissano, their best wishes in the "difficult task" that lay ahead. — Own Correspondent and Sapa

EEC split on SA coal ban

By Michael Morris
The Star Bureau

Europe has failed for a third time in just more than a month to reach agreement on banning South African coal.

West German opposition blocked consensus among the EEC's 12 foreign ministers.

Any further EEC-wide action against SA — like adding a coal ban to existing measures — must have the unanimous backing of all member states.

The EEC has, however, affirmed its backing for financial and other aid to South African blacks and the Front Line states.

The South African issue was eclipsed yesterday by the debate on Syria's links with terrorism and European measures against Damascus. And when the 12 ministers finally turned to Southern Africa it was merely, according to British foreign secretary Sir Geoffrey Howe, a "brief review".

Holland — backed by Denmark and Ireland (which both have own coal bans) — restated its plea for the ban to be included in the truncated package agreed in Brussels in September.

Holland argues that without a coal ban the measures are too weak and are neither meaningful nor effective.

West Germany says a ban on coal will cause further unemployment in South Africa and increase racial friction. And West German foreign minister Mr Hans Dietrich-Genscher refused to budge.

In his statement afterwards, Sir Geoffrey said there had been no agreement on a coal ban, but the foreign ministers had emphasised the importance of continuing to seek progress through dialogue. He welcomed steps to improve the co-ordination of positive measures.

No visible plans to beat SA air ban

AIRPORTS in Swaziland, Bophuthatswana and Botswana are not gearing up to provide routes for South Africans wanting to travel to Zimbabwe in the event of the cutting of air services between SA and Zimbabwe.

None of the three territories, all of which have airports with runways suitable for international air carriers, have had approaches from major airlines inquiring about the use of the airports.

DIANNA GAMES

Sources in SA and Zimbabwe have said air services between the two countries were likely to be terminated by the end of the month. SA's Department of Civil Aviation said there was no bi-lateral agreement between SA and Zimbabwe regarding landing rights.

Commonwealth leader Sonny Ramphal is believed to have mooted the end of this month as the deadline for Commonwealth countries to terminate air services with SA.

Zimbabwe is SAA's major African destination with 12 flights a week to Harare, Bulawayo and Victoria Falls, as against seven to Gaborone, three to Malawi, and two each to Zambia and Mozambique. The airline carries about 68 000 passengers a year with air-fare income of about R40m.

C

1986

A C K R M A

SOWETAN 11/11/86

Sanctions under fire at women's indaba

(280)

By ALINAH DUBE

COUNTRIES supporting sanctions were at the weekend accused of promoting violence and bloodshed by a group of women of all races in Pretoria.

The United States, France, the Netherlands and Australia were lashed at by a Women for South Africa meeting at the University of South Africa on Saturday.

Sanctions, poverty, unemployment and violence were the main issues which were discussed at the meeting.

Slogans reading "USA, leave us alone," "Immigrants say no to sanctions," "Yankee go home" and "You can't talk to Marxists" were displayed at the hall entrance.

The president of Women for South Africa, Mrs Cindy Leontsinis, said foreign intervention in South African affairs has in many instances caused conflict in the country.

"We women must now do whatever we can to ensure that our country is never again made to suffer the agonies of destruction and death brought about by the ambitions of strangers," she said.

She urged women to unite against a call for sanctions. She pointed out that sanctions will cause hunger, work stay-aways bring about unemployment and school boycotts breed an uneducated nation.

These, she added, were ingredients for bringing about a collapse of a country and laying it open to revolutionary forces.

Copies of letters

Although most of the speakers emphasised a need for unity among the black and white people, none dealt directly with the apartheid system and its effects.

Copies of letters which are to be sent to the embassies of the US, France, the Netherlands and Australia in protest against sanctions were distributed at the meeting.

The letters are urging these governments to oppose bloodshed and violence in the name of the women of SA and their children.

, The Park, oria,

12/11/86
BUS DAY

Israeli bans: fears of SA backlash

280

THELMA TUCH

THE imposition of sanctions on SA by Israel would unleash an anti-Semitic reaction among SA's extreme right-wing, Zionist Federation chairman "Mockie" Friedman said yesterday.

He was reacting to a report that Israel was reluctant to apply sanctions for fear of any repercussions this could have on SA's 120 000 Jews.

He said it did not appear as if Israel would apply sanctions at present.

But a decision to do so could spark off anti-Semitic sentiment, manifesting itself in anti-Jewish outbursts, demonstrations and propaganda.

Friedman said Israel was aware of the "sizeable" Jewish community in SA and the potential problems they could face if Israel cut ties.

In various discussions, Friedman has said sanctions would have a bad effect on SA's Jewish community as well as on blacks.

SA Jewish Board of Deputies chairman Michael Katz had no comment to make on the issue.

A spokesman for the Israeli Embassy in Pretoria, Meir Padan, said it was possible that Israel would have to "take certain steps" regarding the sanctions issue.

Israel had been pressured by Jews from Israel, the US and Western nations to take some type of action.

SA goods discovered with 'Made in Swaziland' labels

The Star's Africa News Service

MBABANE — South African consignments of electronic equipment, wine and apples have been discovered in overseas countries with "Made in Swaziland" labels, it was claimed here yesterday.

Swaziland's principal secretary at the ministry of commerce, industry and tourism, Mr Chris Mkhonta, said that a consignment of apples with a label "Grown in Swaziland" was recently turned down in the Middle East when it was discovered there were no apple orchards in Swaziland.

In two other cases "Made in Swaziland" was labelled in a consignment of wine discovered in Canada, and electronics equipment with the same label was discovered in Australia.

Mr Mkhonta said authentic Swazi goods carried a certificate of origin obtainable only from the Swaziland Government.

280

UN calls for strong sanctions against SA

NEW YORK. — A large majority of UN members on Monday night approved a resolution urgently calling on the Security Council to adopt comprehensive, mandatory sanctions against South Africa.

The resolution, adopted by a vote of 126 to 16 with 13 abstentions in the General Assembly, also urged the US and Britain — which have vetoed several sanctions attempts — and other opponents of those measures to reassess their positions.

In a separate resolution adopted by 136 to 5 with 15 abstentions, the General Assembly urged the Security Council to impose a mandatory oil embargo against South Africa.

The texts were among eight dealing with the situation in South Africa that the General Assembly adopted after lengthy debate.

There is no power of veto in the 159-nation General Assembly, but only the Security Council is authorized to adopt enforcement measures such as sanctions.

By 130 votes to 8 with 18 abstentions, the General Assembly strongly condemned apartheid and reaffirmed full support for the armed national liberation movements in South Africa. It also demanded the release of all political prisoners and detainees and called for the immediate lifting of the state of emergency in South Africa.

One resolution strongly condemned "the continuing and increasing collaboration of Israel with the racist regime of South Africa". — Sapa-Reuter

Anti-SA boycott hits cosmetics firm

The Star Bureau

WASHINGTON — A black American boycott of a cosmetics house has been broadened by campaign leaders into a "no buy" action until the firm severs its ties with South Africa.

Behind the growing consumer boycott is anti-apartheid activist and presidential hopeful, the Rev Jesse Jackson, and other black leaders. The target of their action is Revlon Group Inc.

Mr Jackson's black organisation and other groups called for a boycott of the cosmetic house's products on October 18 after comments by a Revlon executive, Mr Irving Bottner, outraged the black business community.

Mr Bottner, who has since apologised, told *Newsweek* magazine that black-owned hair-care companies would dwindle because of weak consumer support and would lose their markets to white-owned enterprises.

Mr Jackson and aides fly to Revlon's headquarters in New York today for talks. But Mr Jackson said the boycott would not be lifted until Revlon cut ties with South Africa.

Trade ban: full US list of SA groups

13/11/86

The Star Bureau

WASHINGTON — The full United States State Department list of South African "parastatal organisations" prohibited from trading with America in terms of the Comprehensive Anti-Apartheid Act of 1986 is:

African Body and Coach (Pty) Ltd (Putco subsidiary), Altana (Pty) Ltd, Aluminum (sic) Investment Co (Pty) Ltd, Alusaf (Pty) Ltd; Alustang (Pty) Ltd, Alzira Financial (Pty) Ltd, Andromeda Electronic Systems (Pty) Ltd, Armaments Corp of South Africa Ltd (Amscor); Atlantis Aluminum (Pty) Ltd, Atlantis Diesel Engines (Pty) Ltd

Atlas Aircraft Ltd (Armscor Subsidiary), Atomic Energy Corp of South Africa; Avon Wire (Pty) Ltd (Union Steel subsidiary); Bophuthatswana National Development Corp Ltd, Cape Town Iron and Steel Works (Pty) Ltd (Iscor subsidiary), Central Energy Fund (Pty) Ltd (and subsidiaries), Ciskei People's Development Bank; Coastal Coal (Pty) Ltd (Iscor subsidiary), Commission for Fresh Produce Markets; Community Development Fund

Computer Technology (Pty) Ltd (Comtec); Cooperative Wine Growers (KWV), Corp for Public Deposits; Council for Scientific and Industrial Research and its subsidiary institutes; Crown Body and Coach (Pty) Ltd (Putco subsidiary); Dalestone (Pty) Ltd (Iscor subsidiary); Department of Posts and Telecommunications; Development Bank of Southern Africa (DBSA); Donkerhoek Quartzite (Pty) Ltd (Iscor subsidiary), Dubigeon Plastics SA (Pty) Ltd (Putco subsidiary)

Dunswart Iron and Steel Works (Iscor subsidiary), Duntex Property (Pty) Ltd, Durban Navigation Colleries (Pty) Ltd (Iscor subsidiary); Electricity Supply Commission (Escom), Eloptro (Pty) Ltd (Armscor subsidiary); Ernani Property (Pty) Ltd (Arsmcor subsidiary); Export Finance Development Co (Pty) Ltd; First National Development Corp of South West Africa Ltd, Fisheries Development Corp of SA, Foskem (Pty) Ltd

Grootageluk Coal Mine Construction Co (Pty) Ltd (Iscor subsidiary), Heckett SA (Pty) Ltd (Iscor subsidiary); Hall and Pickles (Coastal) (Pty) Ltd (Union Steel subsidiary), Hlobane Colliery (Iscor subsidiary); Hooggenoeg Marketing (Pty) Ltd (High Enough); I Stores (Pty) Ltd (Iscor subsidiary); Imcor Tim (Pty) Ltd (Namibia) (Iscor subsidiary), Imcor Zinc (Pty) Ltd (Namibia) (Iscor subsidiary); Industrial Development Corp of South Africa Ltd (IDC), Industrial Minerals Development Co (Pty) Ltd.

Infoplan (Armscor subsidiary); International Karakul Secretariat; Iscor Berlin (Pty) Ltd (Iscor subsidiary), Iscor Utility Stores (Pty) Ltd (Iscor subsidiary); Kangwane Economic Development Corp Ltd; Kentron (Pty) Ltd (Armscor subsidiary), Kindoc Group; Klein Karoo Landbouko-operasie Ltd (ostrich products), Konbel (Pty) Ltd, Konchem (Pty) Ltd (Armscor subsidiary).

Konoil (Pty) Ltd; kwaNdebele Development Corp Ltd, kwaZulu Finance Investment Corp Ltd, Land and Agricultural Bank of South Africa; Land and Agricultural Bank of South West Africa; Lebowa Development Corp Ltd, Light Metals Investment Co (Pty) Ltd, Lyttelton Engineering Works Ltd (Armscor subsidiary); Marmain (Pty) Ltd, Mavaco (Pty) Ltd

Mercedes Datakor (Pty) Ltd, Minsa (Pty) Ltd (Iscor subsidiary), Motor Vehicles Assurance Fund, Musgrave (Pty) Ltd (Iscor subsidiary); Nabucco Investments (Pty) Ltd, Naschem (Arsmcor subsidiary), National Building and Investment Corp (South West Africa); National Materials Service Corp (Pty) (Union Steel subsidiary); National Selection (IDC subsidiary); Navik (Pty) Ltd

Ootra Inmakers (Pty) Ltd (Eastern Packers); Palafos (Pty) Ltd, Phosphate Development Corp Ltd (Foskor), Pietersburg Iron Co (Pty) Ltd (Iscor subsidiary), Post Office Savings Bank, Pretoria Metal Pressings (Armscor subsidiary); Public Investment Commissioners, Putco Ltd; Qwaqwa Development Corp Ltd, Rand Water Board

Rehoboth Finance and Development Corp Ltd, Reinsurance Fund for Export Credit and Foreign Investment; Rosamond Properties (Pty) Ltd; Rustenberg Industrial Finance (Pty) Ltd, Saldok (Pty) Ltd, Sapekoe (Pty) Ltd (and subsidiaries), Sasol Ltd (and subsidiaries); Sasol Three (Pty) Ltd, Satchem (Pty) Ltd, Shangaan/Tsonga Development Corp Ltd

Siemens Ltd; Small Business Development Corp; Somchem (Pty) Ltd (Armscor subsidiary); SA Abattoir Corp, SA Abattoir Commission, SA Banana Board, SA Banknote Co, SA Broadcasting Corp, SA Canning Fruit Board; SA Chicory Board

SA Citrus Board; SA Cotton Board, SA Dairy Board, SA Deciduous Fruit Board, SA Development Trust Co Ltd; SA Dried Fruit Board, SA Dry Bean Board; SA Egg Board, SA Gas Distribution Corp Ltd, SA Inventions Development Corp.

SA Iron and Steel Corp (and subsidiaries) (Iscor), SA Karakul Board; SA Lucerne Seed Board; SA Maize Board, SA Meat Board, SA Mint; SA Mohair Board, SA Oilseed Board, SA Potato Board, SA Reserve Bank.

SA Rooibos Board, SA Sugar Association, SA Tobacco Board; SA Transport Service (including South African Airways), SA Wheat Board, SA Wool Board; South Atlantic Cable Co, Southern Oil Exploration Corp (Pty) Ltd (Soekor), Southern Oil Exploration Corp (South West Africa) (Pty) Ltd, South West Africa Broadcasting Corp

South West Africa Karakul Board, South West Africa Water and Electricity Corp (Pty) Ltd; Steel Sales Company of Africa (Iscor subsidiary); Suprachem (Pty) Ltd (Iscor subsidiary), Swartklip Products (Pty) Ltd (Armscor subsidiary); Tecnetics (Pty) Ltd; Thames Wire and Cable (Pty) Ltd, Transkei Development Corp Ltd; Transvaal Copper Rod Co Ltd (Union Steel subsidiary); Tshikondeni Mining Co (Pty) Ltd (Iscor subsidiary); Tusitala (Pty) Ltd

Union Steel Corp, Usco Aluminum Corp (Pty) Ltd (Union Steel subsidiary), Usco Aluminum Systems (Pty) Ltd (Union Steel subsidiary); Usco Huiselenaars (Pty) Ltd (Union Steel subsidiary); Usco Kabelmaatskappy (Pty) Ltd (Union Steel subsidiary), Vantin (Pty) Ltd (Iscor subsidiary); Veldmaster (Pty) Ltd (Union Steel subsidiary), Veldmaster Incorporated (US) (Union Steel subsidiary), Venda Development Corp Ltd; Virema (Pty) Ltd.

Voms (Pty) Ltd (Putco subsidiary); Voms Parts (Pty) Ltd (Putco subsidiary); Vryheid (Natal), Railway Coal and Iron Co (Iscor subsidiary); Yskor Langoed (Pty) Ltd (Iscor subsidiary), Yskor Newcastle Grondbesit Ltd (Iscor subsidiary)

Coal boycott can cost SA 43 500 jobs

By Frank Jeans

The sanctions issue loomed over the "Coal in Crisis" conference yesterday, and delegates got a clear picture of boycott problems facing the industry.

But they were reminded that while sanctions were a threat coal producers have a good track record and can withstand overseas pressure and maintain market stability and reliability abroad.

The conference, organised by the Techno-Economic Society of South Africa (Tessa) and the Systems Publications group, heard some grim forecasts about the effect of a total coal blockade — 43 500 jobs lost and 260 000 mostly black people without breadwinners.

Dr Manny Pohl, energy analyst of a strockbroking firm, said sanctions could be a "form of protectionism cleverly disguised under the apartheid banner".

"Due to its intention to increase exports to 80 million tons by 1992, this country is a threat to market positions of other world producers, especially Australia. Little wonder the Australians are cheer-leading the sanctions parade."

Dr Pohl estimates that if sanctions gain momentum present coal exports of 40 million tons could decline to as low as 12 million tons.

Mr Graham Thompson, chief executive coal of Trans-Natal, said South Africa was recognised one of the most dependable international suppliers of coal and had increase exports from 2,7 million tons in 1975 to 44,8 million last year.

Trade ban gets tougher

By Alan Dunn,
The Star Bureau

WASHINGTON — The United States is about to issue a set of tough regulations enforcing economic sanctions against South Africa which effectively scrap periods of grace for some imports from the Republic.

The "final guidelines" to be published soon by the US Treasury Department are understood — from a source who has seen them — to take a strong line on implementing the Comprehensive Anti-Apartheid Act of 1986 containing the sanctions.

The US State Department yesterday issued a list of more than 160 South African "parastatal organisations" whose products are outlawed as imports in the US.

The "final guidelines", now awaiting the approval and signature of the Treasury Secretary, Mr James Baker, are expected to spell out dates when those parastatal products and others commodities affected by the legislation will be banned in the US.

"They have taken the hardest line they can," said a South African source aware of what the Reagan Administration's guidelines contain.

MONITORING

The guidelines are expected to emerge within days. While the South African Government was apparently not consulted on the list of parastatal organisations, officials in Washington have been monitoring the penning of the guidelines.

Some officials had hoped that the Reagan Administration might not impose the toughest interpretation of the sanctions Act. But it is believed aides to Senator Edward Kennedy, a strident anti-apartheid legislator, have worked hard to see that the strongest instructions are sent out to US customs posts as soon as possible.

In terms of the sanctions law, no article grown, produced, manufactured, marketed or exported by a parastatal organisation may not be imported.

American officials worked for some weeks to establish definitions of "parastatal" before the list was drawn up.

"Importers should be aware that the list of parastatal organisations is not all-inclusive," according to a notice issued by the US Assistant Secretary of State for African Affairs, Dr Chester Crocker.

"They have covered all bases," said one South African official. "Now what they will do if there is sufficient evidence from a particular company that it is not parastatal is remove it from the list."

He expected some companies to challenge their inclusion on the schedule.

● For the list of companies, see Page 7.

1986

BUSDAY 13/11/86.



● MUGABE

Mugabe says SA planning to attack

HARARE — SA has embarked on a new strategy of destabilising independent Southern African states and "is daily planning and plotting to attack Zimbabwe", Zimbabwe Prime Minister Robert Mugabe said yesterday.

He said in the House of Assembly that whatever freedom Zimbabwe tried to enjoy would be destabilised by SA — using the rebel Mozambican MNR organisation as a front.

Asked if he was aware of a statement reportedly made by the MNR that it was at war with Zimbabwe, Mugabe said he knew about it, and added that the statement had actually been made by SA as "the bandits were a mere megaphone".

Mugabe said the MNR was already waging a war against Zimbabwe, as evidenced by their attacks on the country's railway system and oil pipeline through Mozambique, as well as on vehicles carrying Zimbabwean exports.

"These attacks are sponsored by South Africa . . . the MNR becomes purely an arm."

On a follow-up question about the security of Zimbabweans and properties on the Mozambique border, Mugabe said the government was maintaining vigilance throughout the country. — Sapa.

(3/11/86 BUSDAY

280

Fake Swaziland export deals rife

AN SA exporter has confirmed illegal labelling of goods is widely used in Durban to avoid sanctions.

The exporter, who requested not to be identified, told *Business Day* that "Made in Swaziland" labels were easily obtainable in Durban through illicit sources.

He was responding to comments by Swazi Minister of Commerce, Trade and Tourism Derek von Wissel that all countries importing Swazi-labelled products insisted on seeing certificates of origin before accepting goods.

Consignments of apples and electronic equipment bearing Swazi labels have been turned back by some Middle East countries, Canada and Australia because it was known the kingdom did not produce such goods for export.

Industrial Staff and Sapa

The exporter said the practice was widespread and the illegal labels were not limited to Swaziland. He declined to name the other countries.

Principal Secretary in the ministry Chris Mkhonta said Swazi labels were available to exporters in Durban and other SA ports.

The allegations come on the heels of Von Wissel's claim last week that false certificates of origin were readily available in SA.

SA Trade and Industry spokesman Wilhelm Smalberger said government did not support illegal labelling and the Department of Customs and Excise would act on any such cases brought to its attention.

He said: "Any South African exporter using Swazi labels is doing so illegally and is stupid to brag about it.

"We cannot condone it, but need specific examples to investigate. I don't know of any reports of illegal labelling, but it is possible there have been some," said Smalberger.

US embargo on 166 firms

WASHINGTON—The U S State Department yesterday released a list of 166 South African 'parastatals' owned, controlled or subsidised by the Government whose products are to be embargoed under the comprehensive Anti-apartheid Act.

Simon Barber

The list covers a broad array of companies from obviously public sector entities like Iscor, Armscor, SATS, Escom, and the various commodity boards and homeland development corporations, to Putco, Siemens, KWV Wineries and the Klein Karoo Landboukooperasie, which sells ostrich products.

While many of the products affected are banned under other sections of the Act, the list's much-delayed publication puts the finishing touches on what is the most sweeping set of sanctions ever imposed on South Africa by a Western country.

An explanatory note signed by Dr Chester Crocker, the Assistant Secretary of State for Africa, emphasised that the list was 'based on information currently available to the U S Government' and should not be considered 'all-inclusive'.

'Before making a commitment to import, importers may wish to seek guidance from the Office of Southern African Affairs to ascertain whether a corporation, partnership or entity has (subsequently) been defined as a parastatal organisation.'

Organisations were 'presumed' to be Government controlled under one or more of the following criteria:

'Where the S A Government owns more than 25% of the outstanding voting securities of a firm, if no other person owns an equal or larger percentage

'Where the majority of a firm's board of directors are S A Government officials.

'Where a firm is operated by the S A Government pursuant to the provisions of an exclusive management contract.

'Where the S A Government has the authority to appoint the majority of the members of a firm's board of directors or a firm's chief operating officer.'

Government-subsidised firms were those 'receiving any financial assistance on preferential terms from the S A Government, other than that generally available to the public' and except where the assistance was minimal.

'Any person' may appeal against the State Department's findings by writing to the Office of Southern African Affairs

'Any submission should contain detailed information as to the stock ownership and composition of the board of directors of the particular corporation, partnership or entity as well as the amount of industry-specific assistance received by (it) from the Government of South Africa.

'The Department of State will attempt to provide a response within 30 days.'

14/11/80 STAR

280

US churches, unions withdrawing more than $12-m from Shell group

The Star Bureau

WASHINGTON — American churches and labour unions have announced $12,4 million divestment from the Royal Dutch/Shell Oil Group.

This action, announced here yesterday, was the latest in an 11-month campaign targeting Shell for its links with South Africa.

Anti-apartheid groups have chosen Shell Oil for a national boycott effort to drive other companies in the Republic to also quit.

VERY MINIMAL

The Boycott Shell Committee said many unions, churches and anti-apartheid movements worldwide were getting preparing for "co-ordinated demonstrations" in 10 countries tomorrow.

A Shell spokesman said from Houston that the boycott effort launched on January 9 had had a "very minimal" effect overall on Shell Oil in the US. Its impact had been virtually negligible.

"We are nevertheless concerned about the boycott because the people who will first feel it are the jobbers and corner-station businesses," the Shell official said.

These people, who hated apartheid as much as Shell Oil did, would be unfairly hurt.

ALSO URGING

A leader of the boycott campaign, United Mine Workers president Richard Trumka, said a great many consumers had been convinced not to buy Shell products and to destroy their Shell credit cards.

"Now we are also urging Shell's shareholders to divest themselves immediately of their stock until Royal Dutch/Shell leaves South Africa."

The $12,4 million divestments are made up of stock sales by a few labour unions, and several other church bodies, including the National Council of Churches.

According to the boycott committee, the union-church divestments followed similar divestments by Harvard University ($32 million), Los Angeles county ($15 million), and the city of Detroit ($1,3 million).

The countries where tomorrow's protests are planned include: The USA, Great Britain, the Netherlands, Denmark, Sweden, Norway, and Australia.

"Shell is one of the most strategic companies in South Africa," said Dr Arie Brouwer, general secretary of the National Council of Churches of Christ in the US.

"It helped oil the wheels of apartheid, he said.

Shell Oil Company in the US has repeatedly stated it has no investments or operations in South Africa, and that Royal Dutch/Shell Group is neither supplying nor shipping crude oil to South Africa.

● See Page 11.

Putco to appeal to US

BUSDAY

HAMISH McINDOE
and CHRIS CAIRNCROSS

PUTCO and some co-operatives are to appeal against their inclusion on the "166" list of companies hit by the trade embargo imposed by US legislation.

No other blacklisted companies polled by *Business Day* yesterday believed they qualified for exemption. Most issued a flat "no comment".

The US embassy in Pretoria has received no requests to be forwarded to the State Department for appeal.

Prominent losers are the steelmakers, and the list struck a sour note with KWV after three years of "exploiting the great wine market in the US".

Leading finance and development corporations do not expect to be affected by sanctions. Neither do Sats and Escom.

A Putco offical stressed the company "was not part of the government nor is it subsidised — only our passengers are".

He said: "It might affect our overseas borrowing position, but we do not intend to go to any foreign capital markets in the forseeable future."

Cape-based co-operatives KWV, the Deciduous Fruit Board and Langeberg Co-op issued swift denials that they could be defined as parastatals.

Officials privately say steps are already in progress to clarify the issue and to seek having their classifications reviewed.

CAPE TIMES 14/11/86 280

Sanction will worsen repression — Eglin

By ANTHONY JOHNSON
Political Correspondent

DAMAGING South Africa's economy through sanctions and disinvestment would prolong apartheid and increase repression rather than bring down the Botha government, PFP leader Mr Colin Eglin said yesterday.

Speaking at a conference in New York on economic disengagement as a political strategy for change in South Africa, he said businessmen wanting to abolish apartheid should remain active in the Republic.

Outside economic pressures which damaged the economy would increase unemployment, cause socio-economic deterioration; and increase confrontation, conflict, violence and polarization.

This would lead to repression, not reform.

"I have yet to hear of anyone advance a valid argument as to why economic recession combined with social instability leading to black/white conflict should cause a beleaguered white group to move towards reform."

Damage to the economy would not bring down the Botha government but retard the process of change.

Those external pressures perceived as punitive and coercive by white South Africans would harden attitudes and cause them to rally around Mr Botha's government.

Mr Eglin cited FCI and JCI statistics to demonstrate that blacks would bear the brunt of social deprivation caused by a stagnant economy.

By 2000, sanctions would boost black unemployment by two million to 9,8-million and overall, black incomes would fall, while whites would be slightly better off.

"Whatever the political message sanctions are intended to convey they do not make sense as a strategy for fundamental change away from apartheid towards a non-racial democratic alternative," he said.

From Page 1

n court over ostmaster

rrespondent

r Benjamin Rosenberg, 78, pw, yesterday appeared in e's Court charged with murhe shooting on Wednesday Mr Barend du Preez.

Laue, postponed the case to r investigation and a possir Rosenberg was remanded rwood police station

e provide him with a legal id not have the means to



t
TV

6.00-
3.27:
3.30:

4.15:
4.20:
4.25:
4.35:
5.00:
5.25:

6.00:
6.15:
7.05:

8.00:
9.00:
10.00:
10.15:
11.55:
0.20:
0.25:

5.05:

5.34:

6.03:

7.00:

7.17:
7.40:

8.31:

8.57:

9.03:

Sanctions won't kill apartheid — Eglin

NEW YORK — Damaging the SA economy through sanctions would prolong apartheid rather than shorten its life, PFP leader Colin Eglin said yesterday.

Addressing a conference on SA in New York, he said businessmen committed to the abolition of apartheid should remain active in SA rather than withdrawing their interests.

"To the extent that economic pressures from outside damage the economy they will undoubtedly increase unemployment, cause socio-economic conditions to deteriorate and increase the level of confrontation, conflict, violence and polarisation," Eglin said.

This would lead to repression and not to reform.

"To the extent that external pressures are perceived by white South Africans to be punitive and coercive, they will undoubtedly harden their attitudes and ... rally round Mr Botha's government."

An internal process of change in SA was busy destroying apartheid in spite of the government, he said.

However, damaging the SA economy would not bring down the government but would retard the process of fundamental change taking place in the country and weaken the economic muscle that blacks were starting to use.

Eglin had met US Secretary of State George Shultz in Washington on Wednesday.

Shulttz and Eglin discussed the "current political and economic situation in SA and Eglin's view of the effects of US policies toward his country", a State Department official said. — Sapa-AP.



Putco to appeal to US

PUTCO and some co-operatives are to appeal against their inclusion on the "166" list of companies hit by the trade embargo imposed by US legislation.

No other blacklisted companies polled by *Business Day* yesterday believed they qualified for exemption. Most issued a flat "no comment".

The US embassy in Pretoria has received no requests to be forwarded to the State Department for appeal.

Prominent losers are the steelmakers, and the list struck a sour note with KWV after three years of "exploiting the great wine market in the US".

Leading finance and development corporations do not expect to be affected by sanctions. Neither do Sats and Escom.

HAMISH McINDOE
and CHRIS CAIRNCROSS

A Putco offical stressed the company "was not part of the government nor is it subsidised — only our passengers are".

He said: "It might affect our overseas borrowing position, but we do not intend to go to any foreign capital markets in the forseeable future."

Cape-based co-operatives KWV, the Deciduous Fruit Board and Langeberg Co-op issued swift denials that they could be defined as parastatals.

Officials privately say steps are already in progress to clarify the issue and to seek having their classifications reviewed.



DESMOND KROGH

Undercover agent

"My appointment as an 'adviser' to the minister of finance is a non-event," claims Dr Desmond Krogh, the man who says he is *not* Pretoria's newly appointed sanctions buster. Officially, the former Governor of the Rhodesian Reserve Bank is currently deputy chairman of Lifegro and will retain this post until the end of December.

"I can't talk about a position I haven't got; it would be singularly irresponsible," Krogh (55) says. "But if I were a sanctions buster, I'd be in the private sector offering my services and advertising in the newspapers. What I *can* do is advise government on how best to counter sanctions in terms of general policy, trade, fiscal developments, and monetary policy. For me to pose as a sanctions buster would be misleading and a deliberate lie. I'm not a guy for lies and I've got nothing to hide."

He defines the role more closely: "I'll be co-ordinating anti-sanctions policy, which includes non-conventional trading policy, but not practice, and I won't be dealing with individual members of the private sector."

Clearly, Krogh has good reason to choose his words carefully. As one merchant banker put it: "If the guy sticks his nose out of SA now, his every movement will be watched. But most people who know his background aren't in the least bit surprised at government's choice. He's the obvious man; he's got the experience."

Krogh admits that most of his career has been spent "playing behind-the-scenes roles" — and that he's been helping government for some time. His position, he says, is "on a temporary and renewable contractual basis. If sanctions don't increase, my job will become redundant."

How does he see SA coping? "Like anyone else," is his curt reply. He refuses to discuss the lessons he learnt in the seven years he spent in Rhodesia running an "illegal bank" — from 1973-1980 — through three changes in government, in an era dominated by sanctions and war. "The relationship between Zimbabwe and SA is far too touchy today," he notes.

What he will say, though, is that living through the abolition of sanctions is probably more challenging and difficult than living with sanctions: "When sanctions are lifted — and all sanctions are eventually lifted — it happens very fast, whereas the imposition is gradual and takes place over a couple of years."

Krogh angers quickly when pressed on details about his new appointment. "Sanctions are not an important issue right now and have just been blown up by the press," he says aggressively. "They're way down the list of government priorities.

"I've lived through monetary sanctions imposed by the whole world as well as physical policing. And there isn't any comparison between the Rhodesian and South African situation. Government's priorities now are to get inflation under control, to get investment opportunities exposed and exploited, and to engender confidence in the economy.

"Politics and business are related," he reflects, "but both are specialised skills. I don't think politicians make good businessmen and good businessmen usually make atrocious politicians. But talking to each other is what is really important. When I was director of the FCI from 1969-1973, I moved the head office from Johannesburg to Pretoria to make people who didn't want to talk to each other, talk. My greatest contribution as FCI director was in bringing people together who didn't want to talk."

Ironically, Krogh says that today he finds the relationship between politicians and businessmen too close. So perhaps he will be able to apply his skills to bringing together parties who do not wish to do business.

But, he says, "I make enemies wherever I go; that's my unfortunate way of life. I ruffle feathers." As FCI director, Krogh concedes, he made "some real enemies." And earlier this year, as the man responsible for "strategic issues and shareholder relations," he had to bear the brunt of shareholders' anger at the controversial issuing of Lifegro preferential shares to a number of journalists and certain members of government.

Some policyholders who were unable to secure any of the heavily oversubscribed shares felt that the manner of the allocation made a mockery of Krogh's statement at the time: "It is a gross misrepresentation to claim that our board have not favoured our policyholders. Policyholders were deliberately favoured as a matter of policy — each and every policyholder who applied received an allocation."



Krogh ... 'sanctions aren't an important issue now'

A graduate of the universities of Amsterdam, UCT, and Pretoria, the Windhoek-born Krogh has a B Comm degree and an MA in economics. He lectured at the universities of the OFS and Pretoria before heading Unisa's economics department and working part-time for the South African Reserve Bank on financial flow analysis.

He spent a year as economic adviser to Hendrik Verwoerd and from 1968-1969 was seconded as a full-time adviser to the South African Commission on Fiscal and Monetary policy. From 1967 to 1973, he was a member of the PM's Economic Advisory Council and a member of the Private Sector Industrial Advisory Committee to the Minister of Economic Affairs in 1971 and 1972. ■

MANGOSUTHU BUTHELEZI

Hope and pessimism



The *FM* spoke to KwaZulu Chief Minister Mangosuthu Buthelezi about black political prospects and the onset of economic sanctions against SA.

***FM:* Are there grounds for hope, especially following the National Party congresses, that government will start talking to black leaders about a new constitution?**

Buthelezi: Quite clearly the issue of fundamental change in the country didn't seem to be a priority, both at the congresses and the federal congress. I personally have defined terms on which I am prepared to negotiate within the National Statutory Council (NSC). I said a non-negotiable was the release of Dr Mandela and Mr Motopheng and other political prisoners So it seems government is not in the mood to look at that

What scenario do you have for political change and developments within SA during 1987?

I am a little concerned because it seems to me the relinquishing by the State President of his position as leader in the Cape seems to be a hint that he may well be thinking of retiring, maybe in the next year or so. It seems very likely. If you think that Malan, who was his teacher and mentor, backed out in this way, it would not surprise me if he takes the same route. If he retires, my concern is: is there anyone in the Cabinet more innovative than he? The fact that he has abolished the pass laws, scrapped the Immorality Act, and allowed black participation in the trade union movement, has shown he is very innovative. Any man who can rise above his background like that should be given credit — even if he has failed at the same time to take his courage in both hands, come out boldly and bring about fundamental change in this country.

Government has said that it is already negotiating with a number of prominent black leaders. Are you involved?

I'm so visible in SA that if I was involved, surely it would be known. I don't think I could do this privately. Clearly, there are no negotiations. There are ministers in my government and Mr Botha's government who are very concerned about the fact that he and I have not even come to sit, let alone talk, around the conference table.

Even so, is the NSC a suitable forum for this?

Yes, if it was taken to be an interim thing and if it was understood that the tricameral parliament would have to go. I don't think we can participate in the NSC if it is going to be an instrument, or a ruse, to legitimise the tricameral parliament. If this is understood, it could provide such a forum because, in terms of its objectives, I see nothing repugnant in South Africans of all races sitting down to try and work out a constitution for the country.

Do you think it is possible that Nelson Mandela could be released soon?

As I have already said, one is very pessimistic at present. One must also take into account that P W Botha was the first head of State to even offer his release In the past, I argued about the release of Dr Mandela with Mr Vorster and he used to tell me point-blank, with a deadpan face, that he was not prepared to release him as long as he was PM. One must appreciate that Mr Botha is perhaps more flexible on this matter — even though he stated conditions (Mandela's renunciation of violence) which are impossible to fulfil However, I do believe one cannot say it is impossible After all, he has been more flexible than his predecessor on this issue.

Do you support the idea of a referendum to determine who legitimate black leaders are?

I do think that there are too many people who claim to be leaders. However, I do admit that any black person, even without a constituency, has a right to speak out, expressing black aspirations and black grievances. At the same time, the term leader has been thrown around loosely, to the extent that it is beginning to lose all meaning. Any strident voice by any person, without any constituency, without any mandate, is taken to be a voice of a leader. I don't know whether I would accept it is the government's right to establish who speaks for which constituency. But I personally wouldn't mind if my own constituency was tested. It is, in any case, tested as I am elected as President of Inkatha and Chief Minister of KwaZulu and chairman of the Black Alliance.

What do you think will happen now that sanctions are upon us?

I can see all the tricks that were learnt during the Smith regime in Rhodesia being perfected and used with more sophistication by South African businessmen. I can see a lot of sanctions-busting taking place, but at the same time I cannot minimise the suffering this is going to cause — especially in those labour-intensive industries like agriculture and mining. I think we can expect thousands of black people are more likely to lose jobs, both South Africans and blacks from neighbouring states. I am very concerned because already many black people have lost jobs and there is a lot of unemployment.

If this is going to worsen, a person with my responsibilities has every reason to be concerned.

Are you hopeful that the Natal/KwaZulu Indaba's unified government proposals will ultimately be implemented?

Government, which has refused to participate officially, has nominated observers to the Indaba and has already sanctioned a joint executive authority. So there is no reason not to be hopeful. At the same time, one can never predict what may happen because it seems to me government tends to take more seriously than it should some of the noises that are made on its rightwing. Personally, I see the Indaba as a fire escape for the South African government and the country because if it were to be implemented, it would defuse the present sanctions moves. I think there are many people in the West who support the idea of a get-together between KwaZulu and Natal to form a unified region which is multi-racial; where power is shared by all race groups.

The emergency appears to have brought about a superficial calm to the country. What is necessary for a lasting peace?

First of all, I believe, must come the release of all political prisoners.

You cannot rule through an emergency indefinitely. That is not acceptable to us as blacks. But if the government were to release political prisoners, sentence to death the tricameral parliament, the Group Areas Act, the Population Registration Act, I would say that this would be very good foundations for a lasting peace.

THE WORLD THIS WEEK

Frontline states urged: Hold fire on sanctions

By HOWARD BARRELL, Harare

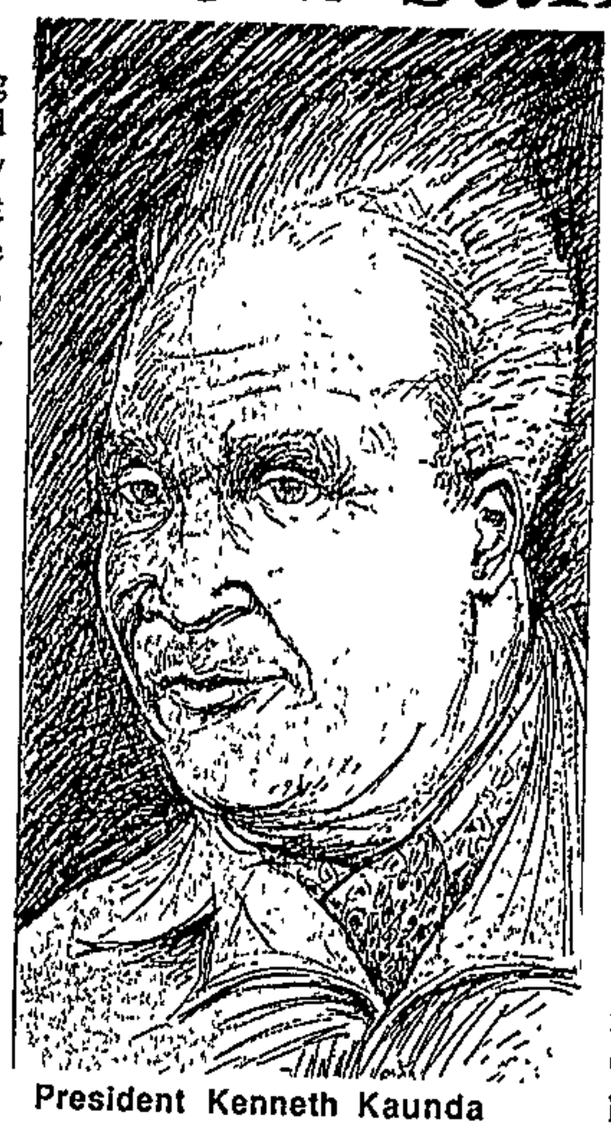
ZIMBABWE and Zambia are being urged by their Commonwealth and African partners to hold back on any plans to impose sanctions against South Africa until a compromise economic embargo resolution has been hammered out in New York and presented to the United Nations Security Council.

Commonwealth Secretary General Sir Shridath Ramphal is leading efforts to reach a compromise sanctions resolution, which is expected to go before the Security Council before the end of the year.

Diplomatic sources say the resolution is likely to comprise three basic elements: a statement that comprehensive mandatory sanctions against South Africa are the ultimate objective; that, as an interim measure, economic sanctions along the lines recently voted into law by the US congress should be adopted by all UN member states; and that states' compliance with these interim sanctions would be voluntary.

These sources say Ramphal and others in the Commonwealth and African groups believe the Reagan administration would be very hard-pressed to exercise its Security Council veto against such a resolution.

A resolution along these lines would also threaten Britain's Thatcher government with increased isolation if it chose to veto it.



President Kenneth Kaunda

The Commonwealth and African lobby believes it will have less of a problem with France, and it can rely on the Soviet Union and China to back the resolution.

The lobby has told Zimbabwe and Zambia of its efforts, and advised these two countries against trying to "take the lead" on sanctions. The lobby is arguing that the passage of such a resolution through the Security Council would create conditions in which Zimbabwe and Zambia could better expect economic aid from Western countries to offset some of the worst effects of South African countermeasures.

Meanwhile both Zimbabwe's and Zambia's exact intentions on sanctions remain unclear.

Both Prime Minister Robert Mugabe and Zambian President Kenneth Kaunda have made ambiguous statements. These have apparently indicated sanctions are forthcoming this month But in both cases, a loophole has been left, indicating the two are prepared to impose sanctions against South Africa only if Pretoria's major trading partners have already done so.

●The Zimbabwean capital has been abuzz with rumours this week of the imminent closure of Zimbabwean airports — and airspace — to direct flights from South Africa, and of the closure of the SA Trade Mission. But well-informed observers have discounted the talk as "just rumours" in a society full of them.

LABOUR AND DISINVESTMENT

What the GM workers want

The strike at General Motors (GM), now well into its third week, is the first major industrial dispute sparked by disinvestment. It therefore highlights many of the difficulties the issue poses for the independent trade unions who have formally advocated economic sanctions.

The two key unions in the dispute, the National Automobile and Allied Workers Union (Naawu) and the Motor Assembly and Components Workers Union of SA (Macwusa), are both members of the Congress of SA Trade Unions (Cosatu). Cosatu is a giant union federation which openly supports "all forms of international pressure on the South African government — including disinvestment or the threat of disinvestment."

Naawu has never been a particularly vocal supporter of sanctions, largely because multinationals such as GM, Volkswagen, and (until 1985) Ford were its best-organised factories. And as with many independent unions, sanctions have never been fully discussed at Naawu shop-floor level. Further, the disarray in worker organisations caused by the State of Emergency severely restricted debate on such important issues.

But tensions in the Cosatu position are built into the resolution itself: while supporting disinvestment, it also seeks to "ensure that the social wealth of SA remains the property of the people of SA for the benefit of all." Many workers interpret this as advocating greater worker control over all investment, foreign or South African.

Contribution

Notwithstanding recent unprofitable years at GM, workers know they contributed to the company's successful years in SA. They fear that assets they built up could be transferred out of the country overnight.

This bears on the issue of control over benefit payouts, especially to pension funds. Workers do not want their hard-earned contributions to disappear, either out of the country, or into the accounts of a new local company or group of unidentified owners.

Hence the major point: demands for timely notification prior to any plans to disinvest. Naawu's lawyers insist that the strike would not have happened if GM had "advised and consulted its workers" prior to announcing the withdrawal.

Having lived through the crippling Ford closures of 1985, workers feared for job security despite management assurances about the future.

Port Elizabeth workers have been misled before, and the bungling and contradictory announcements prior to the GM withdrawal built little trust. Workers no longer want assurances: they demand some voice in momentous decisions affecting them.

In its opposition to sanctions GM has always portrayed itself as having the long-term interests of the workers at heart. In the present strike it is painfully learning that workers have their own ideas about their best interests, which must be listened to.

Last week 567 workers were dismissed when they refused to vacate the two GM plants following the breakdown of negotiations. GM then called the security forces to evict the workers. Last Friday the remainder of union members voted to continue the strike, now demanding the reinstatement of those dismissed.

On Monday the company locked the gates, and now the strike is deadlocked. Both sides have agreed to arbitration, but, as the *FM* went to press, there was no end to the strike in sight. ■

☐ See *Leaders*

BOB PRICE

Is Price right?

"Everyone thinks I'm a GM plant, but I genuinely decided to come here of my own volition," says Bob Price, CE-designate of the local company that will take over when General Motors (GM) pulls out at the end of the year.

Price (60), currently vice-president of GM Overseas Corporation, is very much a corporate man. He was with GM for the past 35 years before resigning last week. Price's work was certainly valued by GM; it sent him to Peru, Belgium, Switzerland, the UK and Venezuela.

But it was a spell as MD of GMSA from 1971-1973 that he feels was the turning point in his career: "We were losing money when I came which I felt was bad for morale, so through innovative book-keeping we managed to register a small profit.

"We sold 51 920 vehicles in 1973 and had 15,2% of the market. We were in a constant dogfight with Ford, but in three years we caught up."

Since then, GM's share of the market has dropped to 8% and 1986 sales are expected to be less than 30 000 units. GMSA last made a profit in 1981; debts which will now be paid off by the parent company are estimated to be at least R200m.

In Price's time, the six-cylinder Chevrolet 3800 and 4100 range was launched, but there are currently no such large-engine cars in local GM production. And Price believes there is no more than a faint possibility of American cars, which GM originally offered in SA, making a comeback in SA.

"The American car is much better than it was and, while design used to be king, more emphasis has been put on fuel economy, road-holding and handling in recent years. The decline of the dollar could also signal a revival. However, SA is heavily tooled-up for European and Japanese vehicles and the volume market is almost entirely in the four-cylinder range.

"While we have some good four-cylinder cars, most people associate the US with V-6 and V-8 powered cars, which have a tiny market here."

But he says the number of cars sold now is still higher than it was in the early Seventies so he remains optimistic.

Unlike current MD Bob White, Price is not a political man: "It's difficult to get political in a foreign country. I only hope that ministers sympathetic to business are appointed to government, because I believe it's government's job to create the economic climate in which business must operate.

"I've been in many countries where government tries to control the economy," he says, "but it never seems to work."

And how does he hope to cope with an increasingly politicised labour force? It's difficult to determine the core of each problem as there is a militant element which can't always be reached with reason," he says. "But I believe GM has had a long history of good labour relations here.

"I think the labour force has accepted that the new company will take over where the old one left off. We don't believe there's any justification for large severance pay, as we have no immediate redundancy plans."

Price says that union demands for representation on the board will be seriously looked into: "We have no objection to their input and hope to work in a spirit of co-operation."

He certainly has no intentions of curbing GM's social advancement programmes — many of which he started himself — and is determined to encourage promotion of black managers.

Price believes it's regrettable that sanctions have been imposed and disinvestment is taking place. Most people, he says, realise that neither strategy works "but many others are out to make a point and events have overtaken business."

He says SA may not return to an even keel until government realises the economic climate is directly related to political policy — he sees stricter measures to control public expenditure as an important first step.

Price is reluctant to comment on the constitutional future of SA and his mind is entirely taken up with his new challenge: "I'm excited about the prospect of being much freer and I have enough confidence in the future to know it will be worthwhile."

Born in White Plains, New York and educated at Wesleyan University in Connecticut, he is a quietly spoken, immaculately dressed, sophisticated East Coaster. But behind his calm facade is a self-confessed workaholic: "I used to put in 16 to 18 hours a day, but I've got it down to 14 hours. The trouble is I always want to do everybody else's work for them."

Price loves SA and says his family was reluctant to leave in 1973. He was also sad to leave GM: "It's a great company. ■



Raymond Preston

Price ... union demands for board representation will be considered

FINANCIAL MAIL NOVEMBER 14 1986

Curbs will delay reform, says Eglin

NEW YORK — Damaging the South African economy through sanctions would prolong apartheid rather than shorten its life, the Leader of the Opposition, Mr Colin Eglin, said yesterday.

Addressing a conference on South Africa in New York, he said businessmen committed to the abolition of apartheid should remain active in South Africa rather than withdrawing their interests.

"To the extent that economic pressures from outside damage the economy they will undoubtedly increase unemployment, cause socio-economic conditions to deteriorate and increase the level of confrontation, conflict, violence and polarisation," he said.

This would lead to repression and not to reform.

"I have yet to hear anyone advance a valid argument as to why economic recession combined with social instability leading to black-white conflict should cause a beleaguered white group to move in the direction of reform.

"To the extent that external pressures are perceived by white South Africans to be punitive and coercive they will undoubtedly harden their attitudes and rally round Mr Botha's Government."

An internal process of change in South Africa was busy destroying apartheid in spite of the Government, he said.

He quoted statistics by the Federated Chamber of Industries and Johannesburg Consolidated Investments which, he said, showed that blacks would bear the brunt of the social deprivation caused by a stagnant economy.

More blacks would be unemployed and their overall income would fall, while whites would be slightly better off, he said.

In Washington, the NG Sendingkerk leader and United Democratic Front patron, Dr Allan Boesak, met the US Secretary of State, Mr George Shultz, and urged him to continue pressure on SA to dismantle apartheid, US officials said.

The meeting followed talks yesterday between Mr Shultz and Mr Eglin.

The officials, who asked not to be identified, said the South Africans' visits appeared to reflect concern that Washington was putting apartheid on the back burner.

But the officials said Mr Shultz was keen to meet visiting South Africans to display his continuing interest.

State Department spokesman Mr Charles Redman told reporters Dr Boesak's talks with Mr Shultz had concentrated on how to bring about peaceful change in South Africa and how the United States could help start negotiations between the Government and its black opponents.

Dr Boesak was not immediately available for comment. — Sapa-Reuter

Anglicans disagree on disinvestment

The Star Bureau

LONDON — Britain's Anglican Church has failed to reach a conclusive policy on its investments in South African-linked companies.

The debate on this controversial issue will now continue into the New Year.

Procedural technicalities during the Church of England Synod yesterday forced the governors of the church to adjourn the debate until their next session in February.

Some said privately the debate was a "shambles".

The Church had agreed earlier this year to provide a clear lead on economic disengagement from South Africa.

The Church Commissioners, who look after the church's R5 billion trust and pension fund investments, argued that it would be unlawful to disinvest if revenue was adversely affected.

Moving a private motion calling for disinvestment, the Rev William Whiffen said the Commissioners already withheld investments from companies connected with armaments, breweries, tobacco and gambling, and that South Africa should now be included on the list "because of that horrific policy of apartheid which every instrument from abroad, however small, supports".

Another speaker, Conservative MP Mr John Stokes, said of the motion: "It looks like a fanatical overkill."

Another, Canon M J Walker — who proposed an injection of investment through companies which undertook positive social programmes in South Africa — said disinvestment would be meaningless because "good companies who pull out will merely be replaced by bad ones from other countries".

In an amendment to Mr Whiffen's motion, the Dean of St Paul's, the Very Rev Alan Webster, urged immediate disinvestment from all companies which employed more than 5 000 people in South Africa.

He questioned the "morality of drawing dividends from an apartheid-dominated society", arguing that the Synod would "send a very clear signal if we say we will not draw any money from that form of contemporary slavery".

Dean Webster's amendment was defeated 134 to 107, but the ensuing complications over procedural technicalities succeeded only in preventing the Synod from voting on the main motion.

SAA made quick killing before US landed ban

By Winnie Graham

South African Airways has turned the tables and used the sanctions threat to make a quick killing and rake in money in the past few weeks.

According to the Association of South African Travel Agents (Asata), which represents 360 travel agents, SAA and local travel agents have been selling tickets to the United States on a "purely provisional basis" — and only full-fare tickets, none of the cheaper, restricted-fare ones at heavy discounts.

COURT CASES

A spokesman said: "All those South African entrepreneurs trying to make a last swift killing in the import/export markets were flying in droves to New York."

"SAA was smiling.

The United States Government had done an excellent marketing job for SAA's New York-bound jumbos, the spokesman said.

Now the United States has formerly served notice on SAA to discontinue flights, the airline has the right to take it to court for breach of contract and compensation for loss of earnings. One Washington litigation lawyer has estimated SAA could pocket at least R35 million in lieu of its New York landing rights for a 12-month period.

15/11/16
STAR

Disinvestment is no answer, says BP head

CAPE TOWN — The involvement of international companies in the South African economy offered a better alternative to disinvestment, sanctions and other punitive measures, the chairman of BP Southern Africa, Mr Ian Sims, said in a social report prepared by his company.

The report has been produced for BPSA employees to inform them of the company's activities in the South African society and has also been released to the media.

Mr Sims said BPSA and its employees were proud of the manner in which they had contributed to the betterment of the South African society. International companies could achieve more in South Africa by involvement in the economy than by disinvestment.

"The choice is between a growing company providing increasing opportunities for advancement, or isolation, escalating poverty, misery and chaos."

He said BPSA was doing its utmost towards creating a better future for all South Africans and contributing towards the provision of equal opportunities for all.

"Apartheid must go — and it will — of that I have no doubt and I believe this view is widely supported in South Africa. The difficulty at this stage is to define exactly what replaces apartheid, how to achieve it and at what speed it can be done."

The country's total effort had to be focused on the solutions and their implementation and on establishing a fully representative South African Government.

Mr Sims said since BPSA had become a fully independent entity the company had carried out is own active active programme of internal reform and there had been times when these efforts had run ahead of the policies of the authorities.

He said BPSA's internal changes had increasingly impacted on the South African business environment and its employees looked to the company to use its influence to hasten change outside the workplace.

"We have consistently argued that private enterprise cannot co-exist fruitfully within the apartheid system, which denies freedom of individual choice, freedom of association, freedom of individual rights, and we have urged the Government to quicken the pace of fundamental change."

Mr Sims said that in spite of the turmoil in the country, South Africa had enormous potential if it could achieve an open society in which there was equal opportunity for all. — Sapa

Sanctions poser at PFP congress

THE Progressive Federal Party's federal congress meets next Friday and Saturday with a full agenda of controversial items — and sanctions are near the top.

The youth wing of the party has traditionally clashed with more conservative members over attitudes to the Defence Force and the extra-parliamentary opposition.

But now the sanctions issue is set to cause further friction.

The party policy is strongly against economic sanctions as a means of pressurising the Government, and party leader Colin Eglin, is currently overseas on an anti-sanctions campaign.

Controversial

The national executive of the Young Progressives wants the PFP leadership "to reassess its complete opposition to sanctions and to actively support the implementation of sanctions against

By NORMAN WEST
Political Reporter

State and military institutions".

The proposal is likely to be fiercely opposed by other party formations.

At the same time, the Young Progressives of the Western Cape call upon the party to withdraw "immediately" from the President's Council, which it describes in a resolution as "unrepresentative, undemocratic".

And the Eastern Cape executive of the Young Progressives wants congress to call on the party to recognise "Nkosi Sikelele Afrika" as the national anthem of South Africa — a likely cat among the older pigeons

Resolutions

This mood of the PFP youth is clearly reflected in the different resolutions on next week's bulging agenda.

Congress will also be asked to consider two resolutions from Durban North and Kimberley North aimed at scrapping its support for a minority veto, a policy punted by Dr van Zyl Slabbert and adopted in 1978 at his instigation

The Pinelands constituency wants the party, as part of its New National Strategy, to emphasise the importance of unbanning the ANC, the return of exiles and the release of Nelson Mandela as a prerequisite to meaningful negotiation

But there is also praise for party leader Colin Eglin for having initiated talks with the ANC in a resolution sponsored by the Transvaal provincial executive.

Praise

Tough draft resolutions against the Regional Services Council system is also on the agenda.

Mr Eglin's Sea Point constituency asks congress to condemn the Government for "constitutionalising the policy of apartheid" by virtue of the concept of "own affairs".

Tankers 'extend strike range'

SA and Israel in 'sanctions-busting' deal

LONDON — SA has secretly acquired two advanced Boeing in-flight refuelling tankers in a "sanctions busting deal" with Israel, the British national newspaper, *The Sunday Telegraph*, claimed yesterday.

This has greatly extended the range of Pretoria's strike aircraft, it added.

An SA Air Force (SAAF) spokesman said yesterday a Press release on the acquisition of an undisclosed number of Boeing tankers was released about two to three months ago. He added there was nothing secret about it.

But he refused to comment further except to say that the Boeings were taken into service for operation by 60 Squadron at Waterkloof airbase near Pretoria.

The 707 tankers and the refuelling techniques Israel has passed on to Pretoria bring every city and trade route in central and Southern Africa within range of SA fighter-bombers, including such distant potential targets as Dar es Salaam and the Tazara railway linking the Tanzanian port to Zambia.

"The South African Air Force has made little secret of its new air-tankers

Own Correspondent

based at Waterkloof near Pretoria. They fly openly over diplomatic residences and missions in the capital," the *Sunday Telegraph* said.

The improved strike power of the SAAF has added to the acute tensions in the region and has led Zimbabwe to seek sophisticated weaponry from Russia, the newspaper claimed.

Zimbabwean Defence Minister Ernest Kadungure and the country's intelligence chief Emmerson Munangagwa — already alarmed by recent SA reconnaissance flights over Harare — were said by official cources to be in Moscow on October 30 seeking MiG-23 interceptors and advanced ground-to-air missiles, the newspaper claims.

"The exploratory arms deal is bound to be regarded as provocative by Pretoria," *The Sunday Telegraph* said.

Mugabe's rhetorical outbursts against Pretoria were matched by his continuing determination to implement tough Com-

● To Page 2

Zimbabwe seeks Soviet air aid

monwealth sanctions against SA and cut the air link between the two countries. The latter action was expected early next year.

Relations between Pretoria and Harare have been further inflamed by the recent successes of "South African-backed" rebels in Mozambique, who had captured a number of towns in the north.

"The catalyst for South African intervention in Mozambique is likely to be the new Russian radar installations around

● From Page 1

the capital, Maputo," the newspaper said

Military sources in Pretoria said that the radar could be the beginning of a missile shield similar to that facing the SAAF in southern Angola.

Diplomatic sources in Pretoria feared that the air force would strike against the radar sites before they could be linked to a missile system.

Regular review for '166' ban list

THE US State Department is to review Washington's "166" list of SA companies hit by sanctions legislation every three months.

It will consider additions from US anti-apartheid groups, but will not add to the list on its own initiative.

Meanwhile, SA Agricultural Union (SAAU) economist Koos du Toit told

HAMISH McINDOE
and GERALD REILLY

Business Day at the weekend the threatened embargo on SA control boards would be regrettable but far from a disaster.

Agriculturally, SA was not heavily de-

● To Page 2

Three-monthly review for '166' curbs list

pendent on the US market, although efforts had been made recently to expand the market for SA wines and foodstuffs, he said.

Several SA companies are to urge the department to have their names removed from the list. Most contend they have no links with government.

Sasol is thought to be an early candidate for successful review. A State Department official said while Sasol III was owned by Pretoria, the status of Sasol I and II was less clear-cut.

He said: "It's a matter of interpretation ... discussions are continuing."

Sasol was a major supplier to US companies of petroleum by-products — some

● From Page 1

irreplaceable — until the sanctions came into effect.

The holdings of Iscor and the Union Steel Corporation account for 33 companies on the list of 166 concerns barred from exporting to the US.

Said an Iscor spokesman: "They've even listed our catering company, as well as several Iscor-owned Section 21 companies."

Sanctions could cost steelmakers about 580 000 tons of steel exports to the US under its now defunct import restraint agreement with Washington.

SAA appeal shot down by US judge

By Neil Lurssen, The Star Bureau

WASHINGTON — President Ronald Reagan and Prime Minister Margaret Thatcher agreed here at the weekend that economic sanctions would not help end apartheid or bring about a fairer system of government in South Africa.

While the two Western leaders were sharing this view, the Chief Justice of the United States, Mr William Rehnquist, was rejecting a last-ditch appeal by South African Airways to halt an immediate ban on the airline's flights to the United States.

The ban, one of the sanctions imposed by the United States Congress against the President's wishes, came into effect yesterday.

Mr Reagan and Mrs Thatcher reaffirmed their support for white-black negotiations to settle South Africa's problems with commitments from all parties to make the talks possible.

"There should be undertakings really on both sides to the negotiations — on the government side the release of Nelson Mandela and the unbanning of the African National Congress, and on the side of those who have indulged in violence, an agreement to suspend violence," the British Prime Minister said here after her meeting with the President.

"That will set conditions for the start of negotiations and we still think that formula is possibly the best way forward. But of course the impetus has to come from the South Africans," Mrs Thatcher added.

The Prime Minister spoke to reporters within hours of her meeting on Saturday with Mr Reagan at Camp David, the presidential woodland retreat.

The main items on the agenda were the arms control situation after the superpower summit at Reykjavik, international terrorism, and the Nato Alliance.

The two Western leaders also discussed Syria, Iran, the Strategic Defence Initiative (Star Wars) which the British support, and the situation in South and Southern Africa on which Mrs Thatcher and Mr Reagan are in agreement.

President Reagan is a staunch admirer of Britain's Iron Lady — which he demonstrated by kissing her on the cheek when she alighted from her helicopter at Camp David as light snow flakes fell.

Asked to give an outline of the talks on South Africa, Mrs Thatcher said: "We share the view on economic sanctions that they will not help to achieve our ultimate aim of ending apartheid or of establishing a system of government enabling all to take part, including, very obviously, black South Africans.

NEGOTIATIONS ON THE FUTURE OF THE COUNTRY

"It is a question, I am afraid, where one poses the problems and states one's views very clearly. It is not always easy for outside people to find a way through."

Mrs Thatcher said she supported the formula suggested by the Commonwealth Eminent Persons' Group that there should be negotiations on the future of the country with both sides giving undertakings to make the negotiations possible.

In reply to a later question, the Prime Minister said she had no plans to meet State President Mr P W Botha in South Africa or anywhere else.

She said that the death of Mozambique leader Samora Machel had raised concerns about the region.

President Machel had been helpful during negotiations for the independence of Zimbabwe and a close relationship had developed between him and the British Government, she said.

280 NJM 17/11/86

U S blacklist 'far from a disaster'

Mercury Correspondent

JOHANNESBURG—The threatened embargo on South African control boards would be regrettable but far from a disaster, according to the South African Agricultural Union (SAAU) economist, Mr Koos du Toit.

Agriculturally, South Africa was not heavily dependent on the United States market, although efforts had been made recently to expand the market for S A wines and foodstuffs, he said.

Several S A companies are to urge the department to have their names removed from the list Most contend they have no links with the Government.

Sasol is thought to be an early candidate for successful review A State Department official said: 'It's a matter of interpretation ... discussions are continuing.'

Sasol was a major supplier to U S companies of petroleum by-products — some irreplaceable — until the sanctions came into effect.

The holdings of Iscor and the Union Steel Corporation account for 33 companies on the list of 166 concerns barred from exporting to the U S.

Said an Iscor spokesman: 'They've even listed our catering company, as well as several Iscor-owned Section 21 companies'

Sanctions could cost steelmakers about 580 000 tons of steel exports to the U S under its now defunct import restraint agreement with Washington.

The Cape-based co-operatives KWV, the Deciduous Fruit Board (DFB), and Langeberg Co-op issued swift denials that they are State-owned

Officials privately say that moves are already under way to clarify their listing and to have their cases reviewed.

But it seems unlikely that the U S market will be reopened to commodity boards, as broader U S sanctions already bar imports of S A agricultural produce.

The DFB estimates that about 70% of S A's fruit crop is exported, generating foreign earnings of more than R470 million this year.

Leading development and finance corporations do not expect to be affected by their blacklisting. But some homeland corporations could

The general manager of the Development Bank of Southern Africa, Mr André le Grange, said the bank had no ties with U S importers. 'And we have never thought of using the U S market as a funding source for regional projects.'

This was echoed by a spokesman for the S A Development Trust Corporation, who said: 'We do have several export-geared projects, but none to the U S, and most of our loans come from Europe.'

The KwaZulu Finance and Investment Corporation (KFC) has said it fears that inclusion of its 20 tenant companies could put 7 000 jobs in jeopardy. But KFC spokesman declined to comment on whether these companies exported to the U S.

A spokesman for the State Department's office of Southern African Affairs had said West German-owned S A Siemens and Mercedes Datakor were included because they had received Government subsidies The IDC has a 16% stake in Siemens.

The U S blacklist was taken from a Reserve Bank publication listing Government holdings, and from other undisclosed economic publications, a department spokesman said.

5. L

00 17/11/86 (280)

6. S

More US pull-outs to follow — Eglin

Dispatch Correspondent
JOHANNESBURG — The leader of the Progressive Federal Party, Mr Colin Eglin, has predicted that more United States companies will pull out of South Africa in the near future.

Speaking at a press conference on his return from a trip to America yesterday, Mr Eglin said the groundswell of US anti-apartheid feeling should not be underestimated.

There was a widespread disinvestment and divestment campaign being conducted in the US which went beyond the 1986 Comprehensive Anti-Apartheid Act recently passed by the US Congress, he said.

Pressure to disinvest from South Africa was building up, especially at state and city level.

This placed US investors in a dilemma as the act did not stop them from investing in existing South African quoted shares, nor did it compel companies already operating in South Africa to pull out.

"There are some aggressive activists who seem to take great pleasure in punishing South Africa, irrespective of the consequences of that punishment on the people of South Africa and on the country."

Mr Eglin said he had attended a New York conference called: South Africa, Resolving the Disinvestment Dilemma. About 60 corporate managers, individual businessmen and investment managers had attended, including Mr Roly Clark, who monitors Sullivan signatories' actions in South Africa.

"Judging the mood of those at the conference it is clear the rank and file of America have a sense of moral outrage at the continuation of apartheid in South Africa.

"This outrage is being aggravated by the declaration of the State of Emergency and the fact that 10 000 people in South Africa are being held in detention without trial."

Mr Eglin said he had met the US Secretary of State, Mr George Shultz, the deputy secretary of state for political affairs, Mr Michael Armacost, and the under-secretary of state for African affairs, Dr Chester Crocker.

"It is clear from these meetings that the US State Department is reappraising its strategy and its entire old-fashioned policy of constructive engagement as a result of the passing of the act," he said.

BUSDAY 280 17/11/86.

UK takes firmer SA line

Economics Reporter

THE British government has begun taking action to "dissuade" UK multinationals from making new direct investments in SA.

But the investment ban — part of the Commonwealth sanctions package — is voluntary. A spokesman at the British Consulate in Johannesburg said no formal campaign would be launched to support the measure.

The UK government would request companies to make no new investments "in the normal course of its contact with industry", the spokesman said. There was no mechanism attached to the measure to provide for enforcement or monitoring.

British Secretary of State for Trade and Industry Paul Channon told the House of Commons on October 30 that the voluntary ban applied to "new acquisitions of share and loan capital of SA companies, and also includes loans and capital injections through inter-company and branch/head office accounts".

The ban did not include financial transactions and bank lending "in support of normal trading activity", and investments in training, health and social programmes.

Channon said: "I believe British industry, which has repeatedly supported calls for fundamental social and political reform in SA, is ready to play its part in helping to bring this about by non-violent means. Given the extent of existing UK investment in SA, wholehearted co-operation by British companies with the voluntary ban on new investment should have a considerable impact."

The British consulate also said the UK's ban on the import of SA gold coins has been modified to conform to EC regulations.

The UK Department of Trade and Industry said the ban had been extended to include coins consigned directly from SA and those sent from other countries.

But the ban, implemented on May 24, does not apply to coins minted before 1961, to imports in transit to the UK on or before October 31, or to those which were the subject of contracts concluded before October 31.

SAA appeal shot down by US judge

By Neil Lurssen, The Star Bureau

WASHINGTON — President Ronald Reagan and Prime Minister Margaret Thatcher agreed here at the weekend that economic sanctions would not help end apartheid or bring about a fairer system of government in South Africa.

While the two Western leaders were sharing this view, the Chief Justice of the United States, Mr William Rehnquist, was rejecting a last-ditch appeal by South African Airways to halt an immediate ban on the airline's flights to the United States.

The ban, one of the sanctions imposed by the United States Congress against the President's wishes, came into effect yesterday.

Mr Reagan and Mrs Thatcher reaffirmed their support for white-black negotiations to settle South Africa's problems with commitments from all parties to make the talks possible.

"There should be undertakings really on both sides to the negotiations — on the government side the release of Nelson Mandela and the unbanning of the African National Congress, and on the side of those who have indulged in violence, an agreement to suspend violence," the British Prime Minister said here after her meeting with the President.

"That will set conditions for the start of negotiations and we still think that formula is possibly the best way forward. But of course the impetus has to come from the South Africans," Mrs Thatcher added.

The Prime Minister spoke to reporters within hours of her meeting on Saturday with Mr Reagan at Camp David, the presidential woodland retreat.

The main items on the agenda were the arms control situation after the superpower summit at Reykjavik, international terrorism, and the Nato Alliance.

The two Western leaders also discussed Syria, Iran, the Strategic Defence Initiative (Star Wars) which the British support, and the situation in South and Southern Africa on which Mrs Thatcher and Mr Reagan are in agreement.

President Reagan is a staunch admirer of Britain's Iron Lady — which he demonstrated by kissing her on the cheek when she alighted from her helicopter at Camp David as light snow flakes fell.

Asked to give an outline of the talks on South Africa, Mrs Thatcher said: "We share the view on economic sanctions that they will not help to achieve our ultimate aim of ending apartheid or of establishing a system of government enabling all to take part, including, very obviously, black South Africans.

NEGOTIATIONS ON THE FUTURE OF THE COUNTRY

"It is a question, I am afraid, where one poses the problems and states one's views very clearly. It is not always easy for outside people to find a way through."

Mrs Thatcher said she supported the formula suggested by the Commonwealth Eminent Persons' Group that there should be negotiations on the future of the country with both sides giving undertakings to make the negotiations possible.

In reply to a later question, the Prime Minister said she had no plans to meet State President Mr P W Botha in South Africa or anywhere else.

She said that the death of Mozambique leader Samora Machel had raised concerns about the region.

President Machel had been helpful during negotiations for the independence of Zimbabwe and a close relationship had developed between him and the British Government, she said.

And now an abortions boycott

Now abortion is becoming part of the anti-South African movement. This report from our London bureau.

THE Mary Kenny column in The Sunday Telegraph carried this item yesterday:

It is reported in South Africa that one of the leading British abortion agencies is now refusing to do abortions on white South African women.

This is a decision taken 'reluctantly, but as a gesture of humanity and solidarity with the ANC.'

Mary Kenny comments that the logic is somewhat tortuous.

'The abortionists want to punish white South Africans (well, doesn't everyone) — right?

'So they want to stop getting rid of white South African babies as a means to this end? Right.

'Those of us who consider every abortion a sad event can only cheer that the Pregnancy Advisory Service has found one way of cutting down on its clientele.'

The clinic which has taken this action, the Charlotte Street Clinic in London, gives South African women about 75 abortions a year.

A spokesman for the workers at the clinic said the action was in line with their union's policy on South Africa. She said she was aware the decision would harm individuals but to not take action would mean they withdrew their support for those fighting for human rights in South Africa.

☐ Pamela Kozik, regional organiser of the Family Planning Association, commented that she could see no logical connection between the ANC and an abortion institution.

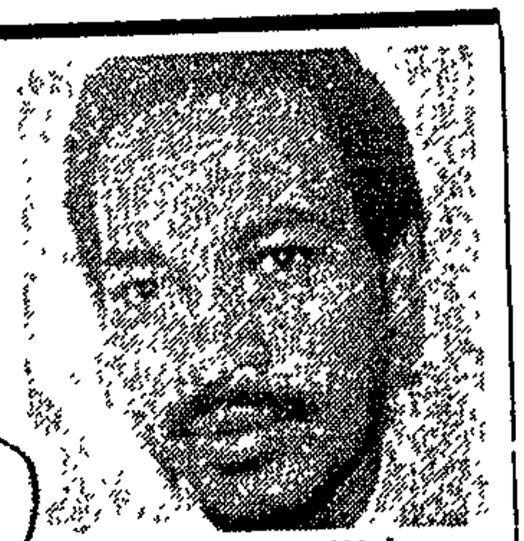
'Probably the numbers of South African women making use of the agency are so minimal that it can feel safe in making this gesture,' she said.

And Jenny Wild, PRO for the Abortion Reform Action Group (ARAG), said that considering South African women could register at British abortion clinics it was perhaps time for a commission of inquiry into the abortion laws here.

Diary

November 19 1986

SA exporters are advised: create invisible routes



Mr Anthony van Wyk . . . "opportunities galore".

By Michael Chester

South African manufacturers faced with growing hassles over sanctions have been advised to take "invisible routes" in creating joint business ventures with overseas contacts to keep a foothold in key export markets.

Mr Anthony van Wyk, managing director of Investment Research and Development of Johannesburg, has returned from an overseas study tour of the new sanctions scenario with the message: "There are opportunities galore for South African companies to launch joint ventures that can be used as springboards into the huge European markets."

He said there was a potential to go into partnerships in a number of areas in the southern zone of the European Community where people were anxious to attract new industries and where it was possible to escape the hassles of a South African identity.

Mr van Wyk was interviewed on his return from leading a six-man team of South African experts to test out contacts on the possibilities of averting any isolation from the mainstream of international flows of high technology research results.

"We had positive responses from businessmen and research institutes in several countries," he said. "The only stipulation is that agreements on joint ventures or hi-tech exchanges stays on a purely business-to-business basis, without exposure to the sort of publicity that can draw political flak.

LOW PROFILE

"Our advice to South African companies is to maintain a low profile and seek legitimate solutions to sanctions problems, rather than resort to piracy of hi-tech research and devious circumvention of new rules laid down by overseas governments.

"A crucial aim should be to maintain an international reputation for business integrity, whatever the temptations to scrap the rule books in angry retaliation to sanctions.

"South African companies will find that 99 percent of overseas contacts are willing to strike new business deals — as long as they are invisible to mischief makers and steer clear of the political arena.

"First and foremost," he said, "international businessmen still hold to the old dictum that 'business is business'. Even if overseas politicians can call a halt to visible trade with South Africa, overseas businessmen have a far deeper interest in maintaining close contact if they can work out deals that stay outside the political focus."

NEWS FOCUS

GM strike changes disinvestment issue

ALAN FINE

WHATEVER else may be said about the three-week-old strike at General Motors (GM), one thing is certain — the disinvestment debate will never be the same again.

Companies planning to follow the GM and IBM route will certainly have to think again, at least over how they plan to handle their withdrawal from SA, particularly if their workforce is unionised. And however carefully they orchestrate the move, they cannot expect applause for it.

The South African and foreign protagonists of disinvestment, too, will doubtless have to redefine their approach. GM workers have profoundly demonstrated their concern about their future under a new management. It would seem, however, they would have been even more unhappy had GM decided to close down its plants entirely.

Calls for various types of sanctions are almost as old as the anti-apartheid movement itself. And the threat of such sanctions over the years has brought some changes, although not fundamental ones. The various codes of employment practice — warts and all — were, for example, the first response to threats of significant economic pressure.

It is clear that actual disinvestment is a two-edged sword. Nevertheless, it would be unrealistic to expect the supporters of economic pressure to completely overturn their present policy positions. There are political pressures at work, including the reluctance to jettison a weapon which obviously hurts the other side.

A statement issued by the Congress of SA Trade Unions (Cosatu) on Monday — which condemned GM's "arrogant and high-handed actions" and demanded a number of safeguards for employees of companies planning to disinvest — concluded that the demands "are not a statement against disinvestment". Rather, Cosatu says, they reflect workers' concern that companies should negotiate with workers through their trade union about their future.

An article due to appear in the next edition of the *SA Labour Bulletin* takes the debate further. US academic Glen Adler argues that the union demands for assurances about GM workers' futures "move beyond" Cosatu policy on disinvestment.

Says Adler: "The stress now falls not on the question of support for or opposition to foreign investment, but on a discussion of control over investment ... regardless of its source."

The sanctions legislation, he argues, has offered many US companies the opportunity to cut their financial losses while appearing to take a moral (and popular) political stand. They can claim to be disinvesting by arranging local buy-outs, but they will maintain a profitable arms-length presence while retaining the option of returning should conditions improve.

Adler concludes: "Companies like GM, which have long argued against disinvestment on the grounds that it would hurt workers, are now being put to the test to guarantee that their own withdrawal will have as few negative consequences for those workers as possible."

Hong Kong sanctions

HONG KONG — Hong Kong's Government had decided to impose additional economic sanctions on South Africa to protest against its apartheid policy, the Financial Secretary, Mr Piers Jacobs, announced today.

Starting on Friday, the Government will ban imports of iron and steel.

It also would call on financial and commercial institutions in Hong Kong to ban new investment and bank loans to Pretoria, he said.

Travel agents would be advised not to promote tourism to South Africa. — Sapa-AP

US awaits challenges to sanctions 'hit' list

By Neil Lurssen, The Star Bureau

WASHINGTON — American Government officials are waiting to be challenged by South African companies that want to get off the sanctions hit list. But no challenges have arrived in Washington yet.

Nor have there been complaints from anti-apartheid activists who want to see additional companies on the list.

The list is to be revised at about three-monthly intervals. State Department officials may delete or add names if representations made to them are considered fair.

"We have heard that some companies object to being on the list, but no formal challenge has been made so far. Remember, it's been only a few days since the list was issued," one official at the State Department said.

The Americans claim all 167 companies on the list are "parastatals" — corporations, partnerships or entities owned, controlled or subsidised by the South African Government.

They are one of the chief targets of the Anti-Apartheid Act of 1986 which has banned the importation of their products into the United States — with some limited exceptions.

Officials who were involved in compiling the hit list concede that some companies may have grounds for objection. They are setting up a mechanism for hearing the objections.

Hearings

"We have not yet determined exactly how we will hear the challenges. It is possible that our legal staff can hold appellate hearings in the form of a sort of administrative law board — but we have not yet determined whether we need to be quite so formal," a senior official said.

"But if we get, say, 50 challenges and they are fairly complex in legal terms, we have to go to that level," he added.

"We are trying to be reasonable in an unpleasant situation."

South African companies that believe they should not be on the list should send their objections in writing to the Office of Southern African Affairs (AF/S), Department of, State, Washington DC 20520.

One official said it had not been easy to compile the list because the notion of parastatals — familiar to South Africans — was not familiar to North Americans.

The officials had interpreted the Act's provisions by deciding that a company was owned by the South African Government if the Government held more than 50 percent of the outstanding voting securities.

Controlled

If the Government had the authority to manage, direct, or administer the company, then the company was deemed to be controlled by the Government.

"You may have a company that is publicly owned but where the Government appoints the board of directors. I think it is in that kind of case we can expect challenges," an official said.

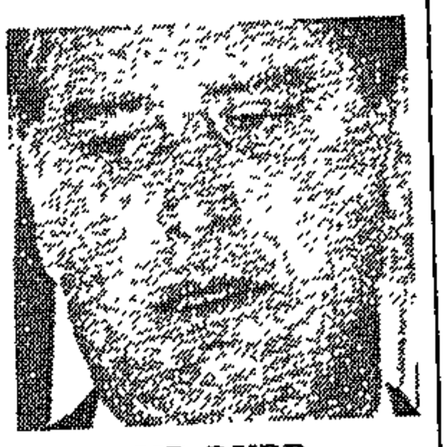
The official said the list was drawn up on the basis of information provided by American embassy and consular staff in South Africa.

Some companies had provided information to support their contentions that they should not be on the list.

All written requests to be removed from the list should contain detailed information about the share ownership and composition of the board of directors of the company.

The State Department would try to respond within 30 days, an official said. Statements that were deliberately false or misleading would be subject to American civil and criminal penalties, he added.

Sanctions are stifling reform, says Durr



MR DURR

Voters will say change is more trouble than it's worth

MUNICH — The Deputy Minister of Finance and of Trade and Industry, Mr Kent Durr, asked a symposium in West Germany yesterday whether the West wanted to destroy South Africa through its sanctions "in order to save it".

Mr Durr, addressing a Hans Seidel Foundation symposium in Munich, said the more fervent American sanctions advocates seemed to adopt this barren philosophy towards South Africa.

But sanctions, in as far they would hasten the demise of apartheid, would prove counter-productive, he said.

Sanctions would cause the South African electorate to conclude that "the reform game is not worth the candle.

"I am not being an alarmist," Mr Durr said. "There is now a strong groundswell against the whole reform initiative . . ."

South Africans were bitterly disappointed that reform had not brought with it more support from the West.

However, the South African Government and the "great bulk of its electorate" would not be cowed by sanctions, he said.

South Africa was not overawed by recent developments, but it was also not taking them lightly.

"We have a counter-strategy and it is being deployed right now," Mr Durr said, without elaborating.

● Meanwhile the president of Bophuthatswana yesterday condemned Western sanctions against Pretoria, also saying they were slowing up the process of social reform.

President Lucas Mangope said at a seminar organised by the conservative Bavarian Hans Seidel Foundation that economic measures against the South African leadership were proving counter-productive and hurting the majority of blacks.

"The sanctions movement against South Africa has unfortunately diverted the government in Pretoria from reforms which were already in progress," he said.

President Mangope said that reforms were only possible in an economically healthy South Africa.

He accused Western firms withdrawing from South Africa in protest against apartheid of leaving black workers without support after earning huge profits for years by paying them low wages.

President Mangope, branded a puppet of Pretoria by most African leaders, said apartheid had left black South Africans with enormous gaps in their education and development and called for the elimination of the system as soon as possible.

The Hans Seidel Foundation is close to the Christian Social Union (CSU), which is headed by the Bavarian leader, Mr Franz Josef Strauss, and is part of the coalition government in Bonn. — Sapa-RNS

Hong Kong bans SA iron and steel as Kodak closes its operations

New blows to isolate SA

South Africa has been hit by new sanctions and more international moves to isolate the country.

Hong Kong has banned all iron and steel imports; Australia has tightened its visa requirements; Kodak has shut down its South African operations totally; and South Africa's participation in the Antarctic Treaty has come under intense pressure in the United Nations.

An announcement by the giant US Eastman Kodak corporation of complete withdrawal from South Africa, and a ban on any of its foreign operations from supplying company products in this country has come as a shock to industrial and commercial dealers who were expecting Kodak to follow General Motors and IBM with a management buy-out, reports **Chris Moerdyk** in Johannesburg.

According to the company's headquarters in the US, the decision to withdraw from South Africa was based on a combination of economic and political factors.

Last year the corporation lost a court battle which not only severely affected sales of instant film products worldwide, but it suffered severe setbacks in South Africa over a camera swop arrangement that raised a storm among consumers.

Atex Inc — a co[illegible] subsidiary of Kodak — also announced it[illegible] the South African market.

A spokesman [illegible] (of Bedford, Massachusetts) confirmed this through a Johannesburg spokesman.

System used by many newspapers

"Atex is a Kodak subsidiary and as such will abide fully by the decision of our parent company. This means that after April 30 no Atex products — either hardware or software — will be sold in South Africa," the spokesman told Sapa. "Between now and that date we will, to the maximum extent possible, provide current support and assist our customers in positioning themselves for the future."

Atex systems are used by some newspapers owned by the Argus group, SAAN and Nasionale Pers, as well as at the University of South Africa, Pretoria Technikon, Nasionale Boekdrukkery, and Sparhams in Cape Town.

Industrial film and photographic dealers contacted by The Star agreed that while the withdrawal of Kodak, which held 30 percent of the local market, was a short-term setback, they were confident the gap would be taken up, particularly by Japanese manufacturers.

Geoff Kitney in Canberra reports that South Africans who want to visit Australia will soon be forced to go to a third country to obtain an entry visa.

The Australian Government decided yesterday that consular facilities in Cape Town and Pretoria which provide tourist visas will be closed down. The facilities will be phased out of operation — commencing before Christmas.

The move will apply to all residents of South Africa, not only South African citizens. Government officials say the aim is to hinder white South Africans who want to holiday in Australia.

South Africans wanting to apply to immigrate to Australia will still be able to apply in South Africa, but under changes to immigration procedures they will face delays of up to 18 months.

Another blow to South Africa came from Hong Kong, where Sapa-AP reports that the Hong Kong Government has decided to impose additional economic sanctions on South Africa to protest against apartheid.

Starting tomorrow, it will ban imports of iron and steel from South Africa.

It will also call on financial and commercial institutions in Hong Kong to ban new investment and bank loans to Pretoria. And travel agents will be advised not to promote tourism to South Africa.

South Africa is also under fire in the United Nations.

Reuter reports that in New York last nighta, the UN Committee approved a resolution seeking the exclusion of South Africa from meetings of the 18 decision-making members of the 1959 Antarctic Treaty.

The vote 99 in favour, with Canada opposing it and Austria, Ireland, Luxembourg, Portugal and Turkey abstaining.

Another 21 countries did not take part in the vote.

Overseas drivers won't race at Kyalami

JOHANNESBURG—Two top overseas drivers have pulled out of next Saturday's 500 km international sports car race at Kyalami because of political pressure, the sponsors, Southern Sun, said yesterday.

A spokesman said West German Hans Stuck and Briton Derek Bell had told the hotel chain 'that due to political pressure they did not intend to take part in the race at Kyalami on Saturday.'

A spokesman for the drivers' sponsors said it was 'unbelievable' that overseas stars of their calibre 'have so little respect for binding contracts'.

'We have, however, been in touch with various Grand Prix drivers, all of whom want to come to South Africa and race. A decision on which driver we will select will be made this afternoon and an announcement will be made in this regard tomorrow.' — (Sapa)

Imports hit as Hong Kong slaps on curbs

HONG KONG has formally imposed new sanctions on SA.

A Hong Kong government spokesman said yesterday the date for the implemenation of sanctions had been fixed for tomorrow, after which all imports of SA iron and steel would be prohibited.

Hong Kong has also decided to recommend a voluntary ban on new investment, bank loans and tourism to SA.

MICK COLLINS

Sources in the British colony's government, who first disclosed the import ban to *Business Day* two weeks ago, said the decision was the result of outside pressure.

Earlier this year, the government banned imports of SA gold coins

Piers Jacobs, Financial Secretary in the Hong Kong government, said: "The government decided to impose the sanctions because of Hong Kong's moral opposition to apartheid and a growing international consensus on sanctions against the white-ruled state."

Hong Kong also imported fuel products, chiefly coal, from SA worth R200m last year.

Students protest

From Page 11

District 18 in Oregon, told a meeting that: "Some people say divestment will hurt blacks more than anybody. Let me tell you this, you can't do worse than they are suffering now. We have to convince everybody who will listen that when we allow our computers, have our companies in South Africa, we are contributing to the loss of lives.

"We are assisting the racist South African regime. For the black people in South Africa, the shackles of slavery are over their lives wherever they are. Let us not only call for sanctions, but for total disengagement from that country".

The organisations are confident of success in their divestment campaign, a large number of colleges and universities are also responding positively to the call. Churches have become involved. Students are staging protests and demonstrations to get their boards of trustees to divest. Organisations and individuals demonstrate at offices of companies involved in South Africa.

"We may be naive in thinking we will get these companies out of South Africa," Kamau Anderson said. "But we will sure make them uncomfortable until they do."

ANC

The organisations are also sponsoring a number of speakers from the African National Congress to address meetings and rallies at campuses and cities around the United States. Those who attend are encouraged to contribute towards aid for human rights groups and under-privileged communities. People are encouraged to contact their representatives and senators on the South African issue.

Now that the apartheid problem is spilling over into United States prisons, it points to very efficient organising indeed.

280

Blacks still not fully behind disinvestment

Economics Reporter

THE war of words behind the disinvestment battle in the US has tended to focus on two issues: whether a corporate withdrawal would hurt the black majority it is meant to aid and whether blacks support such a policy.

The answer to the first question will probably not be known for several years. Employment per se seems unlikely to be affected dramatically, but wage levels may fall and social-responsibility spending has already fallen off.

Researchers have been trying to answer the second question for seven years, with strikingly different procedures and results. In broad terms, however, although a growing number of urban blacks tend to support the disinvestment option, that group is still the minority.

Jack Bloom, who has examined eight serious studies of black opinion on disinvestment for his forthcoming book — *Black South Africa and the Disinvestment Dilemma* (Jonathan Ball) — concludes that "the disinvestment campaign just cannot be said to have received legitimacy from the broad mass of ordinary blacks in SA".

But Bloom also points to the limitations of opinion surveys as a basis for decision-making. Blacks in smaller urban centres and rural areas largely have been excluded from these studies, and the significance of the way questions have been phrased is still "a very grey area".

"People may well find it easier (or even expected) to endorse economic sanctions when speaking to a fellow black interviewer than to think the same way when informed they have lost their jobs due to the withdrawal of a foreign company."

In 1979 University of Natal Professor Lawrence Schlemmer polled 150 blacks in Durban, and found only 20% who supported disinvestment. In a more detailed follow-up survey five years later, 75% of the 551 black male industrial workers still supported continued foreign investment.

In response to criticism that his 1984 study included only industrial workers who stood to gain from foreign capitalists, Schlemmer commissioned a follow-up survey of 1 000 blacks in eight urban areas. In this survey, just 19% were in favour of disinvestment. When a third option — continued engagement conditional on certain minimum employment standards being met — was introduced, support for unconditional disinvestment dropped to 8%.

Ensuing studies by the Human Sciences Research Council and *The Star* newspaper generally supported Schlemmer's findings, although the percentage favouring disinvestment was higher in both new surveys.

But two more recent studies threw the question into confusion. A poll commissioned by the London *Sunday Times* in August 1985 found 77% of 400 urban blacks thought it was right for other countries to "impose economic sanctions unless SA agrees to get rid of the apartheid system", with 48% of respondents expecting to suffer personally through sanctions.

And a survey of 800 urban blacks a month later by Mark Orkin, of the Community Agency for Social Enquiry (Case), showed 24% favoured unconditional disinvestment and 49% restriction of investment unless companies "actively presure the government to end apartheid" and recognised trade unions.

Bloom argues, however, that the sample for the *Sunday Times* study was too small and inadequately controlled for socio-economic level, and that the phrasing of a key question was "very general and suggestive".

The Case poll — which, its author claimed, "neatly overturned" Schlemmer's findings — in fact showed only slightly greater support for full disinvestment.

Australia to get tough over visas

20/1/88 NJM (9) (280)

Mercury Correspondent

MELBOURNE—The Australian Government is to increase diplomatic pressure on South Africa by making it more difficult for South Africans to obtain visitors' visas.

This week the full Cabinet was reported to have agreed to curtail visa facilities in Cape Town and Pretoria, which will force South Africans wanting to visit Australia to travel to Zimbabwe or other black African states to complete documentation.

But a spokesman for the Australian Embassy in Pretoria said the embassy had no knowledge of a curtailment of visa facilities.

'We are issuing visas at the normal rate. About 10 000 temporary visas, most of which are for visitors to Australia, were issued between July 1985 and the end of June this year.'

She said applications over this period had risen by 40% since the corresponding period of the previous year, but there was no backlog in processing them.

The decision will not affect the issuing of visas to South Africans in outside countries, nor will it affect South African emigration to Australia.

'It is a reminder to the South African Government apartheid is not condoned by the Australian Government,' said a spokesman for the immigration department in Australia.

Kodak to pull out of SA

Sowetan 20/11/86

THE Kodak film company is to pull out of South Africa within the next few months, it announced at its Rochester, New York, headquarters yesterday.

SOWETAN Reporter

In announcing plans to withdraw from the country, Kodak's chairman and chief executive officer Mr Colby H Chandler, said no Kodak unit anywhere in the world would be permitted to supply products to South Africa.

All assets of Kodak in South Africa would be sold.

Mr Chandler said employees' services would be terminated with "generous separation" packages

He said the decision to withdraw came only after careful considerations.

"The economics of the situation are a major factor in our decision to withdraw," Mr Chandler said.

"Our South African business has been affected by weakness in the South African economy We have no doubt that the system of apartheid has played a major role in the economy's under-performance."

He said shipment of products by Kodak to South Africa end on April 30 next year.

• Atex Inc — a computer company subsidiary of Kodak — also announced its withdrawal from South Africa's markets, reports *Sapa*.

"After April 30, no Atex products — either hardware or software — will be sold in South Africa," the spokesman said.

Kodak to quit S Africa entirely

N/H
280
20/11/85

By Simon Barber

WASHINGTON—The Eastman Kodak Co, whose name is synonomous with photography the world over, is pulling out of South Africa completely and will not sell its products in this country after April 30 next year, the Rochester-based company announced yesterday.

Spokesman Ian Guthrie confirmed that the decision also applied to Kodak's 100%-owned subsidiary, Atex Inc, whose computer systems are used by many of the country's major newspapers, both English and Afrikaans.

Atex officials would be briefing newspaper proprietors as soon as possible, Mr Guthrie said.

The entire management and workforce of Kodak S A (Pty) Ltd and Atex Systems S A (Pty) ltd — numbering around 480 — will be laid off, but, according to chief executive Colby Chandler, will receive 'a generous separation package'.

Employees were based mainly in Johannesburg, but Kodak also had employees in Cape Town, Port Elizabeth, Durban and Bloemfontein.

Alternative suppliers

Mr Guthrie said that, based on time of employment, the average worker could hope to receive a year's salary and all will continue to receive medical and life insurance coverage for the next four months

Kodak was the 24th largest U S employer in South Africa, but the first company of its size and prestige to announce a complete pullout Other recent leavers, most notably General Motors and IBM, have turned over their operations to local management and will maintain a supplier relationship with South Africa

While the use of middlemen cannot be ruled out, Kodak is ordering its units around the world to refuse to fill orders from South Africa The four-month grace period is to allow hospitals and other medical facilities using Kodak X-ray film to find alternative suppliers

Mr Guthrie would not divulge the value of Kodak's South African assets, and would only say that its 1985 sales here

TURN TO PAGE 2

P.T.O.

Manhunt begins after shooting, robbery in Rustenburg bank

Crime Reporter

A MASSIVE police search using a helicopter and a light aircraft is under way for three bank robbers who left four people injured, three of them with gunshot wounds, after a R2 500 hold-up at a Rustenburg bank yesterday

Among those hurt are a customer who was shot in the head in the bank hall and a policeman who was wounded in the leg when he tried to stop the robbers

A police spokesman in Pretoria said last night that three black men, two of them armed, entered the Rustenberg branch of Barclays Bank about 10 a m,

They opened fire and a black client was hit in the head and seriously hurt

They immediately went behind the counter and one of the gunmen opened fire at a teller, hitting him in the shoulder

The bullet smashed a glass pa[illegible] and shards of glass hit another teller in the face

After collecting R2 500, the gang fled outside where a white Toyota Corolla (JSP 927T) was waiting with two other black men, the spokesman said

The vehicle drove off in the direction of Potchefstroom but was stopped by a white policeman 50 km from Rustenberg.

One of the gang opened fire at the policeman, hitting him in the left leg

The vehicle continued to Magaliesberg, where it was stopped again by police who shot one suspect in the leg and arrested him Later, a second suspect was arrested

Kodak to quit S A entirely

FROM PAGE 1

were 'less than 1%' of its $10 billion worldwide.

In his formal statement, Mr Chandler said: 'The economics of the situation are a major factor in our decision to withdraw. Our South African business has been affected negatively by weakness in the South African economy, and we have no doubt that the system of apartheid has played a major role in the economies underperformance.

'We had hoped by now the signs in South Africa concerning plans to dismantle statutory apartheid would be clear, unfortunately we cannot see with any certainty a time when South Africa will be free from apartheid. The implication of that situation is a degree of business risk which we do not consider prudent and thus, we have have concluded with reluctance that Kodak should withdraw from the troubled country.'

Kodak has been under mounting pressure to leave South Africa. Earlier this year it very nearly lost an $8 000 000 (about R18 million) contract to provide New York's city government agencies with high-speed copiers because of a city law requiring bidders with South African business connections to be discriminated against.

Mr Randall Robinson, director of Transafrica, the anti-apartheid lobbying group, hailed Kodak's decision as 'a much better result than the decisions taken by IBM and GM. We will be urging other companies to follow the example.'

He added that he hoped 'the assets will be made available to black South Africans'. Asked whether the assets would be worth much if Kodak was no longer marketing its products in South Africa, he conceded: 'Well, I haven't looked closely at the arrangements yet.'

Products affected would include the full range of Kodak photographic equipment, video cassettes, motion picture film, X-ray film used by hospitals and clinics, floppy discs used in the computer industry and a chemical preparation used in cigarette manufacture.

Asked if Kodak supplies would be available from other sources, Mr Guthrie said he could not comment but added that all Kodak outlets would be monitored to ensure they were not supplying South Africa.

A Mercury Reporter writes that reaction to the move in Natal was widespread yesterday, with most photographic shops saying they were confident that the product would still be available 'via the back door'.

Mr Bruce Davis, a partner in Photoworld, said yesterday the move was not unexpected because of the pressure exerted on businesses with dealings in this country

'But,' he said, 'I am very confident that the products will be available to us via the back door. Contingency plans have been made and there are always other, very good, alternative products on offer.

'Probably the most negative aspect of this, is for the staff who will now be unemployed,' he said.

Without difficulty

Mr Peter Wycherley, manager of Whysalls, was just as confident, saying the product would always be available through alternative suppliers.

Mr Richard Williams, of one Cape Town retail and wholesale camera and film outlet, said: 'It won't affect us at all — we will always get Kodak film, no matter what they say.

'There are a lot of other sources apart from the States. They said the same thing about Polaroid when that company pulled out of South Africa and we are still getting Polaroid film without difficulty.'

Mr Williams said that Kodak processing chemicals could also be obtained with ease or duplicated using raw materials which were easily obtainable.

'Perhaps the only problem will be with Kodak movies as far as processing is concerned, since this is only done at one laborartory in the country at Doornfontein in the Transvaal.

'That laboratory is owned by Kodak. But even so, it is possible that someone else will take over their operation.

Film production companies would also be looking to alternative sources for Kodak film.

Mr Dave Erwin, financial director of a Johannesburg film production company, said a lot of people would, however, be 'very sorry' about Kodak's decision 'as they will have to either pay more to get the film or use alternative stock — but we will get Kodak film if we want it,' he said

Atex — a wholly-owned subsidiary of Kodak — said the company would 'abide fully by the decision of our parent company'.

A spokesman for Atex, of Bedford, Massachusetts, said this meant 'that after April 30, no Atex products — either hardware or software — will be sold in South Africa.

'Between now and then, we will try our hardest to provide support and assistance to customers in positioning themselves for the future.'

Atex South Africa's managing director, Mr Bob Haggerty, said last night that he was unable to comment 'at this stage' on the future of local newspapers and publishers equipped with Atex systems.

Sources in the publishing industry were not, however, unduly surprised or concerned about the announcement that Atex is to leave South Africa.

SAAN managing director Stephen Mulholland said in Durban last night: 'I have no doubt that we will find ways and means to continue to produce our newspapers without any disruption.'

The American sanctions seemed 'childishly illogical' as far as they affected newspapers, he said.

'They aimed at damaging that element in South African society which has been campaigning against apartheid for decades at risk and cost to itself. It's ludicrous.'

Mr John Malcomess, a Progressive Federal Party spokesman on trade and industry, said Kodak's decision demonstrated 'that everyone in South Africa was going to suffer because of the sins and omissions of the National Party'.

Ban on iron, steel and bank loans

HONG KONG — Hong Kong's government has decided to impose additional economic sanctions on South Africa, the Financial Secretary, Mr Piers Jacobs, announced yesterday.

He told Hong Kong's Legislative Council that starting on Friday, the government would ban imports of iron and steel from South Africa.

It would also call on financial and commercial institutions in Hong Kong to ban new investment and bank loans to Pretoria, he said

Travel agents would be advised not to promote tourism to South Africa.

In July, the Hong Kong government banned the direct import of gold coins from South Africa.

The new economic sanctions, Mr Jacobs said, would not apply to goods that were covered by existing contracts or that did not originate in South Africa.

Hong Kong's exports to South Africa last year amounted to 736 million Hong Kong dollars, while imports from South Africa totalled 29 billion Hong Kong dollars.

● From Cairo it was reported that the Irish Foreign Minister, Mr Peter Barry, flew home yesterday after a two-day visit, during which he suggested that Egypt could exploit Dublin's ban on imports of fruits and vegetables from South Africa. — Sapa-AP-RNS

Reaction to Hong Kong P 13

No end in sight to GM strike as union puts alternative demands

By Sheryl Raine

The strike by more than 2 500 General Motors employees entered its seventh day today with no speedy settlement in sight, said the company.

Mr Rob McIlwaine, GM's industrial relations manager, said the company met the National Automobile and Allied Workers' Union (Naawu) yesterday and the union tabled alternative demands.

Originally, the union demanded severance pay of one month's salary for every year of completed service, repayment of pension fund contributions and the right to appoint two directors to the board of the new company.

Mr McIlwaine added: "Alternative demands now include a call to the GM corporation in the US for a payment of one month's salary for each year of service. We will forward this request.

"As far as the pension fund goes, the union has proposed that GM SA submit all details to actuaries so they can calculate the credit due to each member, who would then be entitled to take the money or transfer it to a provident fund in consultation with the company.

"We have agreed to postpone dismissals pending consideration of the alternative demands."

Leader of the Naawu delegation, Mr Freddie Sauls, said workers would await management response — expected in the next two days — before deciding further action.

In the meantime, GM has temporarily closed the plant.

● Sapa reports that the Congress of SA Trade Unions has backed Naawu and demanded that companies leaving South Africa negotiate their withdrawal with employees and unions.

A Cosatu spokesman added: "Workers are not prepared to bear the brunt of sanctions and disinvestment, which are a direct result of apartheid."

SOWETAN 20/11/86

SOW

THREAT SHOCKS FILM COMPANY

STER Kinekor Theatres, Columbia Pictures' major trading partner in South Africa, has reacted with incredulity to the Hollywood film studio's ultimatum to stop supplying local theatres with new releases if they did not eliminate the racial segregation of audiences.

SOWETAN CORRESPONDENT

The new chairman of Columbia Pictures, David Puttman said at a Press conference in Los Angeles on Tuesday that South African cinema owners had been notified his company would not book its films in any theatres still segregated after May 1 next year.

But Ster Kinekor director of marketing, Mr Davies Isaacs, denied yesterday that Columbia Pictures had informed his company of its plans.

"We know nothing of it," he said.

Open

Mr Isaacs said 90 percent of Ster Kinekor cinemas and drive-in cinemas in the country were open to all races.

Only a "couple" of cinemas in Pretoria and a drive-in on the West Rand were open to whites only.

Mr Graydan Fry, a spokesman for Metro Theatres, said Columbia Pictures' threat would not affect his company "because they only deal with Ster Kinekor".

But he said all Metro cinemas with the exception of three theatres in Pretoria, one in Alberton, and the Halfway Drive-In, between Pretoria and Johannesburg, were only open to whites.

GMSA's take-over talks are 'near end'

NEGOTIATIONS for the local take-over of General Motors South African from January 1 next year are "nearing conclusion, somewhat ahead of schedule", Mr Bob White, GMSA managing director, said yesterday.

In a statement, Mr White said· "It has of necessity been a long, drawn-out process with significant financial and strategic implications for all concerned.

"We are greatly encouraged by the support of our dealers during this period of apparent uncertainty.

"The situation with employees has essentially been resolved. Production is almost back to normal and we are begining to make up the backlog of our Monza build.

"We appreciate the concern of our employees that their position might be affected by the withdrawal of the American company. But we have said all along that the new owners would honour all existing agreements with the unions."

● The local buy-out management team was also officially announced

Mr Bob Price will become chairman and chief executive officer and Mr Keith Butler-Wheelhouse will become the new managing director.

Mr Andre van Rooyen was named as director of product development and planning, and Mr George Stegmann, director of personnel and public affairs.

Mr I D J (Van) van der Linde will become director of materials management and parts. Mr Van der Linde is currently director of materials management for GMSA.

Mr R D (Rus) Oliveto, who is currently a consultant to GMSA, will become director of manufacturing and assembly in the new company

Two principal positions yet to be filled are for a new director of sales and marketing and a director of finance

The names of non-executive directors will be announced shortly

'Economics major factor'

Kodak closes the shutters on SA sales

US MULTINATIONAL Eastman Kodak is to pull out of SA and none of its foreign operations will be allowed to sell their products here.

The move will hit professional photographers and health services the hardest. Newspapers using the Kodak-owned Atex system do not expect to be severely hampered.

No timetable has been fixed for the withdrawal, which will cost about 500 jobs and involve the closure of five marketing branches around the country.

Kodak CE Colb Chandler said in Rochester, New York: "The economics of the situation are a major factor in our decision to withdraw.

"Our SA business has been affected negatively by the weakness of the economy. We also have no doubt the system of apartheid has played a major role in the economy's under-performance."

He said Kodak's hopes that reform would lead to the end of apartheid were not justified and added: "We must now make the business decision to withdraw."

Kodak agreed in June not to supply Pretoria as part of a $8m municipal contract to sell high speed copying equipment to New York.

SA Institute of Photographers past president Mike Reed said Kodak was the biggest supplier of X-rays in Southern Africa and loss of Kodak equipment to professional photographers would be "a wrench".

He said Kodak stock was widely used for film-making and for video and sound

HAMISH McINDOE

material of broadcasting standard. He said: "It's a major shock."

A film laboratory, that did not wish to be named, dismissed suggestions it would not be able to buy supplies of positive material abroad.

And an Atex spokesman made it clear the company would abide fully by Kodak's decision to withdraw. He said: "This means that after April 30, no Atex products — hardware or software — will be sold in SA."

Slating US sanctions as "childishly illogical", SA Associated Newspapers (SAAN) MD Stephen Mulholland said last night: "We will find ways to continue to produce our newspapers without any disruption.

"Sanctions are aimed at damaging that element in SA society which has been campaigning against apartheid for decades at risk and cost to itself."

SAAN deputy MD Roy Paulson said the April embargo deadline would allow SAAN to build up its existing R500 000 stock of spares.

Atex systems are also used by Argus and Nasionale Pers publications.

News of Kodak's proposed disinvestment was leaked to *Business Day* late Tuesday night. Kodak (SA) MD Dick Ferris would not comment on the move and the company closed its Johannesburg office early yesterday afternoon.

● Comment: Page 8.

Frontline seeks new route



PRESIDENT dos Santos of Angola with Zambia's President Kaunda in 1984. They'll be seeing President Sese-Seko of Zaire in a bid to set up trade routes independent of South Africa.

FOUR southern African leaders meet in Zaire this weekend to discuss ways of securing regional trade routes in the face of threatened retaliatory sanctions against black-ruled states by South Africa, the Zambian government announced yesterday.

Presidents Jose Eduardo dos Santos of Angola, Joaquim Chissano of Mozambique and Kenneth Kaunda of Zambia will hold a summit with President Mobutu Sese-Seko of Zaire on Saturday and Sunday, a spokesman for President Kaunda said.

Dr Kaunda is the current chairman of the Frontline states which spearheads African efforts to force South Africa to abolish its policy of apartheid, or racial separation. Its members are Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe.

The Frontline leaders are flying to Zaire for the second summit of its kind with Marshall Mobutu in a month.

Dr Kaunda's spokesman said the talks this weekend would be a follow-up to the summit which took place in Zambia, but he declined to specify what was on the agenda, apart from regional transport security.

Most black-ruled states rely heavily on South Africa for trade and transport routes in the region. Southern African leaders seek to divert trade traffic away from South Africa for fear Pretoria would impose retaliatory economic measures against them once international sanctions are enforced against the Government.

Marshal Mobutu is seen by the leaders as a key figure in their efforts to secure existing trade routes bypassing South Africa and to open up other transport links.

Most of Zaire's copper, mainstay of the former Belgian colony's economy, is railed out through Zambia and Zimbabwe to South African ports. Zaire is also often accused of supporting Dr Jonas Savimbi's Unita rebels in Angola The guerillas have kept closed for more than a decade the Benguela railroad that is capable of carrying much of the region's trade.

Zaire steadfastly denies links with the National Union for the Total Independence of Angola.

Frontline leaders anxiously want to re-open the Benguela line to the Atlantic ocean and also railroads to Indian ocean ports that have been severed by Mozambique National Resistance guerillas there.

Before the October 19 summit with Marshall Mobutu, Frontline leaders flew to Malawi to persuade President Kamuzu Banda to stop supporting the MNR rebels. Dr Banda has persistently disavowed any ties to the MNR.

Both Malawi and Zaire are staunchly pro-Western.

Iscor: Hong Kong ban no surprise

JOHANNESBURG — Hong Kong's ban on the importation of South African iron and steel announced by the British colony yesterday was "not unexpected," a spokesman for Iscor, said in Pretoria.

The public relations manager of Iscor, Mr Piet du Plessis, refused to discuss the effects of the ban on the industry.

Spokesmen for two travel agencies yesterday said the anti-tourism measures would have minimal effect on the tourist industry as very few Hong Kong travellers visited this country.

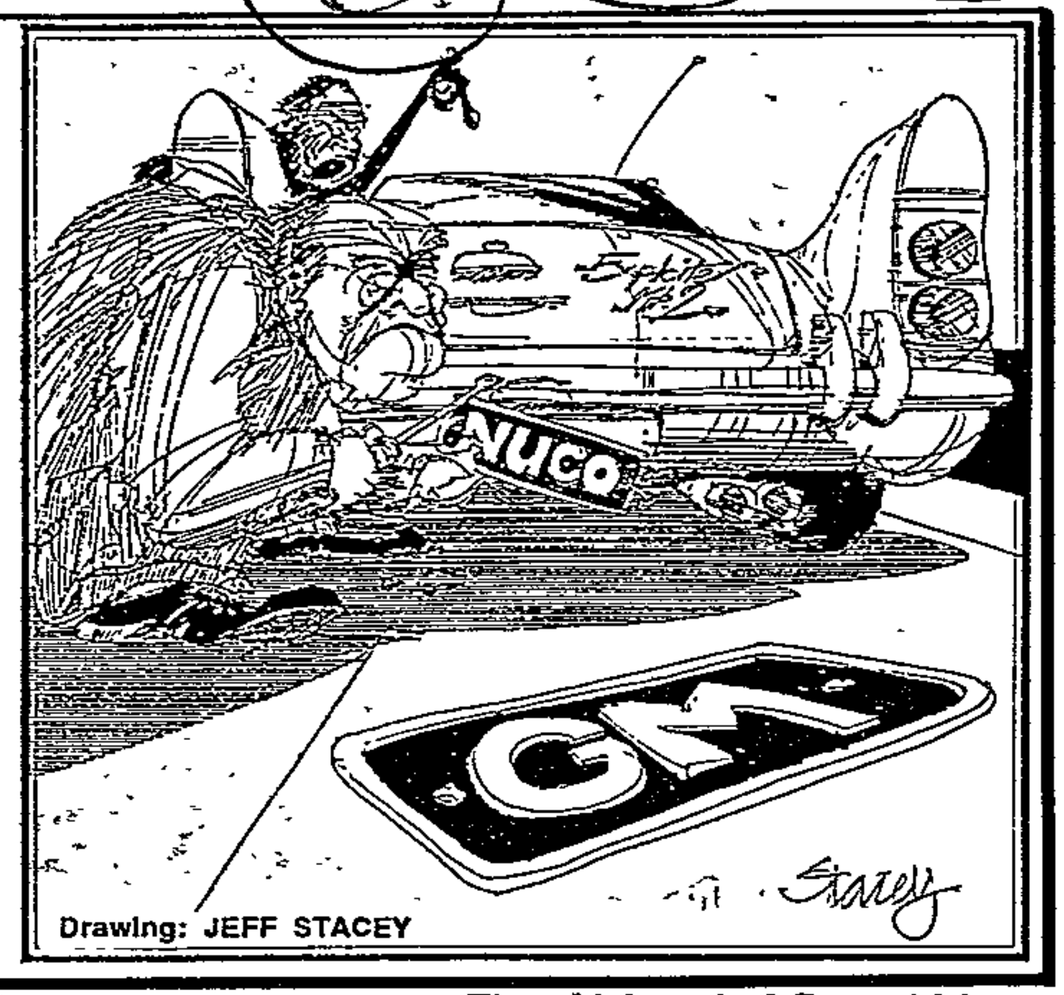
The new sanctions will not apply to goods covered by existing contracts or goods not orignating in South Africa.

(280) DD 20/11/86

THE ECONOMY

Sanctions vice closes in on the unions

Two views of whether the unions underestimated the danger of sanctions to their own members



Drawing: JEFF STACEY

PHILLIP VAN NIEKERK argues that sanctions are being used as a cover to justify cost-cutting retrenchments

WHEN economic sanctions loomed distantly on the horizon, progressive unions gladly supported international pressure against the South African government.

When the threat moved closer, the unions faced a potentially invidious situation between political support for sanctions, on the one hand, and large-scale job losses for their members on the other.

Both the Congress of South African Trade Unions (Cosatu) and the Council of Unions of South Africa-Azanian Confederation of Trade Unions (Cusa-Azactu) have in the past year passed resolutions strongly supporting sanctions.

But in the current political climate this was entirely to be expected. What looked as if it could be more difficult was the practical application of this ideological position with members' jobs on the line.

The dilemma was exacerbated by public pronouncements by the government and employers directly linking sanctions and job losses, and thus forcing unions on to the defensive.

One of the most widely publicised was the Chamber of Mines' claim that if all coal exports were banned, 35 percent of the sector's 110 000 workers would have to be retrenched.

The Chamber challenged the National Union of Mineworkers (NUM) to explain how it could support sanctions when the imposition of sanctions would mean massive job losses for its members.

Alec Irwin, education secretary of Cosatu, says unions should respond to this kind of challenge by refusing to go on the defensive or to concede that workers are the ones who will have to suffer.

He points out that unions are not responsible for sanctions: the international community is putting pressure on South Africa because of the minority government and its actions.

Thus, the Chamber's challenge to the NUM over sanctions — "Is this really what you want?" — would be better directed at PW Botha than at NUM general secretary Cyril Ramaphosa.

Irwin says the manner in which jobs and sanctions have been directly linked is "propaganda" and that the issue is much more complex. In some cases, he points out, disinvestment is being used as a cover for rationalising production.

Perhaps even more germanely, South Africa already has an exceptionally high rate of unemployment. This has nothing to do with sanctions but everything to do with the government's political and economic policies.

The steel and engineering industry — under threat from an export ban — has shed more than 100 000 workers since the slump began in 1982.

Many thousands of workers — more than would be out of work in the event of trade bans — have lost their jobs because of rationalisation and investment in new technology in the past few years.

In fact, the unions have decided to fight sanctions-related job losses as they would any retrenchments, holding that the burden of sanctions should be felt by profits, not by workers' jobs.

"We will fight to keep our jobs — whether the losses be through rationalisation, disinvestment or relocation to 'bantustans'," says Irwin.

Mathey Rustenburg Refiners, half-owned by the British Johnson Mathey group, has just illustrated the latter form of disinvestment by preparing to move its platinum refinery in Johannesburg to the union-free, low-wage zone of Bophuthatswana.

With the General Motors dispute, the battle over sanctions has been truly joined — and it has taken an unexpected turn.

The withdrawal of General Motors in Port Elizabeth did not mean that the US parent packed all its assets into a box and shipped them home.

On the contrary, it sold its plants to South African-based management and prepared to move out of the firing line — while retaining the ability to make money out of the operation through licensing and franchising

Members of the National Automobile and Allied Workers' Union (Naawu), concerned about their job security under a new management not bound by the pressures and scrutiny of a disinvestment lobby at home, went on strike and occupied their plants.

From initial demands for job security assurances, the dispute chrystallised into a test case of the responsibility of multinationals who disinvest from South Africa. At no stage, however, was the strike over workers' opposition to disinvestment.

Out of the GM dispute has emerged a new set of guidelines — reflecting worker concerns — for multinational companies disinvesting from South Africa.

It was drawn up by Naawu, the Metal and Allied Workers' Union and the Motor Industry Combined Workers' Union.

The basic demand is that when a company pulls out, it must negotiate the terms of the withdrawal with its workers.

Demands include that workers be given notice that a company is pulling out, that the company disclose full details of its plans and that the company "provide adequate information to allow workers and their organisations to make a decision on their future".

Thus, the initial demand by GM workers for a place on the board of directors has been supplanted by a demand for disclosure.

The guidelines set out certain non-negotiable minimum conditions for pulling out. These include no-retrenchment guarantees, severance pay of one month's pay per year of service and guarantees of full earnings for a year. They also insist that no benefits be prejudiced

Thus, the GM dispute is an example of a concrete struggle over sanctions, forcing worker leaders to consider new solutions to tricky problems.

As Irwin points out, sanctions and disputes such as General Motors are forcing workers to look at shopfloor issues in terms of the macro-political situation,

And it looks as if, far from weakening the union movement, the depth of debate and soul-searching which black worker leaders are undergoing is having a mobilising and strengthening effect.

Two schools of reform

The unions thought sanctions would weaken managements. If anything, the case of General Motors shows that it has strengthened the employers' hands, argues DUNCAN INNES

IT'S been an exciting week on the local front of the sanctions-cum-disinvestment battlefield.

On the one hand, General Motors (GM) summoned those champions of reform, the SA Police, to help it break a strike by its black workers and, on the other hand, BP South Africa (BPSA) announced a R100-million programme to encourage non-racial reform.

Truly, we live in interesting times.

From a credibility point of view, BP have gained a lot more mileage from their strategy than have GM.

Not only have GM publicly acknowledged that they do indeed intend to supply the South African military and police with vehicles, but the new MD has publicly stated that "We will make vehicles with or without the unions."

These two statements would have brought cold comfort to GM's black employees who, on the one hand, feared that many of them would lose their jobs following the transfer of ownership to local management (this is basically what the strike was all about), but on the other hand must be feeling very uneasy about building vehicles which, in many cases, could end up being used against them in their own townships.

Commentators have not been slow to exploit these contradictions, arguing that because black unions have not publicly condemned the overseas sanctions campaign, they now have no right to complain when withdrawal by a foreign company threatens the jobs of their members.

There is some truth in this argument. Certainly many unions do not seem to have thought properly through the implications of a sanctions campaign.

They have hoped that sanctions would weaken management, but have not examined deeply enough the many possibilities that exist for management to turn the situation to its own advantage (over the short-term at least), weakening the unions in the process.

GM, on the other hand, have clearly given this matter some thought.

But where much comment has been at best highly mischievous is in its persistent reference to the GM case as an example of what happens when a foreign company withdraws from South Africa.

As I argued some weeks ago, GM have not withdrawn from South Africa; they have simply changed the form of their involvement here.

This is surely borne out by the fact that not only are they trying to capture a share of the police and military market here, but they are also launching a brand new model.

And while the new MD, American citizen Bob Price, who was MD of GMSA between 1971 and 1974, insists that at the age of 60 and after 36 years with GM he has now left the company to take over the new South African concern, called Nuco, there is room for some scepticism.

This scepticism was enhanced by GM's recent announcement that it was closing down 11 of its American plants as well.

Does this mean it is withdrawing from America too? Or is it simply rationalising its worldwide interests of which South Africa forms a part?

BPSA, on the other hand, has taken an initiative of a very different kind.

BPSA are opposed to sanctions and disinvestment, believing instead, in the words of their chairman, Ian Sims, that: "Forthright involvement of international companies such as BPSA in the South African economy and in the South African community continues to offer the better alternative to disinvestment, sanctions and other such negative measures." Unlike many other companies which simply say these things, BPSA is prepared to put its money where its mouth is — to the tune of R100-million.

It has specified how the money will hopefully be used: first, to finance the development of District Six and some surrounding land as an area open to all races; and, second, to subsidise existing state schools which wish to go private so as to open their doors to children of all races.

Laudable though these goals might be — the first aims at undermining the Group Areas Act, the second at undermining racial segregation in schools — it is doubtful whether they will, as much press comment suggests, bring down apartheid.

Referring to the District Six project, the Minister of Constitutional Development, Chris Heunis, said "The Group Areas Act, which regulates occupation, does not provide for such a concept.

"It only provides that multiracial occupation within a specific area can be arranged by way of permits."

In other words, the BPSA initiative is likely at best to lead to the creation of a small permit-controlled non-racial enclave within the confines of the existing Group Areas Act, rather than the abolition of the Act.

The same is true of the second project, relating to integrated schools.

The Minister of National Education, FW de Klerk, has made it clear that some racially integrated schools will be tolerated: "There is an alternative for people who feel strongly about integrated education.

"And if entrepeneurs, or any members of our community, feel very strongly about doing something in this regard, they can channel their energies, their funds, their support to make this alternative available."

Clearly, De Klerk does not regard the integration of a few schools as a fundamental challenge to the existence of apartheid education.

What is surely needed, as the children in the townships are demanding, is the abolition of apartheid in education and not the

●To PAGE 12

THE ECONOMY

GM's iron hand vs BP's velvet glove



New GM MD Bob Price

creation of a few integrated schools within a sea of apartheid.

It might be argued that this criticism is unfair, since on their own BP cannot be expected to bring down apartheid. After all, isn't it better to start somewhere, however small, rather than not to start at all?

The recently released BP social report for 1986 is full of statements like "BP believes", "we believe" and "we are of the opinion that" various proposals are in the best interests of reform in South Africa.

For instance, regarding the District Six project, chairman Ian Sims writes: "We start from the fact that existing steps to abandon apartheid are too slow for many people but too fast for others.

"By exercising a regional or local option we can see a way forward..." In the next paragraph we find the following: "A project like this depends ultimately on the wishes of the people of the actual area who will be involved. They will be consulted and will participate in the decisions and direction of the project."

This statement could have come from the mouth of our very own State President. It suffers from exactly the same inadequacies as do the government's own statements on reform.

First we whites, whether from BP or from the government, tell you what we think you blacks need and allocate some funds towards implementation. Then we whites invite you blacks to consult with us and participate in implementing our decisions (which are, of course, in your own best interests).

Perhaps I am wrong. Perhaps BPSA have consulted widely among the black community before announcing their grand scheme.

●From PAGE 11

If so, they do not mention it in their report.

Certainly, their report does provide statements of support from a very limited range of academics and black and white business leaders.

There is also a statement of support from Chief Mangosuthu Buthelezi.

But not a word from, nor mention of, anyone from the United Democratic Front or Black Consciousness groupings, nor from any trade unionist other than Kobus Jooste of the South African Agricultural Union.

While it is interesting to know that the rector of the Rand Afrikaanse Universiteit and South Africa's first Indian ambassador abroad support BPSA's social programme, the absence of any statement of support from most of the organisations with mass followings throws serious doubt on the credibility of BPSA's programme.

In its social report, BPSA refers to what it regards as "structural changes of fundamental significance to the political, social and economic framework of South Africa which have been introduced by government".

While some of these changes, such as the government's legal recognition of trade unions, can be regarded as "structurally" significant, many are clearly not so.

For instance, BP sees it as "structurally" significant that the government "has committed itself to the principle of equal education as a goal", while at the same time noting that this same government is "continuing its commitment to racially separate state schools". If that is an example of a structural change, then I'm a toasted cheese and tomato sandwich.

Again, it is "structurally" significant that the State President has committed himself to "setting a universal franchise within a geographically united South Africa as a goal", though he has made it equally clear that "it will not take place within a unitary system" and that "protection of minority (group) rights is a priority".

And best of all, it is "structurally" significant that "forced removals of blacks for ideological reasons" will end, though forced relocations do continue "to incorporate areas into 'homelands' and for health reasons".

Statements such as these suggest that BP is incredibly, if not dangerously, naive

Such naivety in turn suggests that the government will have little trouble in co-opting BP's recently announced initiative for social change.

Canada to probe SA business links

OTTAWA — Canada would review a voluntary ban on investment in South Africa following Falconbridge Ltd's decision to raise its interest in a mining company in the Republic, External Affairs Minister Joe Clark said yesterday.

"Voluntarism remains our preference, although the approach will naturally be affected by the degree of compliance shown by Canadian companies," Mr Clark said.

Falconbridge, one of Canada's leading mining companies, announced this week it was increasing its stake in Western Platinum to 49%.

Canada has agreed to a ban on new investment or reinvestment of profits earned in South Africa.

"This measure was specifically brought to Falconbridge's attention in a letter from me to the president of Falconbridge dated October 30," Mr Clark said.

Falconbridge chairman Bill James said he would not have increased the stake in Western Platinum if he had known Ottawa opposed the move.

He said Falconbridge eventually planned to sell off the South African company. — Sapa-Reuter

Kodak's leaving no big deal

KODAK's decision to quit SA opens an estimated R100m hole in the photographic market which at least four multinationals will be scrambling to fill.

Initial worries at the effect of Kodak's April withdrawal on health services and the photographic industry have mostly disappeared.

Hospitals barely flinched at the news and the film industry made it clear that scratching Kodak from the market would be no loss at all.

But Kodak's "business decision" to disinvest is unlikely to hit its bottom line with SA sales accounting for less than 10% of its global $10bn turnover.

Estimates give Kodak a half share in SA's R55m a year colour film market.

HAMISH McINDOE
and RICHARD BARTLETT

Fuji MD Eric Horvitch said: "The competition can easily fill the gap."

Switzerland's Ciba-Geigy subsidiary, Ilford, also expects to capture Kodak's 40% estimated share of the R800 000 black and white film market.

But the industry disagrees over the market share that Kodak could hold through third party sales. Estimates range from 5% to "a substantial share".

Ilford CE David Anderson said brand loyalty would keep Kodak in the market

● To Page 2

Kodak's leaving is no big deal

● From Page 1

after the June deadline to its foreign operations to stop supplying SA.

Most of CNA's photgraphic equipment comes from Kodak and the company said it was looking for another supplier of the same quality. Privately, several retailers said they would bust sanctions to keep stocking Kodak.

Medical services are not anticipating a shortage of X-ray film but spare parts for Kodak's latest range of X-ray processing machines could be hard to get. SA technicians, however, will be able to service older machines.

Kodak's exposure in SA's R30m medical X-ray market has fallen sharply during the past few years and it now makes largely specialised film.

And its undisclosed share in the R10m industrial X-ray market is likely to be shared by Fuji, Agfa and Du Pont. Becker X-Ray Distributors MD Spike Becker said: "Frankly, Kodak has not left as big a gap as everybody thinks."

Film director Richard Gossett said other sources of 35mm and 16mm colour stock were widely available. He said: "Kodak going is no great hardship.

"Its reputation as the most expensive and best has been eroded during the past five years. Other producers are cheaper and every bit as good.

"And I doubt that Kodak's professional film making stock sales account for more than 10% of its total business."

An M-Net spokesman said Kodak's broadcasting video tape was not used because "the quality isn't good".

No details of Kodak's labour policy towards its 480 workers, beyond its commitment to "generous" severance pay, have emerged.

Kodak executives in SA remained silent yesterday. MD Richard Ferris said: "We're not authorised to make any statements to the media."

BUSDAY.

Two firms appeal for removal from list

260

SIMON BARBER

WASHINGTON — The State Department has received "the bare beginnings of two written appeals" from SA companies it officially rated last week as "parastatal organisations" says the department's Bureau of Southern African Affairs.

But the appeals have been returned to them.

"They were not in the format we requested and didn't contain enough factual information", said Eric Benjaminson, an official responsible for the list. He was unable to release the names of the appellants, which are thought to be agricultural concerns.

Given the outcry that greeted the "166" list when it was released nine days ago, the official admitted he was "surprised" by the apparently muted formal response.

It is understood that the firms who complained were among several which admitted that they were parastatals as defined by the comprehensive Anti-Apartheid Act.

The State Department believes that these firms came forward voluntarily, and perhaps even exaggerated their financial and operational ties to government because of a clause in the ambiguously drafted sanctions law that permitted parastatals exporting agricultural products a 12-month grace period before the embargo went into effect.

Officials suspect that the firms, fearing the sanctions net would be cast even wider, gambled that by getting themselves on the list they could at least guarantee an extra year of exports.

However, Treasury Department lawyers reponsible for turning the law into a code of administrative regulations chose to give precedence to another section of the bill banning all SA agricultural products immediately.

Tougher sanctions

SENIOR representatives of the Non-Aligned Movement this week urged the European Community executive commission to back tougher EC sanctions against SA, African diplomats said.

Ministers and ambassadors from eight nations called on the commission to put pressure on member states to adopt harder-hitting economic measures than those included in a limited sanctions package approved by EC ministers last month.

The community has banned new EC investments in SA, as well as the importing of SA gold coins, iron and steel, but these measures fall far short of those called for by the non-aligned group, diplomats say.

The non-aligned group will meet French officials in Paris before meeting British Foreign Secretary and president of the EC Council of Ministers Sir Geoffrey Howe in London. – Sapa.

Atex pull-out hurts Press freedom — PFP

The withdrawal from South Africa of the Kodak subsidiary, Atex Systems, will severely damage Press freedom in the country, says PFP media spokesman Mr David Dalling.

"It is ironic that the ban on Atex products will hinder institutions in the forefront of the fight against apartheid," he said.

"Kodak should make an exception with regard to continuing the supply of Atex parts and technology to the English opposition newspapers in South Africa."

The ban on supplies of Atex computer equipment and software, which comes into effect on April 30, will affect all major newspapers in South Africa with the exception of The Star and Durban's *Daily News*.

The managing director of Argus Newspapers, Mr Peter McLean, has supported the call for Kodak to exempt English opposition newspapers from the Atex ban.

"We are certainly willing to take the initiative on an approach to Kodak and this would be strengthened if all interested parties could take a united stand."

INANE

Mr Stephen Mulholland, managing director of SA Associated Newspapers, said: "We have fought unceasingly against apartheid, we have exposed corruption and abuse of power in the Government. This move by Kodak shows up the inane character of the sanctions campaign."

A spokesman for Atex Systems said customers would not be left high and dry with regard to spares and maintenance.

"Most of our customers are self-suffient. For those that are not, we will make suitable arrangements."

Reacting to concern in the industry on the effect the ban would have on technological improvement and upgrading of the estimated R20-million worth of Atex equipment installed in South Africa, he said South Africa could "look after itself".

"South African computer technology has led the way in a number of areas and I have no doubt there are sufficient computer specialists in the country to ensure that local newspapers do not suffer from any lack of technology."

Bata will be out of SA within weeks

The Star Bureau

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

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

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

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

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

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

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

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

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

He could identify the buyer later.

SAA gets a date

WASHINGTON — South African Airways will argue in court on January 12 for the resumption of its flights to the United States.

The date was set by the District of Columbia's court of appeals on Wednesday in a successful effort by SAA to expedite the hearing which would, routinely, probably have been heard some months later next year.

SAA is seeking to be allowed to restart its twice-weekly service between Johannesburg and New York until a year's period of notice terminating South African landing rights in the US lapses in October next year.

The airline was told last Thursday that president Reagan had formally approved an end to it's flights on Sunday. SAA is challenging that order, asserting it has a year's grace in terms of an air agreement between the two countries.

The US revoked South Africa's landing rights as an anti-apartheid action stipulated by economic sanctions in the comprehensive anti-apartheid act in 1986, passed by Congress on October 2.

A RED CARPET FOR ZULU LEADER

SOWETAN Foreign News service

WASHINGTON — The Reagan Administration is giving Chief Mangosuthu Buthelezi red carpet treatment on his latest visit to the United States to argue against sanctions.



CHIEF Gatsha Buthelezi.

On Monday, the Zulu leader is scheduled to have separate meetings with President Ronald Reagan, Vice President George Bush and Secretary of State George Shultz — the sort of reception normally extended to important heads of state.

On the same day, Chief Buthelezi will address a luncheon at Washington's National Press Club. This will be televised live into millions of homes throughout the US.

Later in the week, he will be the featured speaker at an open forum in the American Capital arranged by the US State Department.

Buthelezi to argue against sanctions

Apartheid

Chief Buthelezi's message to Americans is that economic sanctions against South Africa hurt blacks and are ineffective in the struggle to end apartheid.

In a brief appearance on Network Television this week, he told viewers of the widely-watched "CBS Morning News" programme that the conflict in South Africa was not over the objective of ending apartheid but over the means of achieving it.

Supporters of disinvestment and trade boycotts against South Africa are highly critical of the Zulu chief, but he told viewers that he was merely doing what his followers required of him.

"Each time you put the question of sanctions against South Africa before my people, they reject it," he said.

US centre lists pull-out firms

NEW YORK — The following is a list of the 20 US companies with the greatest number of employees in South Africa that have withdrawn or announced plans to withdraw from the country so far this year.

The information was gathered by the Investor Responsibility Research Centre, a non-profit organisation based in Washington, DC, that researches social and public policy issues.

General Motors Corp, 3 056 employees, plans to sell.

International Business Machines Corp, 1 484, plans to sell.

VF Corp, 960, sold to South Africans.

General Electric Co, 727, sold to South Africans.

Eastman Kodak Co, 654, plans to liquidate.

Coca-Cola Co, 465, plans to sell.

Eaton Corp, 375 employees, sold to South Africans.

Marriott Corp, 350-400, sold to South Africans.

Foster Wheeler Corp, 307, plans to sell.

Procter and Gamble Co, 290, plans to sell.

Delaware North Co 262, sold to South Africans.

Sara Lee Corp, 203, sold to Dutch.

Warner Communications Inc, 181, plans to sell.

Honeywell Inc, 176, plans to sell.

Bell and Howell Co, 166, sold to South Africans.

Phillips Petroleum Co 166, sold to West Germans.

Cooper Industries Inc, 140, sold to South Africans.

Scovill Inc, 130, sold to Americans.

Manpower Inc, 102, sold to British.

Rohm and Haas Co, 101, sold to South Africans.

— Sapa-AP

Koornhof meeting

A R45m sigh of relief as US drops skin ban

Dispatch Correspondent

JOHANNESBURG — South Africa's professional hunting industry, which brings in R45 million in foreign exchange a year, has breathed a sigh of relief following the dropping of the ban on the importation of game trophies and skins to America.

In terms of last month's wide-ranging Anti-Apartheid Act, United States customs said American big game hunters would no longer be permitted to bring home their trophies, stuffed, or otherwise, in terms of their definition as an "agricultural product".

But they are exempted in the detailed list of regulations for the act's implementation issued this week by the US Treasury.

The president of the Professional Hunters Association of South Africa, Mr Don Lindsey, said members were advised at the beginning of October, when the act was passed, to hold on to their shipments until further notice.

He said that very strong lobbying in the US against the inclusion of trophies into the definition had swung the issue, although they had not yet been officially notified.

US clients stood to lose thousands of dollars, as the animals they paid to shoot were suddenly stranded in South African taxidermy shops.

Safari Club International, which claims 90 000 members worldwide, inundated Congress with angry letters demanding an exemption.

South Africa is visited by an estimated 2 000 foreign hunting clients annually.

Sanctions hide the real problem PFP told

SDPR 280 21/11/86

By Colleen Ryan, Political Reporter

Progressive Federal Party leader Mr Colin Eglin today warned that sanctions should not cloud the real issue in South Africa, which was the problem of eliminating apartheid.

Opening the two-day PFP Federal Congress in Johannesburg, Mr Eglin said: "We should not bluff ourselves as some misguided Government members try to do and suggest that sanctions actually are a blessing in disguise."

At the congress major aspects of PFP policy, including the question of scrapping the minority veto, will be discussed.

Mr Eglin said: "Sanctions are not the cause of our problem. They are the consequences."

Outsiders could not

SIZES 5 x 3, 6 x 4, 9 x 12
TOP CHINESE HAND WOVEN CARPETS & RUGS

18 Ct white gold pendant set with heart shaped diamond 2,01 Ct
Was R18 500 NOW R7 350

50% OFF JEWELLERY

9 am - 4 pm - 6 pm

WE Post 22/11/82 280

Call to back selective sanctions rejected

● From Page 1

with a general election likely in four or five months time.

Sanctions, he warned, would result in the loss of 10 black jobs for every job lost by a white.

The MP for PE Central, Mr John Malcomess said people should not be fooled by the call for selective sanctions.

If selective sanctions were applied merely against National Party supporters this might affect the 4% of whites in the canning industry, but would also hurt the thousands of others employed in the industry.

Coming in at the end of the debate the Leader of the PFP, Mr Colin Eglin those who believed outside pressure was going to make the NP change were naive.

Proposing the original motion, the chairman of the Young Progressives, Mr Andrew Miller said he wanted to call on the West to hit selective targets, to hit apartheid targets but not harm the economy.

PFP refuses to back sanctions

By PATRICK CULL
Political Correspondent

JOHANNESBURG — Sanctions were a "very dangerous weapon" with an inertia of their own which was almost impossible to reverse, Mr Andrew Savage, MP for Walmer, said today.

He was speaking at the PFP's Federal Congress during the debate on a resolution calling for support for specifically targeted sanctions aimed at State and military institutions.

An amendment which expressed support for the party's stand against sanctions was passed by an huge majority, only 18 delegates voting against.

Mr Savage said if sanctions were going to resolve the situation then thre might be some point in supporting them.

But sanctions, unlike school and economic boycotts, could not be called off. They gave control to an ill-defined body, far removed from SA.

Mr Tony Stephens, regional chairman of the PFP in Port Elizabeth said the PFP did not dare "put its foot on the slippery slope of sanctions".

It was, he said, impossible to have selective sanctions which would produce rising unemployment and its concommittant socio-economic problems.

Mr Stephens said that anyone wishing to see the "unintended" consequences should look at events in PE recently.

The MP for Bryanston, Mr Horace van Rensburg warned that the image of the PFP was on the line

● Turn to Page 3

WIEPUK 280 22/11/86

Bata being sold to local group

Drivers of 60 heavies charged

Pietermaritzburg Bureau

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

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

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

Mercury Reporter

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

A condition of sale is that no employees will lose his job

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

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

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

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

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

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

Continue

Yesterday Mr Sid Finlayson, managing director of Bata (S A), said. 'There will be no changes in our management team and the jobs of our employees will not be affected as a result of this change of ownership

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

Yesterday a spokesman for 3M, the giant American-based concern with 900 employees and a country-wide operation in South Africa, discounted speculation that they also intend to withdraw from this country

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

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

Two brothers jailed

Court Reporter

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

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

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

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

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

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

Sanctions don't work — Armscor chief

22/4/86 W/E Post 280

Weekend Post Reporter

SANCTIONS had never really reached their goal in any country of the world during the past 40 years except for one small exception, Commandant P G Marais, chairman of Farmers' Brokers (Co-operative) Ltd and chairman of Armscor, said in Port Elizabeth this week.

Comdt Marais said in an interview that sanctions against South Africa would make conditions more difficult and it was a mistake to make light of them.

However, SA was not an exception in having sanctions imposed on it. Since 1946 there had been 95 cases of countries imposing sanctions and embargoes on one another and the US had been involved in 64 of them.

Surveys showed that world trade was becoming more and more opposed to following sanctions.

Countries were inclined to single out items which would not affect them. It was seldom found that a group of countries agreed on total sanctions. The EEC was an example.

"South Africa's wool and mohair are in good demand in various countries. I doubt whether world trade would be disrupted to such an extent that these products will no longer be exported," he said.

"In short, I believe that all mohair and wool produced in this country will find a buyer."

After a tight financial year, which had been weathered extremely well, there were signs that the SA economy was showing an upswing.

A new development in agriculture which was being promoted was introducing livestock into northern provinces at present cultivating maize. It was felt that diversification would be of more financial benefit.

● See Business Post

Cape Times 22/11/86 280

Sanctions 'not a blessing in disguise'

Political Correspondent

JOHANNESBURG. — South Africans should not allow the sanctions issue to divert attention from the core task of scrapping apartheid and creating a non-racial democracy, PFP leader Mr Colin Eglin warned yesterday.

Opening the PFP's federal congress here, Mr Eglin conceded that sanctions would damage the economy and the standards of living of millions of ordinary citizens.

But he said they should not become the focal point of political debate.

Rather than being the cause of South Africa's problems, sanctions were the consequence of "an arrogant and incompetent" government that had stumbled from one crisis to another in its bid to modernize apartheid.

"We should not bluff ourselves — as some misguided government members try to do — and suggest that sanctions are a blessing in disguise," Mr Eglin said.

Hopes for fundamental political reform had "simply evaporated" under the National Party government — despite "fine speeches and glossy advertisements paid for by the taxpayer".

Mr Eglin said the government was trapped by its commitment to past apartheid ideologies and South Africa was consequently "deadlocked in a debilitating political crisis".

"The non-racial option is the Rubicon that Mr Botha's government simply cannot cross."

The government — with its commitment to "group self-determination" and its "insatiable appetite" for power — had neither the vision nor the ability to lead the country out of the present crisis.

"If we are to have peace and prosperity and unity in our country then Mr Botha's government must go."

A new alternative government should be forged through the combined efforts of those South Africans who were "sick and tired of Nationalist government incompetence, arrogance and of the way they always put their own self-interest first".

"There is a growing number of South Africans who realize that in the South Africa of tomorrow there will be no having unless there is sharing," he warned.

"The situation in South Africa is desperately serious. The time is very late.

"The hour has come for men and women who share a vision of a new non-racial South Africa to join forces in a new government for an alternative government," Mr Eglin said.

Arms smuggling into SA alleged

From IAN HOBBS

LONDON. — Arrests are expected "at any time" in Britain and Holland in connection with an alleged major South African arms-smuggling coup following raids this week on a Rotterdam shipping agency.

Dutch Economic Control Agency authorities last night confirmed that legal action was under way following a raid carried out in top secrecy on the Unity Chartering and Shipping BV agency in Rotterdam on Wednesday.

A large quantity of documents have been seized and officials of the agency are being questioned — but no arrests have been made at this stage.

British customs and Trade Ministry officials denied knowledge of claims that they had informed the Dutch that at least four shipments of British weapons had been shipped, allegedly illegally, to Rotterdam from Felixstowe in England in 1984.

British and Dutch officials now investigating the case allege that, in defiance of the United Nations and Common Market arms embargo on South Africa, the weapons were then shipped to the Republic.

It is alleged that the last shipment, some 30 containers of weapons, left Rotterdam for Durban on November 28, 1984, on the cargo ship Lady Anita, owned by a Cyprus-based company.

The Dutch Economic Control Authorities also alleged that a Swiss national, acting on the instructions of the South African Embassy in Paris, was the go-between for the large-scale operation.

It is claimed that papers and licences were drawn up stating that the weapons were on order for the Indonesian Government, but that instead they went to Durban.

An Armscor spokesman said yesterday that Armscor did not comment on allegations of arms purchases or arms sales.

22/11/86 STAR

160-plus companies have now withdrawn

Confirmation that Bata Shoes, the largest Canadian-based employer in South Africa, is to bale out of the country brings to more than 160 the number of companies, large and small, which have joined the scramble to evacuate in only the past three months.

Bata's company secretary Basil Baker says in Toronto that Bata operations in SA are already being sold.

A senior US embassy source comments:"It is all very well proclaiming, as in the Press today, that a company like Kodak's pull-out is 'no big deal'.

"But, taken collectively, the rush to get out can only damage already shaky business confidence and increase the strains on already overextended South African corporate ownership and management."

Adds a leading US businessman influential in the American Chamber of Commerce in SA (Amcham):"Admittedly, many of the companies withdrawing are doing so mainly on economic grounds. They have just not been able to achieve the returns regarded as the lowest acceptable.

"But their statements make it clear that these "business" decisions to withdraw were inevitably rooted in political soil.

"Economic conditions, they have said, might have been acceptable if they hadn't been crippled by negative political statements, actions and perceptions — none of which the companies thought were now likely to improve in the medium-term or longer."— Sapa.

Finrand is the stumbling block

Pullout set to cost Barclays Bank dearly

IN MAKING a political statement to satisfy its critics, British banking giant Barclays Bank plc has landed itself with a R527m financial rand headache.

Ironically, it is South Africans who will benefit financially in the short term and Barclays plc that will suffer from the the sudden withdrawal:

- ☐ The deal will not deplete SA's dollar holdings or foreign reserves;
- ☐ In the longer term, SA will retain dividend income, rather than transfer it to foreign shareholders;
- ☐ The Anglo American-led consortium, as well as Barclays National Bank (Barnat) minorities, have the opportunity to buy excellent banking shares at a knock-down price. This confirms the pattern set by the disinvestment of both IBM and General Motors, where local shareholders benefited substantially.

"Anglo American, Southern Life and De Beers must be delighted to buy into the largest SA bank at R18 a share," says an analyst. Barclays shares were at R23 last Friday, the last trading day before the deal. The net asset value of the share

GERALD PROSALENDIS
Economics Editor

is estimated at about R14.

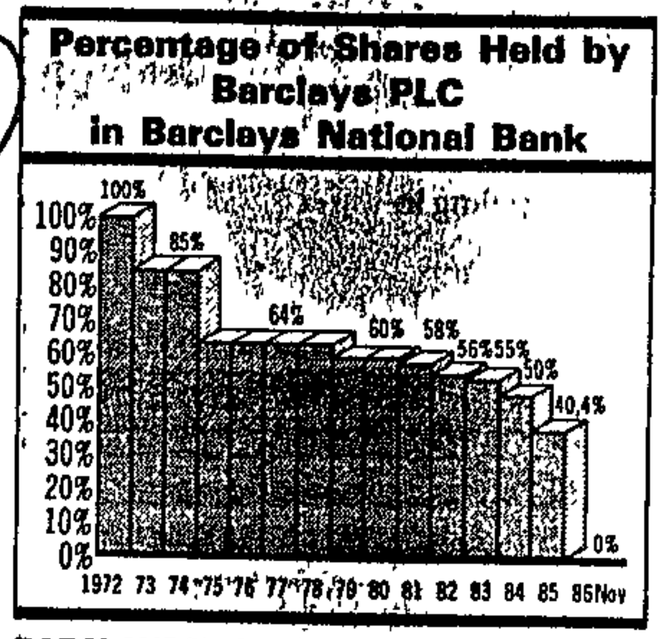
But, the London-based bank's dilemma is that the quicker it tries to repatriate its investment, now held in financial rands, the less it will get.

Barnat's former parent will either have to reinvest these funds to get a return, or take them out of the country by selling them to another non-resident for whatever price it can get.

"If they know what is good for them, Barclays will move their financial rands out very slowly — otherwise they will depress the financial rand rate substantially in a thin market," says an SA monetary official.

Already the bank has taken a knock. Yesterday, Barclays plc's chairman Sir Timothy Bevan said the bank had effectively written off £48m of its holding in Barclays National in August this year when the book value was written down from the commercial rand value of

● To Page 2



BARCLAYS National Bank was carved out of the Barclays Group in 1972 as a vehicle to meet South Africa's then political demands that foreign-controlled banks should gradually reduce their offshore shareholdings. In 1973, Barnat was listed on the JSE after a public offer of shares to South Africans. London's stake in the bank was subsequently reduced, largely by not following up rights issues. Now UK political pressure has resulted in total disinvestment.

Pullout could cost dearly

£106m to the financial rand value of £58m.

It is understood the bank initially intended reducing its shareholding in stages to minimise the effect on the financial rand, but decided against this method because the political impact of the move would not be maximised.

● From Page 1

But even the political mileage gained from its sudden departure is questionable The Anti-Aparheid Movement (AAM) said yesterday that for Barclays plc the pressure was not yet off.

Kodak photo-finish

280 CITY PRESS 23/11/86

US PHOTOGRAPHY giant Eastman Kodak is pulling out of South Africa – under terms one analyst called the stiffest of any US firm so far.

Kodak, one of the longest established foreign firms in SA, said its SA unit's assets would be sold after April 30 – and no Kodak unit anywhere in the world would be permitted to supply products to SA.

Atex Inc – a computer company subsidiary of Kodak – also announced its withdrawal from SA's markets.

"Atex is a Kodak subsidiary and as such will abide fully by the decision of our parent company. This means that after April 30, no Atex products – either hardware or software – will be sold in SA," an Atex spokesman said.

"Between now and that date we will, to the maximum extent possible, provide current support and help our customers in positioning themselves for the future."

Atex systems are currently used by newspapers owned by the Argus Group, SAAN and Nasionale Pers, and the University of SA, the Pretoria Technikon, Nasionale Boekdrukkery and Sparhams in Cape Town.

Azar Jammine, chief economist of the Johannesburg-based Econometrix Marketing and Research firm, said local companies would find it almost impossible to replace Kodak's products and technology.

He said this was an example of "the technological rundown the country is likely to experience as a result of disinvestment".

Analysts noted that the Kodak move went much further than the pullouts announced last month by General Motors, IBM and Coca Cola.

Under their plans, GM cars and IBM computers will still be available in SA and the companies may keep lucrative licensing arrangements with their former subsidiaries. Coca Cola drinks will also be available in SA after the parent company leaves.

Anti-apartheid activists have criticised such plans as "corporate shell games" which do not serve the key objective of depriving SA of important products.

Kodak chairman Colby Chandler cited weakness in the SA economy as the main factor in its decision to pull out, but added: "We have no doubt that the system of apartheid has played a major role in the economy's underperformance."

Analysts have estimated that Kodak has suffered a 40 to 50% sales drop during the past two years of severely depressed economic conditions in SA.

Chandler expressed disappointment at the pace of reform of the apartheid system.

"The implication of that situation is a degree of business risk which we do not consider prudent and thus we have concluded with reluctance that Kodak should withdraw from the troubled country," he said.

The company has about half the photographic film market in SA but probably no more than 10% of camera sales – dominated by Japanese and German makers.

Kodak employs 466 people in five SA cities. Sales in SA account for less than one percent of Kodak's worldwide operation.

The company's SA employees will receive a "generous separation package", including a year's severance pay for an employee with an unspecified average length of service, Kodak said.

● Topping the list of US companies remaining in SA is Mobil, which employs over 3 000 people here. Mobil has refused to withdraw, saying it wants to work for change within SA. The oil company, the second largest in the US, is a member of the US Corporate Council on SA, a business group which believes US companies should remain. – Sapa

KODAK'S South African operations are based in Cape Town and consist of sales, not manufacturing.

In 1984, Kodak had 567 employees in SA, including 207 whites. More recent employment figures are not immediately available.

Kodak's announcement that it would halt sales of its products in SA went a step further than General Motors, IBM and other major US companies which – though pulling out – have arranged for their products to be sold by local owners who have purchased their holdings.

Over 60 US companies have pulled out of SA in the past two years because of economic problems and anti-apartheid pressure in the US.

About 240 US companies remain in SA, where total American investment is now about R3,2-billion – roughly half what it was five years ago.

The Great Trek

THE 20 US companies with the greatest number of employees in South Africa that have withdrawn or announced their withdrawal from SA this year are listed below.

The information was gathered by the Investor Responsibility Research Centre, a Washington-based non-profit organisation that researches social and public policy issues.

- General Mortors Corp (3 056 employees), plans to sell.
- International Business Machines Corp (1 484), plans to sell.
- VF Corp (960), sold to South Africans.
- General Electric Co (654), plans to liquidate.
- Coca-Cola Co (465), plans to sell.
- Eaton Corp (375), sold to South Africans.
- Marriott Corp (350-400), sold to South Africans.
- Foster Wheeler Corp (375), sold to South Africa.
- Procter and Gamble Co (290), plans to sell.
- Delaware North Co (262), sold to South Africans.
- Sara Lee Corp (203), sold to Dutch.
- Warner Communications Inc (181), plans to sell.
- Honeywell Inc (176), plans to sell.
- Bell and Howell Co (166), sold to South Africans.
- Phillips Petroleum Co (166), sold to West Germans.
- Cooper Industries Inc (140), sold to South Africans.
- Scovill Inc (130), sold to Americans.
- Manpower Inc (102), sold to British.
- Rohm and Haas Co (101), sold to South Africans. – Sapa

CITY PRESS 23/11/86 280

'Look out for chances'

By ZB MOLEFE

IT IS naive to think that sanctions are for the benefit of black people, instead it is a pursuit of self-interest by overseas countries, a Soweto business convention heard this week.

"Why have there not been sanctions against chrome and platinum?" business newspaper columnist B Bloom asked at the Greater Soweto Chamber of Commerce and Industries convention on economic development.

Instead, Bloom suggested, if overseas countries were interested in the welfare of black people, they could help business organisations like Nafcoc form co-ordinated marketing companies.

Earlier the convention at the Funda Centre heard visiting American executive Ted Holmes tell Soweto businessmen: "There has never been a more decisive moment in your history than now."

Holmes, president of a Baltimore-based investment company, pointed out that black people are still "stagnated, pitifully unemployed".

He told black businessmen to look out for opportunities.

"When apartheid ends, every franchise will try to have its foot in your door. As citizens of Soweto, you might have the key to the future of this country," he said.

SA Perm MD Bob Tucker said that adding limbs to the limbless doll of black business does not mean removing influx control and open CBD's.

"What happens has to be responsive to your needs," he said.

61 nations' miners want coal boycott

2/11/86 · SMR

280

The Star Bureau

LONDON — Miners' leaders from 61 countries have called on governments worldwide to stop importing South African coal.

The call, part of a move to force an end to apartheid, was made at a conference of the International Miners' workers' Organisation in London yesterday.

The main speaker, South African National Union of Miners' president Mr James Molatsi, said South African miners wanted Western Europe to ban South African coal — the best and quickest way to end apartheid, he said.

The amount of South African coal imported by some countries was "an obscenity".

Western Europe imports 25 million tons of South African coal a year.

Mr Molatsi said the accident rate in South African mines was reaching an intolerable level and his union had held a series of protest strikes about it.

British miners' leader Mr Arthur Scargill, president of the Paris-based IMO, said 43 affiliates had agreed to apply fresh pressure on the European Council's Council of Ministers to impose sanctions on South African coal.

He said Britain imported 370 000 tons of such coal a year, although he believed the real figure was higher and that some was "laundered" through Rotterdam.

The conference agreed to write to the Prime Ministers of all 12 EEC countries and other leaders worldwide to demand full sanctions against South African coal.

● The establishment of the IMO last year caused deep concern among anti-Communist groups who claimed that it would be dominated by the Eastern bloc.

West Germany and America are not members.

24/11/86 BUSDAY (280)

Zambia and Zimbabwe planning SA sanctions

ZAMBIA and Zimbabwe are co-ordinating plans to impose a Commonwealth sanctions package against SA before the end of the year, Zimbabwean Foreign Affairs Minister Witness Mangwende said at the weekend.

The immediate effect of the sanctions measures is expected to be a total ban on airline links and overflying rights for foreign aircraft operating in and out of SA.

This would affect more than 50 flights a week by Air Zimbabwe and SA Airways, transforming Gaborone into the hub of regional air communications.

SAA CE Gert van der Veer said yesterday he was not aware of any impending ban and refused to comment further.

Pretoria sources said there was no official notification of sanctions because the report stemmed only from a Zimbabwean newspaper.

Mangwende told Zimabawe's semi-official newspaper, *The Herald*, that

MICHAEL HARTNACK
and MICK COLLINS

Zambia and Zimbabwe were working together "to see what we can do between ourselves regarding those items we used to get from SA".

There is still scepticism about Zimbabwe's ability to ban imports of SA coke and high grade iron and steel. Until new coke ovens come on stream at Hwange next year, the country will rely on what it can get from abroad, SA being the obvious source. In addition, Zimbabwe's debt-ridden National Steel Works at Kwe-Kwe is incapable of producing many of the sophisticated items needed by local industrialists.

Iscor's public relations manager Piet du Plessis said yesterday the corporation had been aware of the possibility of sanctions since the Bahamas Commonwealth conference.

"If it should happen, it is not unexpected," he added.

Observers in Harare believe Mangwende's statement means a slight postponement of Zimbabwe's sanctions implementation programme, originally intended, according to Prime Minister Robert Mugabe, to go into effect in the latter half of this month.

Mangwende believes the sanctions co-

● To Page 2

Sanctions will affect air links

● From Page 1

ordination programme could bring Zambia and Zimababwe into a closer economic and political relationship. This had been the reason behind the recent meeting at Victoria Falls of Mugabe and President Kenneth Kaunda.

The Foreign Minister warned Zaire and Malawi of possible retaliation by the six Frontline states if they did not ensure their territories were free from bases for pro-SA rebels.

At present, Malawi is cooperating with Mozambique, Zambia and Zimbabwe in talks on improving routes to the Indian Ocean, to be used as an alternative to SA ones. Zimbabwean troops are also defending Malawi's vital links with the sea through Mozambique.

"What we are saying is that within the context of the overall exercise of implementing economic sanctions against SA, it would be difficult for us to continue giving assistance to those very countries that would be helping the apartheid regime to undermine the effectiveness of economic sanctions," Mangwende said.

Malawi, however, is trying to upgrade its rail outlets, which could prove useful to Zimbabwe in diverting traffic away from SA.

Zaire sent much of its copper exports over Zambian and Zimbabwean railway lines to Durban and Cape Town.

World

SA's avenues to the world are closing

JOHANNESBURG. — From travel to sports, from business to academia and the arts, many of South Africa's avenues to the world are closing.

As foreign pressure against apartheid has surged recently, boycotts and economic sanctions have distanced South Africa from even long-time friends.

A plunge in the value of the rand, from 1,25 US dollars in 1981 to 45 US cents, has helped the country's isolation.

About 60 American companies have left South Africa in the past two years. Most have sold out to local interests.

Earlier this month Eastman Kodak Co became the first major firm to announce it would leave and ban the import and sale of its products in South Africa. Its departure will cost 480 jobs.

Professor Carl Noffke, head of the Department for American Studies at the Rand Afrikaans University, predicts there will be further steps to isolate South Africa.

But he thinks South Africa's economy could benefit from sanctions by using excess factory capacity to replace up to 40 percent of imports.

Arab, East-bloc and black African countries have long barred South African visitors. Travel agents now say South Africans are finding it hard to enter countries that welcomed them earlier.

In the US, South African Airways has recently had landing rights rescinded.

South Africa has been dropped from the International Grand Prix car racing circuit. The Organizers of the Million Dollar Golf Challenge at Sun City in December are not identifying the 10 players "until they are on the plane", for fear of boycott pressure.

Sun City is being boycotted by entertainment stars.

Lorimar, the US television distributor, this year halted sales of the "Dynasty" series to South African television.

Columbia Pictures says it will stop releasing movies in South Africa if all cinemas are not integrated by May 1.

In September the world archaeology body, the International Union of Prehistoric and Protohistoric Sciences, withdrew invitations to 26 South African scholars, although South Africans have been pioneers in the field and many key discoveries on man's beginnings were made here.

Foes in the past have supported isolation measures as a peaceful way for the world to demonstrate its rejection of apartheid. However, the current state of emergency makes it a crime to advocate sanctions or boycotts. — Sapa-AP

Barclays sells to SA groups

Eve Post 24/11/86

JOHANNESBURG — Barclays Bank PLC is withdrawing from South Africa and has sold its 40,4% share in the local bank to major institutions, including Anglo American, De Beers and the Southern Life Association.

In a statement here Barclays said the move would return control of the bank to SA interests for the first time in 61 years.

The transaction involves almost R530 million.

Anglo American will now hold 22,5% of Barclays shares, De Beers 7,5% and the Southern 25%.

Barclays is one of the biggest foreign investors in SA and the move was described by analysts as a major psychological blow for the country's sanctions-hit economy.

The decision follows a spate of similar moves by giant US companies.

IBM, General Motors and Eastman Kodak have pulled out because of apartheid and a business slump.

Barclays' managing director, Mr Chris Ball, said the bank would get a new name next year.

He said the capital base would be enhanced by the issue to Barnat of R100 million in subordinated debentures.

Anglo American, De Beers and the Southern had acquired 20 629 500 shares of the 29 276 070 ordinary shares in Barclays National Bank previously held by Barclays PLC.

He said Anglo would make 4 798 500 ordinary shares available to existing Barclays National shareholders. A further 8 646 570 shares had been placed with major SA institutions and a trust.

"These shares have been acquired at a price of R18 per share, but excludes the right to the final ordinary dividend of 36,25c per share payable to shareholders registered at the close of business on November 14, 1986 in respect of the period ended September 30, 1986. The financial consideration is R526 969 260," he said.

To give all existing shareholders in Barclays National an opportunity to participate, the 4 798 500 ordinary shares which represent 6,6% of the total issued share capital, will be made available for purchase by them on a 1 to 4 basis.

Mr Ball said dividends of about R30 million a year paid out in foreign exchange to overseas shareholders would now remain in SA.

The new arrangement would not affect the working relationship between the two banks.

"The exchange of facilities, information and personnel will be maintained. The ability of Barclays National to transact business internationally will not be affected.

"The transaction means that South Africa's largest bank will now be totally owned by residents for the first time since 1925, when Barclays in the UK acquired the National Bank of SA.

"Management view this as a unique opportunity, giving us the potential to strengthen our position both domestically and internationally."

— Sapa

Anglo-led consortium steps into breach

Barclays sells out in SA for R527-m

24/11/86
STAR
280

By Peter Farley and Chris Moerdyk

Barclays UK has sold its 40 percent shareholding in Barclays SA to an Anglo American-led consortium which includes De Beers and Southern Life.

In the biggest single disinvestment move by an overseas company, Barclays UK has bowed to political pressure in Britain and the United States and sold its entire shareholding in South Africa for R527 million.

Managing director Mr Chris Ball told The Star today that pressure from the bank's customers and staff on both sides of the Atlantic had forced it to pull out.

The sale is being priced at R18 a share, well below the current price on the Johannesburg Stock Exchange of R23,50.

Mr Ball and Barclays chairman Mr Basil Hersov will be staying on in their positions.

Mr Ball said the deal was a tremendous opportunity for South African investors to regain control of the country's biggest bank for the first time in 61 years.

Minority shareholders are also being given the chance to pick up shares at the cheaper price, with an offer of one additional share for every four currently held — at R18.

Because of the sale, Anglo American will end up with 22,5 percent of the bank, Southern Life 25 percent, De Beers 7,5 percent and half a dozen other major institutions smaller stakes.

Barclays UK had reduced its shareholding in its South African investment considerably from a peak of 100 percent in 1972 by not following a series of rights issues in the past 10 years.

This is the first time, however, that the British parent company has actually sold any of its shares.

Foreign exchange

Mr Ball said that though Barclays UK will be taking out the R527 million it is receiving through the financial rand, the withdrawal will have no effect on the country's balance of payments. The money will be unable to leave until it is matched by fresh investments here — which will create financial rands — from other sources.

He also pointed out that the deal would have a positive impact on the country's foreign exchange reserves, in that the R30 million paid out each year in dividends to the British parent company would now be kept in South Africa.

He emphasised that the withdrawal of Barclays UK will have "not one iota" of effect on the bank's operations.

"We are totally independent of the British bank, both in terms of technology and management."

He added that the South African bank will still be maintaining a close working relationship with its former controlling bank. But the name will change. A campaign to launch the new name will take place next year.

He said the bank had a 150-year history in South Africa and he felt the move would further strengthen its position as the country's leading bank.

Anglo American is pumping an additional R100 million into the bank in the form of a preferred debenture issue.

A major earthquake, says financial analyst

The Star Bureau

LONDON — Barclays Bank's expected withdrawal from South Africa is major news in Britain today.

It dominated the front pages of some Fleet Street newspapers and was the lead item in late night and early morning radio news-asts.

Graham Leach, the BBC's Southern Africa correspondent, said expected withdrawal of the largest foreign investor in South ica was "unquestionably an enormous psychological blow".

A financial analyst has described it as "a major earthquake".

***The Guardian's* front-page report today says it is likely to be e biggest disinvestment shock for the country to date".**

The paper quotes business experts as saying the decision will ost certainly be seen as a vote of no confidence in South Africa m a company that has had possibly the biggest profile of all foreign interests in the country.

For years Barclays has been the target of British anti-apartheid campaigners and the growing concern that the South African link has harmed its image has encouraged the bank to distance itself publicly from South African Government policies.

Earlier this year, Barclays' chairman, Sir Timothy Bevan, spoke out against apartheid. Last year the bank reduced its holdings in Barclays South Africa from 50 to 40,4 percent.

The decision to withdraw will increase pressure on other British companies to follow suit and it will be hailed as a triumph by the Anti-Apartheid Movement, says the newspaper *Today* in a front-page report.

Canada reviews new SA investment

Threatened ban would affect few

CANADA'S threatened mandatory ban on new investment in SA — now seen as unlikely — would affect only a few corporations operating in SA.

Canadian External Affairs Minister Joe Clark announced last week his government would "review" the voluntary ban on investment it agreed to at a Commonwealth meeting in London last August

The action came after Canadian mining company Falconbridge's announcement that it would raise its stake in Western Platinum to 49% from 25%, by paying $31,6m for a Mobil Oil stake.

Clark said: "Voluntarism remains our preference, although the approach will be affected by the degree of compliance shown by Canadian companies."

But Canadian investment in SA is relatively insignificant. No more than 12 Canadian companies currently operate in the country, with a total investment of about R130m.

Canadian consulate officer Ed Willer said: "My reading of the Canadian business community is that there has not been much new investment, given the poor business climate here."

Bata Shoes, which announced last

Economics Reporter

Thursday it would sell its SA subsidiary, is the largest Canadian company operating in the country, with 3 200 employees. Falconbridge is the next largest. Alcan Aluminium and Dominion Textiles, other large Canadian employers, have already disinvested.

Falconbridge public affairs director Peter McBride said in Toronto the company's chairman, Bill James, had met Canadian Deputy Prime Minister Don Masenkowski on Wednesday to explain the company's position.

Falconbridge bought the new shares after receiving a $64,5m offer last week for its share and Mobil's share in WestPlats. Mobil held the shares as the result of its takeover in 1984 of Superior Oil, which had owned a stake of Falconbridge.

The offer for the WestPlats interest was viewed as a "bad price", and Falconbridge was left with the option of buying Mobil's share itself or allowing a third party to buy the stock.

If a third party purchased Mobil's share, McBride said, Falconbridge would have lost its right to representation on WestPlats' board.



MALAN

Botswana still hosts ANC, says Malan

GERALD REILLY

TERRORISM against SA continued to be launched from Botswana, Defence Minister Magnus Malan said in Pietersburg at the weekend.

Unveiling a statue of Commandant Piet Joubert, he said last week's incident in the Pontdrift area was not an isolated one — it was part of the ANC's "plan of violence and murder".

The incidents continued in spite of repeated appeals to Botswana to curtail ANC activities.

He appealed again to Botswana to control ANC activity from her soil.

"I further appeal to the President of that country to show restraint and realism before going to extremes on the bandwagon of malicious accusations and unfounded statements."

On accusations that SA was destabilising adjoining territories, Malan said "If we really wanted to destabilise countries such as Angola, Mozambique, Zimbabwe and even other countries to the north, they could have been quite different to what they are today."

Botswana's President Quett Masire was the latest to "climb on the bandwagon". He joined "the chorus chanting that SA was preparing to attack her neighbours".

Malan said that, apart from the thousands of troops being poured into the sub-continent, there was an ominous and continuous flow of weapons and war material to Southern Africa.

NUM 'disturbed' at deaths

ALAN FINE

THE National Union of Mineworkers (NUM) said on Friday it was "extremely disturbed" at the number of accidents at mines in the Gencor group in the past few months.

NUM spokesman Marcel Golding was reacting to news of the deaths of three miners in an accident at the Stilfontein gold mine. This follows the Kinross disaster in September in which 177 died and a mudslide at Bracken last month which killed three.

A Gencor spokesman said the latest accident occurred in the early hours of Friday morning. The victims "were apparently overcome by carbon monoxide fumes 2 000m underground".

They were found in a tunnel beyond safety barriers erected to prevent access to ventilation seals which had been constructed on Wednesday to isolate an underground fire.

The dead miners' names will be released once next-of-kin have been told.

Why Europe won't quit

BRUSSELS — Unlike their US counterparts, European multinationals are reluctant to leave SA, according to a British researcher.

Geoffrey Hamilton, of the Geneva-based Institute for Research and Information on Multinationals, has written a book on the subject.

The book is based on interviews with managers of European firms and on visits to their SA subsidiaries.

"The profit of European investments in SA is on average higher than that of US multinationals and higher than their own profit elsewhere in the world," says Hamilton.

"European multinationals cannot, contrary to US companies, fall back on a large national market. They depend much more on the international market and cannot or dare not take the risk of reducing it."

But also important in the decision by European companies to stay was their political vision of SA's future.

"The European multinationals are far from showing as much enthusiasm as Americans about the black liberation in SA," Hamilton writes.

"Europeans fear SA blacks still have a tribal mentality and are very different from Westernised American blacks.

"They fear this black liberation, far from broadening the basis of democracy will ... destroy it. European multinationals don't excuse apartheid, but they fear the consequences of too brutal an elimination of this regime."

According to Hamilton, Europeans believe the way to dismantle apartheid is through increased "social influence".

Hamilton says co-operation with black unions could mean some risks for multinationals, but it would help create or strengthen links with the mainstream of black society. — Sapa-AP.

Probe of SA-UK arms-buster deal

Own Correspondent

LONDON — The British Anti-Apartheid Movement (AAM) and Labour Party MPs yesterday said they would be taking up with the government here the latest sanctions-busting deal in arms between Britain and South Africa.

This was discovered following an investigation by Dutch authorities after raids last week on the premises of a Rotterdam shipping firm.

It is alleged that one of the consignments of arms was intercepted by the British customs, who then secretly fined the London export company Clement Shaw Limited, instead of prosecuting for a breach of the United Nations arms embargo.

A spokesman for the AAM said yesterday that this process, known as "compounding", was last used in 1981 when the Worcestershire engineering company, Redman Heenan, was fined roughly R600 000 for smuggling arms worth R7m to South Africa.

The AAM spokesman said that, once again, it appears that "compounding" might be used instead of the whole issue being brought to court.

The organization, as well as Labour MPs, want to know what action is being contemplated.

According to reports here, the raid was on the premises of Unity Chartering and Shipping.

A report here suggested that the arms were probably destined ultimately for a source such as the Mozambique National Resistance movement.

A spokesman for the Dutch Economic Control Agency, which monitors the UN arms embargo, confirmed that a high level investigation was underway.

The British Foreign Office has declined to comment, saying that the matter was in the hands of the "relevant" authorities.

'Sanctions campaign victory'

LONDON — Britain's Opposition Labour Party and the Anti-Apartheid Movement (AAM) yesterday hailed Barclays Bank's selling of its SA shares as a victory for the sanctions campaign.

Labour's trade spokesman Robin Cook said: "This is good news. The British government refuses to apply sanctions, but it is clear the business world sees the impossibility of maintaining the present structure in SA."

Social Democrat leader David Owen said: "It is the persistent refusal of students to bank at Barclays which has, eventually, forced it to rethink its policy."

The AAM said Barclays' decision was an "historical victory" in its campaign for sanctions But it said it would keep pressure on the bank until all its links with SA had been severed

The AAM's high-profile campaign against Barclays has damaged the bank's image in Britain and led to withdrawals of deposits and a sharp drop in the number of students opening accounts.

Barclays' head office refused comment other than confirming the financial arrangements announced in Johannesburg The British Foreign Office described the disinvestment as "purely commercial and not a government decision".

The AAM spokesman said Barclays would remain a "major campaigning target" because it was still playing a role in sustaining the SA economy, despite the withdrawal. He cited the bank's outstanding loan exposure in SA of more than £750m and Barclays involvement in the technical committee negotiating the restructuring of SA's foreign debt. — Sapa-Reuter

Student pressure was key to pull out

SA govt didn't heed us, says Barclays boss

LONDON — Barclays Bank would probably have stayed in SA if government had heeded the bank's warning earlier this year to abandon apartheid.

This was spelt out yesterday by Barclays chairman Sir Timothy Bevan at a Press conference at the bank's London headquarters.

"Had there been an end to the policy of institutionalised racial discrimation, then the commercial results would have flowed from it and we probably would be staying," Bevan said

He said the decision by Barclays to withdraw from SA in the same week as Kodak and Bata was bound to have an adverse economic and political impact

"The more companies that withdraw from SA the more pressure it puts on the government."

He said the bank had suffered "notable but not substantial" falls in profit — particularly in the student sector — as a result of the political campaign against it.

The Barclays decision sent shock waves through the British business establishment and immediately intensified pressure on other major British companies, such as Standard Chartered Bank and Shell, to follow suit

But British Industry Trade Committee on SA (Bicsa) director-general Nick Mitchell described Barclays as "a special case"

"Clearly we are disappointed by Barclays' decision to pull out

JOHN BATTERSBY

"Barclays was the focus of the assault and had been losing business in the university market on its student accounts.

"There will obviously be discussion in board rooms, but I think Shell will acknowledge the Barclays position is different and I don't think it will influence them," he said.

The British government immediately distanced itself from the Barclays decision

"The British government was not consulted. This was a matter of commercial judgment for the firm concerned," a Foreign Office spokesman said

Bevan said the decision to quit had been taken by the Barclays board "a couple of months ago" for "commercial reasons" But he conceded that there was an inseparable combination of moral, political and commercial factors

He said the major considerations in the decision were the continued moratorium on foreign debt, the "uncertain outlook" for the SA economy and the march of world opinion against the policy of institutionalised racial discrimination

Contacts between Barclays board members and the ANC leadership had not had a bearing on the decision to withdraw, Bevan said.

SA Reserve Bank approval had been granted for the repatriation of the sale in financial rands

UK govt not told of move

LONDON — The Barclays PLC decision to sell its stake in Barnat was a commercial one in which British authorities played no active role, government sources said.

A Foreign Office spokesman said Barclays had not informed the British authorities before announcing its decision.

Officials here did not state whether or not the Conservative government had opposed the move.

Prime Minister Margaret Thatcher has been reluctant to back sanctions against SA. The UK is the biggest investor by far in SA, with more than £10bn in assets of which around one-third is direct investment. — Reuter.

Shares react to pull-out

MERVYN HARRIS

BARCLAYS shares eased 50c to R22,50 in thin trade on Diagonal Street yesterday after the announcement that Barclays UK had sold its 40% stake in the local banking company.

The shares were quoted at a bid price of R18 – the price at which the deal was struck — but the sellers' price remained at R23 and the bid price moved up to R22

However, Barclays' shares stole the limelight on the London Stock Exchange yesterday The shares jumped 28p to 500p before slipping back on profit taking to 483p



No 'harm to banking'

RESERVE Bank governor Dr Gerhard de Kock says Barclays PLC's decision to dispose of the remaining 40,4% of its shareholding in Barclays National Bank in SA is unlikely to adversely affect the country's banking system

He says "It is not expected to exert any adverse effect nationally or internationally on the SA banking system

"Payment to Barclays PLC will be effected via the financial rand, which means neither SA's balance of payments nor its foreign exchange reserves will be affected by the transaction

"Note is being taken of Barclays PLC s intention to sell its holding of financial rand to non-residents in an orderly manner in order not to exert undue downward pressure on the exchange rate of the financial rand"



Bata 'wants to set up front companies'

Mercury Reporter

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

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

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

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

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

'We are anxious to find a group who would continue what we believe to be the good work that we have been doing in South Africa.

'We want to avoid a situation where the South African operation could be taken over and then closed down shortly afterwards. That would be unthinkable,' said Mr Baker.

SOWETAN 25/11/86 7

Kodak says warranties will remain

By KIN BENTLEY

KODAK SA today promised its one-year warranty on cameras sold this year would hold good through "the whole of 1987".

This was said from Johannesburg by Kodak's marketing manager for photographic products, Mr Andrew Tudhope

He gave this assurance in the wake of reports of increasing consumer reluctance to buy Kodak products following the announcement that the company would withdraw from South Africa by April 30, next year

Mr Tudhope said he expected the Kodak laboratory at Doornfontein to remain operational until the end of June next year.

Customers who wanted their Kodachrome slides developed would be notified if this situation changed.

After the firm's withdrawal, the slides would have to be sent to similar laboratories in other countries.

On the warranty issue, Mr Tudhope said Kodak had in the past been using organisations around the country with repair facilities. The company would "make arrangements with them to handle our warranties".

He said negotiations were underway to secure this guarantee, but said people buying Kodak products would in the meantime have to rely on the integrity of the company, which he believed had been established over the years

Today, Mr Aron Katz, director of Katz Camera World in Port Elizabeth, confirmed there had been consumer resistance to Kodak products

He said this was "only natural" in the light of the company's withdrawal next year.

Similar resistance has also been reported from Durban.

Mr Katz said the uncertainty about warranties and the processing of the Kodachrome film were factors which also inhibited sales

"I have placed an order for Kodak products for Christmas, but I can't see myself selling them unless I know a full year's warranty will be handled by someone. I want to know what the situation will be this time next year," Mr Katz said.

He said Kodak had used a "tremedous promotional campaign", resulting in many people who were not "in the know" often automatically choosing their products.

However, he said, there was a variety of alternative choices.

2 big companies reaffirm their decision to stay in SA

LONDON — The Royal Dutch Shell Group and Standard Chartered, two of the major multinational giants about which there has been speculation concerning links with South Africa, yesterday reaffirmed their intention to remain in SA.

They were speaking as the business world resounded to the echoes of the Barclays decision to withdraw.

A spokesman for the Shell Group said the group's attitude to investment in SA had not changed.

"While we and Shell SA are totally opposed to apartheid, we do not believe that disinvestment by Shell would help to quicken the pace of reform."

A spokesman for Standard Chartered spelt out a similar attitude towards the company's presence in South Africa

He said the company had no plans for further disinvestment in South Africa Any decision in the future would be based on commercial judgment.

Most of the other top firms that have either left or announced withdrawal are American.

In terms of local employees, the top 20 are General Motors with 3 056 employees, which plans to sell; International Business Machines, with 1 600, plans to sell; VF Corporation, 960, sold to South Africans.

General Electric, 727, sold to South Africans; Eastman Kodak, 654, plans to liquidate, Coca-Cola, 465, plans to sell.

Eaton Corporation, 375, sold to South Africans, Marriott Corporation, 350-400, sold to South Africans, and Foster Wheeler with 307 employees, plans to sell.

Proctor and Gamble, 290, plans to sell, Delaware North, 260, sold to South Africans, Sara Lee, 203, sold to Dutch; Warner Communications, 181, plans to sell; Honeywell, 176, plans to sell; Bell and Howell, 166, sold to South Africans; Phillips Petroleum, 166, sold to West Germans, Cooper Industries, 140, sold to South Africans.

Scovill, 130, sold to Americans; Manpower, 102, sold to British; Rohm and Haas, 101, sold to South Africans.

The dozen biggest US companies still in SA, with no announced plans to leave, are: Mobil, 31 182, USG, 2 631; Goodyear, 2 471; Caltex, 2 186; RJR Nabisco, 2 084; Allegheny International, 2 025; Johnson and Johnson, 1 389; United Technologies, 1 261; Colgate-Palmolive, 1 234; Norton, 1 228; 3M, 1 174; American Cyanamid, 1 167.

Dangers and merit in decision to pull out of SA...

How UK Press sees the Barclays move

25/11/86 STAR

280

The Star Bureau

LONDON — British newspapers see dangers as well as merit in Barclays Bank's decision to pull out of South Africa.

Several acknowledge the soundness of the economic reasoning behind the move, but wonder about the consequences for the bank's black workers. At least one thinks it will not have the slightest effect in deflecting the Government from its course.

The Times sees the decision as a consequence of the international character of banking today.

Barclays, like its American counterparts, has turned an economic necessity into a political virtue, it says. But just how virtuous it should feel is open to question.

The paper points out that it will take only a short time before black workers in formerly multinational companies begin to feel the loss of aggressive promotion schemes, fair employment codes and eventual jobs.

"South African management, relieved of the need to follow expensive social responsibility programmes, will be likely to trim staff and wages in search of high productivity and profits."

It suggests that Barclays, taking a leaf from the book of those multinationals which have elected to remain, could do worse than establish a trust fund to be used in the critically important areas of non-segregated housing, black teacher training, private non-segregated schools and black advancement in the informal business sector.

The *Daily Express* takes a similar view, citing the case of British Petroleum, which through BP Southern Africa is preparing to pump millions of rands into State schools that wish to go private so as to admit pupils of all races.

"This seems a much more fruitful way of helping to overcome apartheid than simply cutting and running," it says.

The *Guardian* sees the withdrawal as at least as significant for future British entanglement with apartheid as last year's move by the Chase Manhattan bank to call in South African loans was for America's.

"The bank's stated grounds for withdrawal, in which the political is inseparable from the commercial, could not be a clearer signal to the Botha regime· South Africa is no longer seen as a sound investment by Barclays, one of the world's largest and most successful banks."

It adds that the conversion of Barclays is as clear a signal to the British as to the South African Government. "If the bank most deeply involved thinks it is time to get out of South Africa, shouldn't UK Ltd do the same?"

A potential source of vulnerability

The *Independent* says that although Barclays' withdrawal is unlikely to have any significant immediate impact within South Africa, the psychological damage may prove to be greater than that caused by the exodus of American companies.

It seems certain, it says, that other companies will be persuaded to follow.

"Attention will now switch to Standard Chartered, South Africa's other major British-affiliated bank. The economic facts and the wider political pressures are the same for Standard as for Barclays and the bank's many offshoots in black African countries are a potential source of vulnerability."

The *Daily Telegraph* thinks the Barclays' move may prove to have more important implications for the international business community than it has for South Africa.

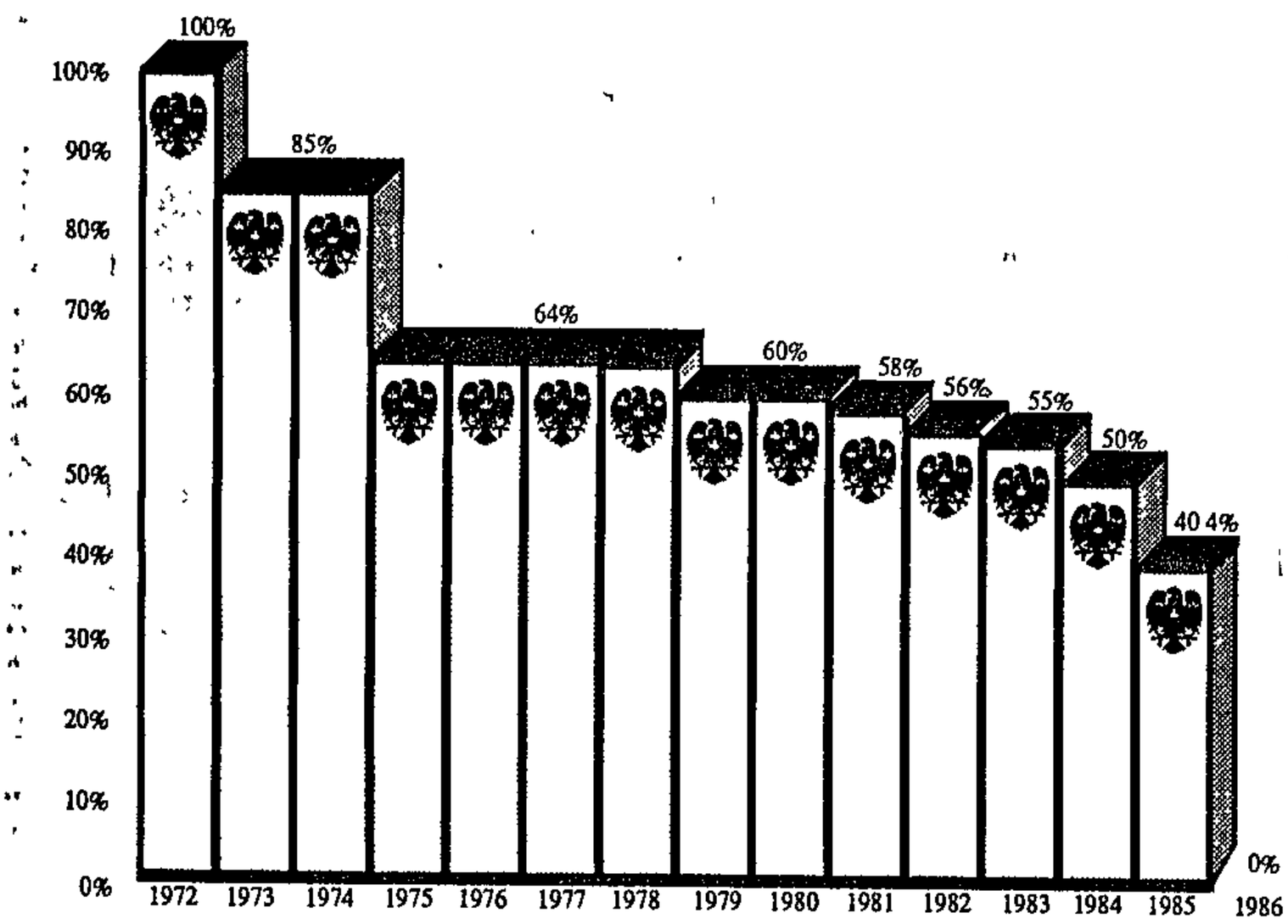
"The success of the anti-apartheid lobby in inducing one of the world's great banks to make a major change of policy will increase the thirst for blood of other lobbies, representing other foreign causes. This is perhaps the most seriously disturbing aspect of yesterday's action."

Marginal

The paper thinks the bank's withdrawal must have some marginal effect on South Africa's economic and investment prospects.

"But there is not the slightest prospect of the bank's action, any more than that by other multinationals, deflecting Mr Botha's Government from its course.

"It may be argued, indeed, that it is simply irrelevant to the inexorably unfolding tragedy of South Africa, which may yet have many years to run."

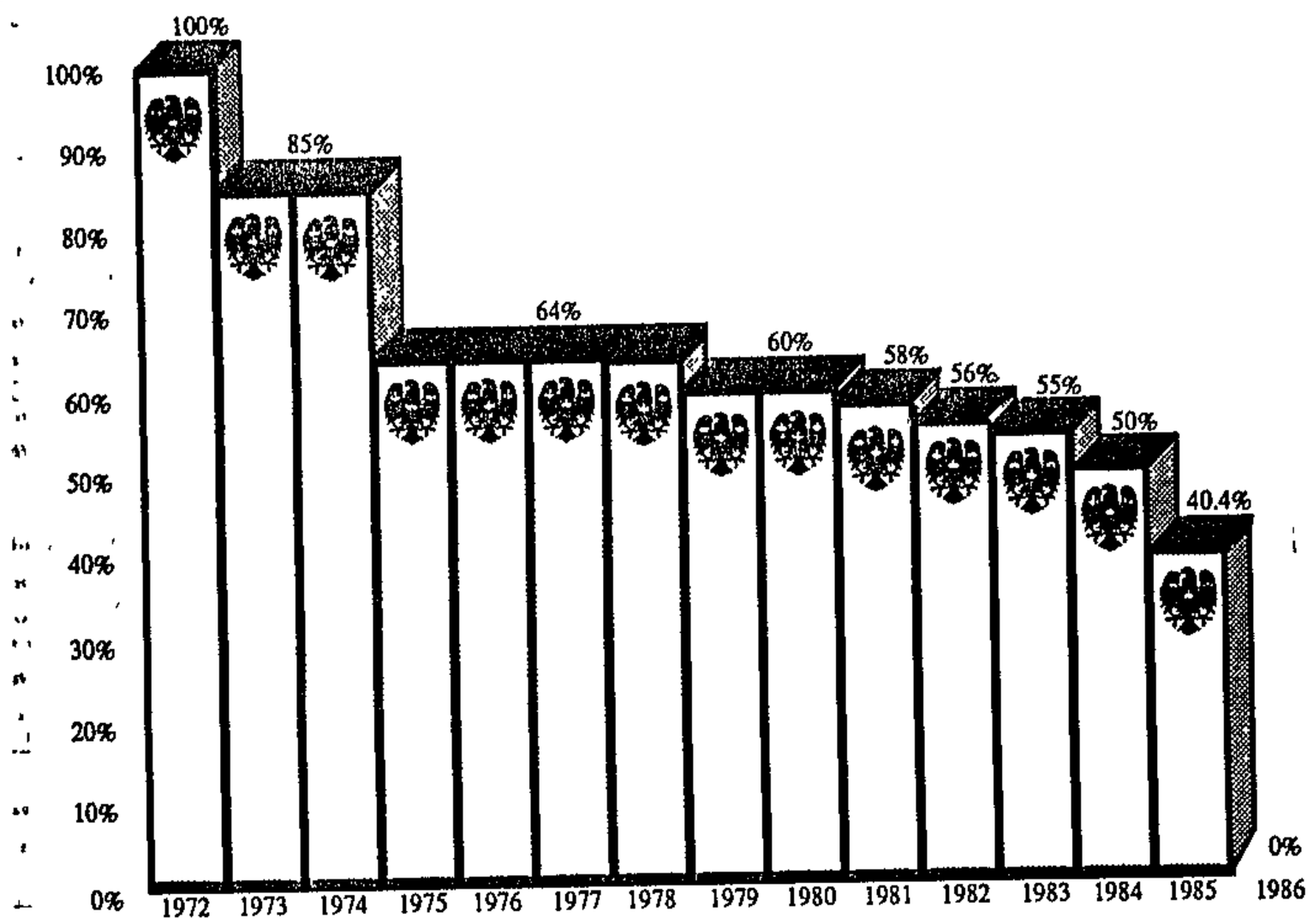


The percentage of shares held by Barclays PLC in Barclays National Bank Limited.

Withdrawal gets mixed reception

tor

The *Daily Express* takes a similar view, citing the case of British Petroleum, which through BP Southern Africa is preparing to pump millions of rands into State schools that wish to go private



The percentage of shares held by Barclays PLC in Barclays National Bank Limited.

Withdrawal gets mixed reception

The Star Bureau

LONDON — Barclays Bank's decision to withdraw from South Africa has had a mixed reception in Britain, with Conservative MPs deploring the move and the Labour Party and the Anti-Apartheid Movement generally welcoming it.

The Government merely said that it was a matter for the bank

The move dominated the news yesterday, being the main item in many newspapers and on radio and television It is again a major topic in today's newspapers, with some forecasting similar action by other British companies.

Only one official South African voice in Britain has commented so far on the decision.

Mr Leo "Rusty" Evans, Minister at the South African Embassy, said on a BBC radio programme that he did not think the move would have much impact on South Africa, either politically or econmically.

He did not expect it to have an adverse effect on the banking system in South Africa or internationally

He added: "I think that decisions of this nature, which will be interpreted by some perhaps as a lack of confidence in South Africa, is unfortunate. The South African economy is in fact buoyant at this stage "

'MORAL COWARDICE'

Conservative MPs launched a strong attack on the decision, calling it an act of moral and commercial cowardice

Another, Mr Teddy Taylor, suggested that people banking with Barclays should consider withdrawing their accounts in protest. The Federation of Conservative Students wants to do so too

Mr Michael Grylls, chairman of the House of Commons backbench industry committee, said it was a disappointing development because Barclays had a good record in the training of blacks and of encouraging black entrepreneurs through the banking system

"The anti-apartheid campaigners have shot themselves in the foot through this," he said.

Mr Anthony Beaumont-Dark, another Tory MP, said. "The saddest thing is that a bank of Barclays distinction has allowed itself to be blackmailed by bullies. Those bullies will do more harm to the black population than anything else."

Mr John Carlisle, secretary of the all-party British-South Africa parliamentary group, said: "It bodes ill for the future of multiracial society in South Africa."

'HISTORIC VICTORY'

The Anti-Apartheid Movement hailed the decision as "an historic victory" and a "tremendous source of encouragement". The movement said it would be stepping up its pressure on other companies with major investments in South Africa.

The Labour Party's Shadow Trade Secretary, Mr Robin Cook, said· "This is good news. The writing is on the wall for apartheid."

The decision is bound to make things awkward for Mrs Thatcher, who has resisted moves against South Africa.

A Foreign Office spokesman said yesterday the Government had not been consulted by Barclays over the decision He added that the Government did not advocate disinvestment: that was a matter for the commercial judgment of the companies concerned.

Sir Leslie Smith, chairman of the British Industry Committee on South Africa, which has a membership of about 50 companies, said. "There is no reason to suppose that Barclays's move will encourage other companies to pull out of South Africa."

But speculation is already growing in some quarters that other British companies may follow suit As one commentator put it today: "It will certainly whet the appetite of the disinvestment lobby. This is now expected to switch its target to Standard Chartered Bank, which has £850-million (R2 700-m) in outstanding loans in South Africa."

and the bank's many offshoots in black African countries are a potential source of vulnerability."

The *Daily Telegraph* thinks the Barclays' move may prove to have more important implications for the international business community than it has for South Africa.

"The success of the anti-apartheid lobby in inducing one of the world's great banks to make a major change of policy will increase the thirst for blood of other lobbies, representing other foreign causes. This is perhaps the most seriously disturbing aspect of yesterday's action."

Marginal

The paper thinks the bank's withdrawal must have some marginal effect on South Africa's economic and investment prospects.

"But there is not the slightest prospect of the bank's action, any more than that by other multinationals, deflecting Mr Botha's Government from its course.

"It may be argued, indeed, that it is simply irrelevant to the inexorably unfolding tragedy of South Africa, which may yet have many years to run."

Kodak products feel the wrath of the consumer

Mercury Reporter

KODAK products are being shunned in Durban because of the North American company's decision to totally withdraw from South Africa, according to local dealers.

One dealer said anti-Kodak feeling in the past few days had been so strong he did not think it would be worthwhile investigating the importation of Kodak products through the 'back door'.

Photoworld director Tony Girling said his company had just sent back a consignment of 35 mm cameras imported for the Christmas season.

'We felt it would be inappropriate to carry them because of warranty problems. But aside from these problems, there is certainly something of an antagonistic feeling towards Kodak products!

Mrs Nancy Butcher, director of Spectrum Photo Service, said:

'There is a customer at the counter right now who says he will never buy Kodak again.'

There had been similar feelings expressed by other customers, she said, 'but none quite so adamant as this particular person'.

Mr Jeremy Whysall of Whysall's Ltd confirmed that there was 'a bit of a consumer boycott'.

Choice

Although some people had bought up large stocks of film for future use, he said, others had said that they would buy alternative film rather than Kodak.

'If people have a choice they would usually have taken Kodak. But I think they are more easily swayed to take something else now.'

Mr Naresh Modi of Modisons' Photographic said he thought the boycott of Kodak products had not been very significant.

BANK'S MOVE WILL 'HIT REFORM'

THE Government was yesterday maintaining a low profile on the political implications of the R527 million Barclays pull-out.

A spokesman for the office of the Minister of Finance, Mr Barend du Plessis, would only say that he had an emphatic "no comment".

Dr Gerhard de Kock, governor of the Reserve Bank, was expected to issue a statement yesterday.

SOWETAN Correspondent

The Government is said to have been briefed about the deal beforehand and details are still being studied.

Mr Brian Goodall, MP, one of the Progressive Federal Party's spokesmen on financial matters, said the deal was not unexpected.

Barclays UK had been reducing its involvement in the South African operation.

It did not follow up the latest rights issue which meant that South African shareholders acquired a greater share.

For South Africa the critical factor was not who owned Barclays but whether the South African bank would still have access to the international banking links of Barclays UK.

This was still unknown.

If South Africa did not have access to those links then the withdrawal was particularly unfortunate because South Africa relied more than most economies on international trade.

The situation was aggravated by the increasing level of sanctions which were being imposed upon South Africa, making it harder to export.

Mr Goodall said that, while it was understandable that Barclays UK had been under pressure, the decision to withdraw would not in any way help to accelerate the process of reform in South Africa. It was in fact likely to do exactly the opposite.

It was ironic that years ago, following the Franzen Commission report on the financial structures in South Africa, it was government policy to reduce the level of overseas shareholding in South African banking operations.

In some instances those who advocated withdrawal were in fact achieving the Government's objective for it.

Ban SA coal—call

LONDON — Miners' leaders from 61 countries have called on governments throughout the world to stop importing South African coal.

The call, part of a move to force an end to apartheid, was made at a conference of the International Mineworkers' Organisation in London on Sunday.

The main speaker, Mr James Molatsi, president of South Africa's National Union of Mineworkers, said South African miners wanted Western Europe to ban South African coal imports. Such a ban would be the best and quickest way to end apartheid.

He said the amount of South African coal imported by some countries was "an obscenity".

Western Europe imports 25-million tons of South African coal a year.

Accidents

Mr Molatsi said the accident rate in South African mines was reaching an intolerable level, and his miners had held a series of protest strikes about it.

British miners' leader Mr Arthur Scargill, who is president of the Paris-based IMO, said 43 affiliates had agreed to apply fresh pressure on the EEC Council of Ministers to impose sanctions on South African coal.

He said Britain imported 370 000 tons of such coal a year, although he believed that the real figure was higher, and that some was "laundered" through Rotterdam.

YOUR NEDMATIC CARD CAN BE USED AT SASWITCH ATM'S COUNTRYWIDE.

Transvaal Benoni (011) 845-1100; Braamfontein (011) 339-1431; Commissioner Street, (011) 616-1259/1218; Kerk Street, Jhb (011) 23-1984; Harrison Street, Jhb (011) 836-5985; 836-2371/833-8033; Rosebank (011) 788-5350/1; Klerksdorp (018) 2-6481; Pretoria (012) (011) 970-3745; Randburg (011) 789-3352; Sandton (011) 783-6004; Vereeniging (016) 21- Durban (031) 304-7311; Newcastle (03431) 27017; Pietermaritzburg (0331) 5-8001; Pinet Free State Bloemfontein (051) 304235. Cape Province Bellville (021) 97-6574/5; Foreshor Lennus, C.T. (021) 25-3963; St Georges Street, C.T. (021) 24-2454/5; Claremont (021) ndon (0431) 2-9653; Kimberley (0531) 23185; Port Elizabeth (041) 52-1675; Sea Point (021 West (024) 26240/1.

GREY-PHILLIPS, BUNTON, M



is a service that is guaranteed to get your most urgent mail there . no matter what As long as the article is handed in at the main not later than 4.30 pm (earlier in certain cities), it will be ready for at the addressee's main post office from 8 am the following morning.

All it'll cost you is R1 any weight up to 10 k to Cape Town by prio plus R1,50 priority-m

ERE TODAY, THER

102928/01/St

Publishing firm resists pressures to leave SA

Finance Staff

Despite strong pressure abroad, International *Who's Who AG* of Liechtenstein, Europe, will not withdraw its subsidiary from South Africa.

Mr Arno Ofenheimer, publisher, says: "In the present climate of economic sanctions, South Africa's greatest need for international business contacts has never been greater.

"We are staying to support the South African business community and, through our international contacts, to promote the image of SA and its companies globally.

"Our shareholders, publishers and editors are convinced that sanctions and isolation will not help to solve the country's problems."

International Who's Who is to hold media conferences in London, Frankfurt, Paris, Rome and Madrid early next year, when it will present the recently launched SA edition and put the case for continuing trade with South Africa.

"We are currently talking to some of South Africa's top executives to obtain their views on the efficacy of sanctions and isolation and to invite them to participate actively in the campaign."

International Who's Who exclusively promotes world trade, business and industry. In all its publications, the main interests and activities of the most prominent business organisations are described for the benefit of their counterparts in other countries who may be interested in doing business with them.

"They are designed to make contact easier between chief executives worldwide, who may have much in common but who otherwise are unaware of each other's existence," Mr Ofenheimer says.

"In the European edition of *Trade, Business and Industry 1987/88*, for instance, some 5 000 personal and 1 500 company profiles will be featured, together with some of the most important South African companies."

Canada's pre-curbs trade up

Dispatch Correspondent

LONDON — While strongly urging other Commonwealth countries to impose economic sanctions against South Africa, Canada dramatically increased its own trade with that country over the past year, according to new statistics.

Canada's imports of South African goods in the 13 months ended August, soared to $358 million (Canadian) from $239 million, a 49 per cent increase.

For the first time in a decade, the government's wheat marketing agency also sold wheat to South Africa at a cost of $8 million (Canadian).

During that period, the Prime Minister, Mr Brian Mulroney, was publicly a leading advocate of sanctions, particularly at the conference of seven Commonwealth countries in London in August at which all participants but Britain agreed to major restrictions on imports.

Embarrassed Canadian government spokesmen now say a real impact on Canadian trade with South Africa will be seen as a result of Canada's decision at that conference to participate in bans on the import of agricultural products, coal, steel and iron

Sanctions issue dominates UK Press

More British firms ready to quit SA?

Own Correspondent and Sapa-AP

LONDON — The sanctions issue has continued to dominate the business world in London, with increased speculation that other British companies, including another bank and two major oil companies, are under pressure to quit in the wake of the Barclays plc pullout.

The Independent said yesterday the disinvestment move by Barclays plc could prompt a chain reaction of withdrawals and predicted: "Attention will now switch to Standard Chartered, SA's other major British-affiliated bank."

Standard Chartered said this week it had no plans to sell its 39% stake in its SA subsidiary. But it has cut its share in the subsidiary from 50% in the past year.

Other business sources said anti-apartheid attention would focus on oil giants BP and Shell. Other big British corporations which operate in SA include ICI and Consolidated Goldfields, which this week came under sharp attack on British TV as a "vehicle for apartheid, cruelty and the exploitation of cheap black labour".

The conservative *Daily Telegraph* said: "Johannesburg financial circles were buzzing with rumours that some of the 172 major British companies, which share about £12bn in assets in SA, might be pulling out or scaling down their interests."

Britain is SA's largest business partner

● To Page 2

More British firms to quit?

● From Page 1

and the biggest foreign investor.

In a separate incident, a row erupted at a Westminster City Council meeting when an attempt was made to ban SA goods in shops throughout the West End.

Multinationals such as Mobil, Esso, BP and ICI all have their offices in the Westminster area and they too are to be targeted for their SA links

But Westminster's leader, Lady Porter, refused the demand, saying it was not the council's role to debate apartheid.

The Labour opposition demanded that the Tory leadership contact the main city shops and ask them not to sell SA goods

Labour's motion was defeated by 27 to 31 votes, divided along party lines.

The Times, an opponent of disinvestment and of tough sanctions, said in an editorial yesterday "The eagle has landed" was the somewhat unfortunate logo of a recent Barclays Bank advertising campaign in SA. It was safe to assume that in Johannesburg the (Barclays') decision was dismissed as "the chicken has run".

Brokers push fresh theory on gold price

ADAM PAYNE

AT A time when many analysts doubt the strength of the gold price, London stockbrokers James Capel have advanced a fresh theory as to why the outlook for the price is encouraging.

They base their argument on the SA Reserve Bank's recently-announced policy of withholding from the market a part of newly-mined production, and of unravelling gold/currency swaps.

In mid-October, Reserve Bank Governor Gerhard de Kock said SA might start to increase its gold reserves. However, moves had apparently already started.

In August, the gold reserves rose by 140 000 ounces, or 4,4 tons, with a further 110 000 ounces, or 3,4t added in September — in other words a little under 47t annualised.

Capel says: "We doubt that these increases, individually relatively small by SA standards, represent reversed swaps.

"SA's daily production on a 260-day year is in the region of 2,6t. The swap amounts were significantly larger.

"The increases in August and September, therefore, represented gold purchased from the mines as usual, but not onsold to the international market."

This could have been part of the reason for the strength of the gold price, which rose to $435/oz on September 22 from $360 at the beginning of August.

Sanctions benefiting Swaziland

MBABANE – Swazi Commerce, Industry and Tourism Minister Derek von Wissel says economic sanctions against SA are benefiting Swaziland's investment climate.

Von Wissel told a productivity workshop at the Royal Swazi Sun convention centre that many investors pulling out of SA were now coming to Swaziland.

This was because of the country's "excellent tax and other incentives", as well as its record of political stability, harmonious labour relations and its available workforce.

Another factor that drew investors to Swaziland was that English was one of the two official languages, which was vitally important to the business and commercial world.

...nood by ...onorary knight- after he ... Queen Elizabeth ... spearheaded last ... sluggish. As a result, the ... economy remained ... DM2,0020 ...

26/11/86

BUSDAY 26/11/86.

280

Challenges outlined

Economics Staff

TRUST BANK MD Chris van Wyk says SA's financial sector is strong enough for its free-market system to be used for the development of the country's Third World component

Speaking at the *European Institutional Investor* conference in London, Van Wyk said SA continued to invest in its future and offered attractive opportunities for foreign investment.

He believed that demographic long-term challenges to be tackled included:

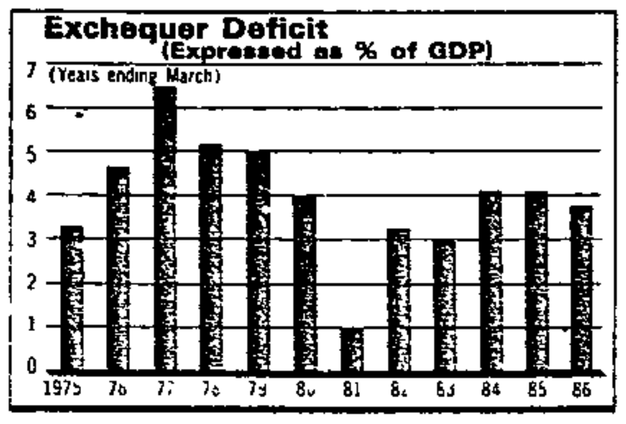
☐ Population growth increasing at 2,2% annually, which implies a doubling in 30 years of the present 32-million,

☐ The large part of the population surviving on subsistence farming with little economic contribution;

☐ The move towards urbanisation from the rural areas; and

☐ SA's financing commitment to the upliftment of living standards in a newly urbanised society.

"The economic challenges of these trends are clear. They highlight the need for development of urban social infrastructure and productive job creation — which needs large capital investment," he said.



INCREASING trade sanctions would not steer SA towards a siege economy, Louis Geldenhuys, economist of George Huysamer & Partners, said yesterday.

He told the annual European Institutional Investor Conference in London that international pressures would rather act as a stimulus for better mutual co-operation and consultation between the private sector and government.

This should create a more favourable climate for economic development than in the past, Geldenhuys said.

Economist looks at bans and says . . .

SA won't be steered to siege

STEPHEN ROGERS

Another encouraging factor of the present economic climate was that, unlike many other troubled economies, government had avoided resorting to rapidly-expanding fiscal deficits.

Although the deficit in the present fiscal year would exceed that of the last, this only represented between 4,5% and 5% of gross domestic product and was not serious from a cyclical point of view.

Geldenhuys said in spite of the pessimistic outlook for the SA economy, people should not underestimate the ability of SA to adjust to changing circumstances.

The country had already started to react to the shock of sanctions and the recession and there were signs that an economic revival was on the way. These signs included:

☐ Higher motor-vehicle sales. In the three-month period to October the number of new vehicles sold was 15% up on the figure for the previous year;

☐ Wholesale prices in September were 10,5% higher than in May this year; and

☐ Improved economic conditions and lower interest rates which had resulted in substantial corporate profit improvements.

However, Geldenhuys said there would not be major economic progress in the short term. He projected a real economic growth rate of only 2,5% in 1987.

But he believed that the outlook for the SA economy in the long term was more favourable than many critics would suggest.

Third World N-arms 'worrying'

LONDON — The proliferation of nuclear weapons among Third World countries — including SA and Israel — was more worrying than the failure of the superpowers to reach agreement on cutting their strategic arsenals, says *Jane's Weapon Systems* editor Bernard Blake.

Own Correspondent

Blake said in the 1986-87 edition published yesterday that the main danger of nuclear war might be the proliferation of atomic weapons rather than a conflict between the superpowers.

M
SA
cr
at
m
tr
pl
sl
T
T
I
t
t
c
i
.

Chris
joi-

SA

SOUTH AFRICAN ASSOCIATED
NEWSPAPERS LIMITED

Dangers and merit seen in BB pull out

LONDON — British newspapers see dangers as well as merit in Barclays Bank's decision to pull out of South Africa.

Several acknowledge the soundness of the economic reasoning behind the move, but wonder about the consequences for the bank's black workers.

At least one thinks it will not have the slightest effect in deflecting the Government from its course.

The Times sees the decision as a consequence of the international character of banking today.

Barclays, like its American counterparts, has turned an economic necessity into a political virtue, it says. But just how virtuous it should feel is open to question.

Promotion

The paper points out that it will take only a short time before black workers in formerly multinational companies begin to feel the loss of aggressive promotion schemes, fair employment codes and eventual jobs.

"South African management, relieved of the need to follow expensive social responsibility programmes, will be likely to trim staff and wages in search of high productivity and profits."

It suggests that Barclays, taking a leaf from the book of those multinationals which have elected to remain, could do worse than establish a trust fund to be used in the critically important areas of non-segregated schools and black advancement in the informal business sector.

SOWETAN
Foreign Service

The *Daily Express* takes a similar view, citing the case of British Petroleum, which through BP Southern Africa is preparing to pump millions of rands into state schools that wish to go private so as to admit pupils of all races.

Apartheid

"This seems a much more fruitful way of helping to overcome apartheid than simply cutting and running," it says.

The *Guardian* sees the withdrawal as at least as significant for future British entanglement with apartheid as last year's move by the Chase Manhattan Bank to call in South African loans was for America's.

"The bank's stated grounds for withdrawal, in which the political is inseparable from the commercial could not be a clearer signal to the Botha regime: South Africa is no longer seen as a sound investment by Barclays, one of the world's largest and most successful banks."

It adds that the conversion of Barclays is as clear a signal to the British as to the South African Government. "If the bank most deeply involved thinks it is time to get out of South Africa, shouldn't UK Ltd do the same?"

Damage

The independent newspaper says that although Barclays' withdrawal is unlikely to have any significant immediate impact within South Africa, the psychological damage may prove to be greater than that caused by the exodus of American companies.

It seems certain, it says, that other companies will be persuaded to follow.

"Attention will now switch to Standard Chartered, South Africa's other major British-affiliated bank . . . the economic facts and the wider political pressures are the same for Standard as for Barclays and the bank's many offshoots in black African countries are a potential source of vulnerability."

The *Daily Telegraph* thinks the Barclays' move may prove to have more important implications for international business than for South Africa.

Policy

"The success of the anti-apartheid lobby in inducing one of the world's great banks to make a major change of policy will increase the thirst for blood of other lobbies, representing other foreign causes. This is perhaps the most seriously disturbing aspect of yesterday's action."

The paper thinks the bank's withdrawal must have some marginal effect on South Africa's economic and investment prospects.

"But there is not the slightest prospect of the bank's action, any more than that by other multinationals, deflecting Mr Botha's government from its course.

"It may be argued, indeed, that it is simply irrelevant to the inexorably unfolding tragedy of South Africa, which may yet have many years to run."

Move to ban sale of SA items flops

Eve Post 26/11/86 (280)

Post Correspondent

LONDON — A furious row erupted at a Westminster City Council meeting here when an attempt was made to ban South African goods in West End stores.

The Labour opposition demanded that the Tory leadership contact the main city stores and ask them not to sell South African goods.

Internationals like Mobil, Esso, BP, ICI and the Coal Board all have offices in the Westminster area and they were also targeted for their links with South Africa.

But Westminster's leader, Lady Porter, refused the demand, saying it was not the council's role to debate apartheid. The motion from Labour claimed that links with South Africa within the borough, were an insult to London's multiracial community.

Meanwhile, it is reported here that Canada, while strongly urging Commonwealth countries to impose economic sanctions against South Africa, has dramatically increased its own trade with SA over the past year, according to new statistics.

Canada's imports of SA goods in the 13 months ended August soared to $358 million (R800 million) — an increase of 49%. For the first time in a decade, the Government's wheat marketing agency also sold wheat to South Africa at a cost of $8 million (R20million).

During that period, Prime Minister Brian Mulroney was a leading advocate of sanctions.

Embarrassed Canadian Government spokesmen say a real impact on Canadian trade with SA will be seen as a result of Canada's decision to participate in bans on the import of agricultural products, coal, steel and iron.

● A new organisation has been launched in Glasgow aimed at forging links between SA and Scotland.

Sapa-Reuter reports that the Scottish South Africa Society, which has a membership of 260, was formally inaugurated at the weekend.

The Anti-Apartheid Movement and the ANC recently opened a joint office in Glasgow. SA's consul-general in the city, Dr Sandy Shaw, hopes the society will offset their campaigns.

Sanctions no help, Reagan is told

SOWETAN 26/11/86

280

SOWETAN Foreign News service

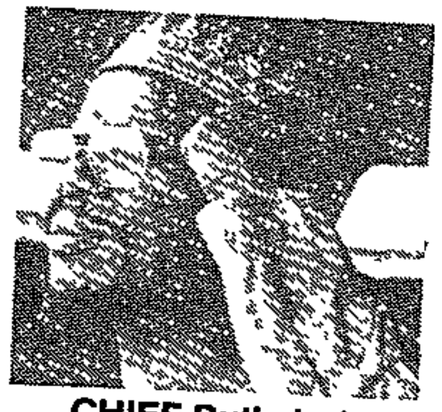
WASHINGTON — President Ronald Reagan, Vice President George Bush, and Secretary of State George Shultz took time off from dealing with the most serious political crisis the Reagan Administration has faced to hold lengthy private talks here with Chief Mangosuthu Buthelezi.

The three meetings, held at a time when the administration is trying to cope with the damage caused by its bungled arms-to-Iran adventure, is seen here as a demonstration of respect for a black leader who has not allowed his fierce opposition to apartheid to steer him away from a non-violent path.

It is also seen as a signal to South Africa that the Reagan Administration continues to support a moderate solution to the country's problems.

Problems

Chief Buthelezi declined to give details about his discussions with the President except to say that they had talked about sanctions and the Zulu leader's view that the US should now provide more humanitarian aid for blacks in the region.



CHIEF Buthelezi.

He said it was a dangerous cliche that apartheid could not be reformed. Its eradication could come from reform.

"We attempt to negotiate to avoid the necessity of killing, and I do so because I have a deep and abiding faith in South Africa," the Zulu leader said.

In the midst of his day of top level meetings, Chief Buthelezi delivered a spirited speech and answered questions at a National Press Club luncheon that was televised live throughout the US.

Appealing to foreign correspondents to exercise responsibility in reporting news from South Africa, he asked them to ask themselves how often bloody revolutions in Third World countries had set up decent democracies

"President Reagan is more aware than average Americans of the implications of sanctions — not only for us in South Africa, but also for greater southern Africa," Chief Buthelezi said.

One of the problems of the country was that there were decent white people who yearned for democracy but still failed to grasp the fact, that there had to be universal franchise.

"I ask foreign correspondents to recognise that in South Africa in particular democracy will not be established by bloody revolution "

Chief Buthelezi said the thought that dominated his political leadership was that there would never be justice, peace and stability in South Africa unless there was one sovereign parliament, one reconciled people, and universal franchise.



● DE VILLIERS

Officials told not to discuss sanctions

Economics Reporter

GOVERNMENT officials have been informally warned by Trade and Industry Minister Dawie de Villers not to discuss sanctions-related matters publicly.

A departmental spokesman, Wilhelm Smallberger said yesterday: "The Minister has made it clear on several occasions we should refrain from speaking on sanctions." But he said the Minister's statements did not constitute a "directive".

De Villiers had issued the caution because "our enemies can use this information against us".

The SA Foreign Trade Organisation (Safto) has already said it would not comment on sanctions questions, either on or off the record. An official said SA was engaged in "economic warfare" and would have to withhold strategically important information.

Smallberger said the department realised certain trade information could be obtained from other sources, especially overseas. He said: "We shouldn't be stupid and put a blanket on everything. That wouldn't be realistic."

Rather, he said, the amount of information government officials could provide would "depend on the question".

U-boat plans 'sold to SA'

Cape Times 280
27/11/86

By ANDREW DONALDSON

THE government of West Germany is investigating allegations that one of the country's main "U-Boat" builders has illegally sold R53m worth of blueprints for submarines to South Africa.

The blueprints were sold by the Howaldtswerke-Deutsche Werft AG for some 46 million marks (about R52 million), according to a report yesterday in the Kieler Nachrichten newspaper.

Associated Press report that the company had yet to issue a statement on the sale of the plans.

While the Minister of Defence, General Magnus Malan, hinted in Parliament as long ago as May, 1984, that SA was urgently investigating the possibilities of building its own submarines, the sales of the plans has again highlighted the obsolescence of the country's submarine fleet.

The SA Navy has three French-built Daphne-class coastal submarines, the first of which — the SAS Maria van Riebeeck — was commissioned into service in 1970, and the other two — the SAS Emily Hobhouse and the SAS Johanna van der Merwe — both in 1971

Even with top-class maintenance, the South African fleet was considered to have passed its "operational half-life", according to military observers. A submarine was considered to have an operational life of about 20 years

Soon after the purchase of the Daphne boats from France, orders for two larger, deep-sea Agosta-class submarines were cancelled when the UN arms embargo came into effect. An order for three corvettes was also cancelled.

The Howaldtswerke-Deutsche Werft conventional submarines are considered by military experts to be among the best in the world, the Kiel newspaper said It did not name its sources for the story

According to the authoritative "Jane's Fighting Ships", the company has built many of the submarines used by the West German navy.

A spokesman for the Bonn Economics Ministry said he did not know whether the blueprints had been delivered to SA He said that the shipbuilder had not applied to the ministry for permission to export them.

"But even if they had applied, we would have had to turn them down, because West German law forbids the export of armaments or such construction plans for armaments to SA," spokesman Mr Dieter Vogel told Associated Press.

Weapons exports to non-Nato countries must be approved by the Bonn Economics Ministry, in co-operation with the Foreign Ministry.

The Kieler Nachrichten said the West German cabinet had discussed the possibility of allowing the blueprints to be sold, but dropped the matter without making a decision because of pressure from other West European countries not to make such sales.

An Armscor spokesman said last night that it was not policy for Armscor to comment on the sales or purchases of arms.

Approached for comment, General Malan told the Cape Times that he was bound by parliamentary regulations not to disclose any details concerning the purchase or sales of arms.

SA loses support as Playtex quits

UNDERWEAR giant Playtex International caused a storm in a D-cup yesterday when it announced it will disinvest from SA.

Announcing the shedding of its SA interest, MD of SA subsidiary Bill Quinn said Durban-based Playtex Africa had snapped ties with its US parent in a local management buyout.

He said the company would continue to support and cosset local suppliers and customers. Despite a name change, the shape of the company would remain the same.

MICK COLLINS

"As far as our manufacturing operation and quality of product is concerned, nothing will change.

"Although the name of our company has changed to PTX Distributors, all the traditional Playtex brand names will remain.

Dispensing with the frills, Quinn said: "From a wholly-owned subsidiary of International Playtex we have now become a totally South African-owned manufacturing company."

Information on the buyout was scant but Quinn added that the arrangement also ensured that the company's 400 South African employees would not lose their jobs.

In a brief statement Quinn did not disclose the price of the buyout or reveal anything further.

He said a two-way information stretch would continue, with the South African company continuing to have access to new product developments made by its former US parent.

27/11/81 Repeat **

13 Red Cross members to return

280

GENEVA — Thirteen delegates of the International Red Cross expelled from South Africa are to return within weeks after a Government change of mind.

The all-Swiss International Committee of the Red Cross expressed "great satisfaction" in a statement here.

The envoys who left were part of a 20-strong ICRC delegation in SA.

After leaving they were reassigned or came home to Switzerland, ICRC spokesman Serge Caccia said.

Foreign Minister Pik Botha yesterday announced the cancellation of the expulsion order, which followed the ousting of SA Government representatives from a Red Cross conference last month.

Mr Botha said ICRC president Alexandre Hay had dissociated himself from the decision and pledged to support SA's continued participation in Red Cross activities.

At the Geneva conference, Third World and Soviet bloc countries led national Red Cross delegations in voting to expel SA Government delegates from the meeting.

ICRC delegates' tasks in SA include visiting about 300 political prisoners and helping refugees from Mozambique.

It is understood the Red Cross will be allowed to operate in SWA/Namibia once more following talks between SA and the interim government.

Advertis

Call to release arrested children

Dispatch Correspondent

PIETERMARITZBURG — A resolution calling on the government to release all children and educational leaders in detention was passed by the principals of private schools in South Africa at a conference in Cape Town.

The adopted resolution stated that the Conference of Headmasters and Headmistresses of the Private Schools of South Africa believed that the present crisis in education was part of a greater crisis facing South Africa.

It called on the government to release all children and educational leaders in detention, to lift the ban on educational organisations and to negotiate with all South African leaders to build a just, democratic and non racial society.

In addition, the conference requested the government to consider community service for men as an alternative to national service, and to consider introducing voluntary community service for women "in view of the present state of violence and social disintegration in our country, and having regard to the needs of the country for extended teaching and health services".

Speakers at the conference included the director of the Cape Town centre of Sached, Dr Neville Alexander, a programme officer in the Masifundese Education Project (part of the Trust for Christian Outreach and Education), Mrs Nontobeko, and the head of the School for Economics and editor of South African Outlook, Professor Francis Wilson.

Sanctions may hit US firms

Dispatch Bureau

WASHINGTON — Two United States nuclear processing companies, Kerr McGee and Allied Chemical, may lose important contracts and have to lay off workers as a result of the Congress' decision to ban South African uranium and uranium oxide imports, according to US officials.

Both firms process South African yellowcake into uranium hexafluoride so that it can be enriched into nuclear fuel, and both have major contracts with overseas nuclear utilities, primarily in Taiwan and other Far East nations.

These clients purchase their uranium from South Africa and send it to the US for processing and enrichment by the Department of Energy and Fabrication into fuel rods.

As written, the comprehensive Anti-Apartheid Act bans South African and South West African yellowcake outright, making no allowances for material to be imported for re-export after processing. However, the law does not ban South African uranium once it has been turned into uranium hexafluoride.

In a continuous series of inter-agency meetings involving the Departments of Energy, State and Commerce and the Nuclear Regulatory Commission, Reagan administration officials have looked in vain for a loophole before issuing the final regulations implementing the ban, which goes into effect on December 31.

27/11/88 280 SIVAR

ICRC spells out its attitude to SA's expulsion

By Sheryl Raine

The International Committee of the Red Cross (ICRC) has spelt out its attitude towards the expulsion of the South African Government delegation from its recent conference in Geneva.

In the November issue of its official journal, *Bulletin*, the ICRC made it clear it shared the feelings of African countries concerning apartheid but noted that "to be neutral for the Red Cross is not a passive and easy attitude to have".

The ICRC indicated it believed the work done at the conference and its achievements would far outweigh the crisis of the South African expulsion.

Although ICRC had not wanted to take part in a vote which resulted in the suspension of South African partcipation in ICRC work, because it considered such a move contrary to its statute of neutrality, the organisation was caught in a dilemma.

The editorial quoted Red Cross president Mr Alexander Hay on the issues which the organisation had to consider at the conference: "What the ICRC upholds in this matter is, on the one hand, the universality of international humanitarian law and, on the other hand, the respect of the rules and procedures of this conference."

The editorial said: "Although the question of the suspension of the South African Government delegation deeply affected the spirit of participants and delayed for over two days the start of the commission's work, the conference succeeded in accomplishing the tasks for which it had been convened.

"All the resolutions — more than 30 — were adopted by consensus, including those concerning respect for international humanitarian law in armed conflicts. The draft of the new statutes, prepared by the joint ICRC/League working group, was also adopted by consensus.

"For the movement as a whole, these positive results will doubtless outweigh the rest when it comes time to take stock."

In a separate article on the front page of the Bulletin, the ICRC reported it had been expelled from South Africa and would make every effort to resume its humanitarian work there.

Pull-out a major blow to Bicsa initiatives

NM 27/11/86

John Battersby LONDON

FIRST the United States abandoned its policy of constructive engagement with South Africa. Now, with the sudden pull-out of Barclays, British business has taken its first giant stride in that direction and shattered the tenuous unity of S A-affiliated British companies.

The pressure will now intensify on other high-profile and consumer-oriented British companies to follow suit.

But the question that can now be asked seriously is: Will Mrs Margaret Thatcher ultimately find herself having to choose between breaking with British business or abandoning her 'no sanctions' stance on South Africa.

When Sir Timothy Bevan faced the British media after the announcement of the unexpected Barclays withdrawal this week his initial explanation was 'Our reasons were basically commercial . based on our view of the South African economy and the strategy of the Barclays Group.'

But it was not long before Sir Timothy was conceding that it was impossible to separate moral, political and commercial factors He left no doubt at all that the major consideration in the Barclays' board decision to quit was the bank's judgement of the likely future loss of business flowing from increased political pressure on South Africa — particularly in the United States — and the projected further deterioration in the economic and political situation

Turning point

In conceding that the tide of world opinion against South Africa was a major factor in the decision he cited the override of the U S presidential veto on sanctions as the crucial turning point.

But it was the chairman of Barclays National (S A), Mr Basil Hersov, who made the closest connection between the withdrawal and political pressure when he said. 'The decision in London to withdraw was based on commercial grounds but the development of this situation was brought about by anti-South African political pressure.'

Sir Timothy said that the political pressure on Barclays had been 'noticeable rather than significant' and that losses had not been substantial But the projections were that Barclays was losing ground rapidly in the student market, a major source of future business, that it was forfeiting large and significant international loans because of Third World pressure and that the point was fast approaching where its expansion plans in the U S and Canada were going to run into anti-apartheid trouble

It is difficult to overemphasise the psychological impact of the Barclays pull-out on the British business establishment and on the Tory government The Times had the following to say in an editorial 'There was always a sense in Johannesburg that British business, because of their great understanding of the country through political and financial ties stretching back to colonial times, would be among the last to quit South Africa

'That illusion has been shattered, not by a sudden onset of virtue in the City, but because of the international character of banking today. Barclays is deeply involved in the competitive world of American finance where its South African ties have not been helpful.

So Barclays, like its American counterparts, has turned an economic necessity into a political virtue,' The Times said.

Sir Timothy found himself increasingly snared in a circular argument when he, at the same time, sought to show that the combined impact of the Barclays move and disinvestment by U S companies must have both a political impact and an adverse economic effect on South Africa, while clinging to the argument that sanctions don't work

It is only two years since Barclays proclaimed in prominently displayed media advertisements 'The policy of constructive engagement adopted by Barclays in its South African operations is founded on the belief that economic ties and investment are the only viable instruments of peaceful change in that country'

'Meaningless'

Barclays' pamphlets until 1985 told students and anti-apartheid protesters that disinvestment 'would be no more than a meaningless token gesture'

Well, it has taken two years of internal black revolt — and international pressure resulting from that — for Barclays to make that 'meaningless token gesture' with astonishing suddenness and new-found conviction

It is a potentially disastrous set-back for the emergent 'constructive engagement' philosophy as articulated by the nine-month-old British Industry Committee on South Africa (Bicsa) The whole basis of the Bicsa philosophy has been to counter the sanctions argument by emphasising the contribution that U K-affiliated companies could make to the dismantling of apartheid and the social and economic upliftment of blacks

It was less than six months ago that Barclays signed a Bicsa statement endorsing this philosophy

The vast majority of British companies with South African links are counted among Bicsa's 42 members and they represent 80% of Britain's direct investment in South Africa In recent months Bicsa chairman Sir Leslie Smith has been actively campaigning for a coordinated policy of targeted positive investment by U K companies The Urban Foundation has been pursuing the same approach

The recent local initiative by BP for the multiracial redevelopment of District Six and its plan for non-racial schools was the first tangible evidence of this approach catching on

There have also been intense behind the-scenes efforts to work in the longer-term towards a Marshall-aid package for South Africa financed by Western multi-nationals But the Barclays move is a devastating — and in the long term potentially fatal — blow to these initiatives

Sir Leslie did not attempt to hide Bicsa's disappointment at the Barclays move this week although he added that he could 'understand the economic pressures that led to it'. Bicsa will continue to canvass its view that political reform will best be achieved if foreign investors remain in South Africa and use their influence to help change from within.

But its task will be made very much more difficult by the Barclays decision coming hot on the heels of a stream of withdrawals by major U S companies which now total more than 100 There can be no denying the knock-on effect of withdrawals by major companies such as General Motors, IBM, Coca-Cola, Eastman Kodak and Barclays.

Sir Timothy made it clear that a major factor in the Barclays judgement was the foreign debt crisis and the refusal of major banks to make loans to South Africa until the political impasse has been resolved Clearly, the collapse of the rand also had a major role in reducing from 10 to 2% Barclays' South African profits as a share of overall profits within a few years

Barclays clearly sees no likelihood of improvement in that situation in the medium term and has abandoned hope of fundamental reform being implemented soon enough to turn the tide.

It may be that some of Britain's biggest investors in South Africa — like ConsGold, ICI, Blue Cirlce, Pilkington Brothers and BOC — will be able to ride the storm of public opnion and political pressure which is not nearly as intense as it is across the Atlantic in the United States.

But multi-nationals with U S exposure are particularly sensitive to anti-apartheid pressure So are British companies that are closer to the consumer — and hence to brand boycotts. Further withdrawals are unlikely to materialise in the coming weeks The logistics of disinvestment often require protracted secret negotiations which — in the case of Barclays — stretched over six months.

66 states to press EC over sanctions

HARARE. — Ministers of the 66-member African, Caribbean and Pacific (ACP) countries meet in Brussels on Monday to press the European Community for comprehensive mandatory sanctions against South Africa.

The three-day meeting of the ACP states — former colonies of EC members that benefit from special trade terms and substantial aid — is also expected to thrash out favourable trade terms in the light of the expansion of the EC after Spain and Portugal joined the group.

In an interview with the semi-official news agency Ziana here yesterday, a Ministry of Trade and Commerce official said: "They (ACP ministers) are talking of mandatory and comprehensive sanctions against South Africa.

"The EC left out coal under their sanctions package, and leaving coal makes the whole exercise weak because coal is one of the most important of South African exports to the EC."

The ACP countries wanted to make the EC apply mandatory sanctions against South Africa "for the purpose of hastening the process of change in that country. The sooner the struggle (in Southern Africa) comes to an end, the sooner development will take place in the region," said the official. — Sapa

SWEETMAKING INDUSTRY, EAST LONDON

Parties. Employer Organisation: Wilson-Rowntree (Pty) Ltd.
Trade Union: Sweet Workers' Union

Area Magisterial Districts of East London

Labour fails to ban SA goods

Sowetan 27/11/86

280

A bid to ban the sale of South African good in the centre of London has failed.

SOWETAN Foreign News Service

Westminster City Council's Labour group called for the boycott within the London borough — which has within its boundaries Buckingham Palace and the Houses of Parliament — but were defeated at an angry meeting.

Tempers flared and insults were hurled across the chamber as motions banning the sale of South African goods in large stores and supporting pickets outside South Africa house were discussed.

Several times during the four-and-a-half hour meeting proceedings were interrupted by anti-apartheid protestors who jeered at Conservative Party speakers. Eventually the police were called.

Motion

Labour councillor Peter Bradley asked the council to write to all the large stores in the borough to withdraw South African products from the shelves.

But as he proposed the motion Mr Bradley was attacked for his alleged links with companies involved in South Africa.

Tory councillor Barry Legg accused him of working for a publicity company called "good relations" who represent the Delta Group — "a UK company with the third highest stake in South Africa".

Councillor Bradley replied: "These are groundless allegations against my character".

Councillor Joe Heggarty, leader of the Labour group, accused the Tories on the council of "sitting back complacently", and added: "The reason Barclays pulled out of South Africa is not because of some moral conviction — it's the result of pressure applied by people in this country over a number of years."

Leader

But lady Shirley Porter, leader of the council, slammed the special meeting, which cost ratepayers nearly R6 000, as "An outrageous waste of money".

"This is a local council dealing with local matters," she said. "Anti-apartheid is a matter for the foreign office.

"We are a local council. We are not the United Nations. We are elected to look after local interests and not South Africa's. This is an outrageous waste of public money.

"It is abuses like these that have brought local government into disrepute".

Kodak services may remain

CAPE TOWN — There is a possibility that sections of the multi-national Kodak Corporation's services will continue to operate under new owners in South Africa after the final disinvestment deadline of April 30 next year.

The managing director of Kodak South Africa, Mr R. C. Ferris, said in a letter sent to clients this week that:

"It is possible that parts of our business, such as our photofinishing laboratories and equipment service organisations, may be sold and will continue to operate as distinct and separate businesses, and we hope they may enjoy your continued support".

He said "key elements of our sales and technical staff will remain in our employment to meet your needs and to minimise the impact of our decision (to withdraw) on your business".

Mr Ferris said Kodak's affairs in South Africa would be wound down in "an orderly fashion" and with the "utmost consideration for our employees and customers".
—Sapa

28/11/86

Swedish jobs in jeopardy

STOCKHOLM—Up to 800 Swedish jobs will be lost in a small number of companies if trade with South Africa is banned through economic sanctions, according to a Government report published yesterday.

The report, written by officials from four Government departments, said that although South Africa accounted for less than 0.5% of Sweden's foreign trade it was of relatively great importance for certain firms.

Trade sanctions to put pressure on the Pretoria Government to drop apartheid would affect those companies most, according to the report.

Sweden is actively campaigning for the United Nations to impose a full trade blockade against South Africa. — (Sapa-Reuter)

'Introduction of further reform measures essential'

Sanctions will make the poor poorer, says Rand Mines chief

Sanctions will cause a transfer of wealth from South Africa's unskilled poor to nations with the commodities to replace South African goods which have been squeezed out of the market by embargoes, says Mr D T Watt, chairman of Rand Mines.

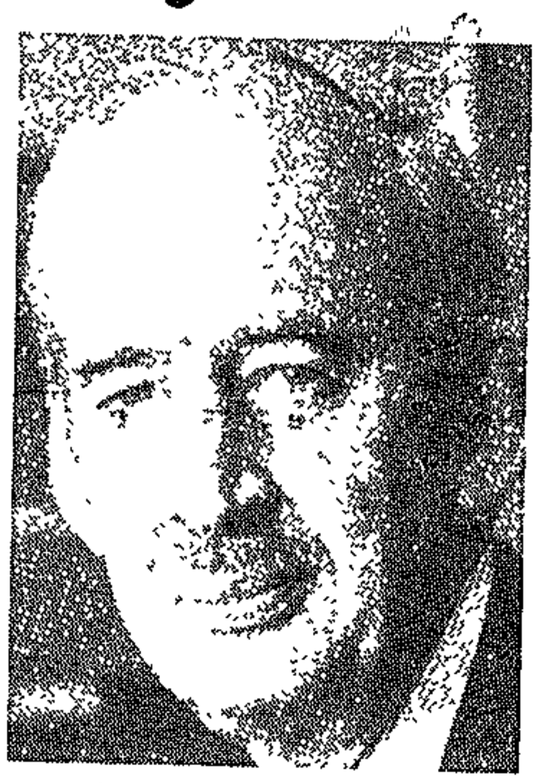
And the poor of Southern Africa would become poorer, he added.

Rand Mines is one of the country's larger mining groups with a labour force of about 100 000.

Mr Watt says in his latest annual statement to Rand Mines shareholders: "We in the business community have been seeking to increase wages, to improve conditions of employment and to enhance the quality of life of unskilled workers and thereby to achieve a more equitable distribution of wealth. One of the most horrendous effects of sanctions will be to counter this redistribution."

He says that, although the initial assessment of the economic impact of the sanctions already adopted appears to be minimal, it is nevertheless certain they will result in the loss of many jobs.

"Unfortunately, those jobs will be mainly in the unskilled



Rand Mines' Mr D T Watt ... 'futile to expect sanctions to speed up the reform process'.

category and in that population group already heavily afflicted with unemployment. I believe the net effect of the sanctions already adopted will be no more than the totally unjustifiable reduction in the wealth of the unskilled population of Southern Africa."

Mr Watt says it is futile to believe sanctions will expedite the reform process in South Africa.

"To hold this belief is to demonstrate a complete failure to understand the subtleties of the South African social fabric. In fact, it is most likely that sanctions will, in the fullness of time, be shown to have been entirely counter-productive insofar as political reform is concerned."

He acclaims the implementation of the many reform measures previously proposed by the Government.

"However, the introduction of further required reform measures at an early date is essential.

"Political and economic policies are totally interdependent and the evolution of future strategy must recognise this fact. The business community has a role to play in encouraging the Government to continue with reform.

"I do not, however, accept that any useful purpose will be served by promoting a public confrontation between business and Government, and certainly not via the news media, either locally or in other countries.

"Far too much damage has already been done to the delicate reform process by sensational reporting and ill-conceived anti-government rhetoric."

Referring to job reservation, Mr Watt called for the urgent scrapping of the "scheduled person" definition in the Mines and Works Act which reserves 13 job categories for whites.

"It is imperative that this racially discriminatory legislation be removed from the Statute Book as soon as possible without substituting it with some other restrictions which are not acceptable to the black trade unions," he said.

"The mining industry is prepared to accept an industrial council and give safeguards to white employees who have given dedicated service and made valuable contributions to the industry over many years. The mining industry is dedicated to the principle of appointing persons on merit and ability rather than racial classification."

He added that the Rand Mines Group welcomed the interest being taken by the trade union movement in safety matters.

"As long as this interest is responsible and dedicated to the well-being of employees and not motivated by extraneous posturing and, particularly, political ambitions, it can only be of benefit to all in the mining industry." — Sapa.

28/11/86
STMR
280

Zambia, Zimbabwe to sever air links with SA

The Star's Africa News Service

LUSAKA — Zambia and Zimbabwe have agreed to sever all air links with South Africa, President Kenneth Kaunda of Zambia announced here yesterday.

However, President Kaunda did not say when the decision would be implemented.

Speaking at a Press conference here, Mr Kaunda said Zambia and Zimbabwe had also appointed a committee to advise the two countries on the sanctions they are to apply against South Africa.

He said any sanctions by the Frontline states against South Africa could only be effective if backed by Pretoria's major trading partners.

President Kaunda was confident that more countries would soon disinvest from South Africa.

"Time will soon come when it will be ripe for us to act," he said.

At his Press conference yesterday President Kaunda said he would welcome any move by President Botha to meet leaders of the Frontline states.

However, such a meeting could only take place if it was convened to discuss "the removal of apartheid".

COMMUTED

Mr Kaunda said South Africa was ruled by "political imbeciles" but said his government took threats made against his country by South Africa seriously.

During his Press conference Mr Kaunda announced that he had commuted the death sentences of five men to life imprisonment.

They had been sentenced to death in 1983 after being found guilty of having been involved in an attempt to overthrow the Zambian Government in 1983.

Chief questions 'moral' reasons for U S pullout

N/M 28/11/86

280

FORT WORTH—Chief Mangosuthu Buthelezi suggested in Fort Worth yesterday that Americans consider how many U S firms were withdrawing from South Africa for purely economic reasons, but 'clothing their actions with political morality'.

Was it just coincidental that, for instance, General Motors had closed down plants in the U S at the same time as withdrawing from his country? he asked in an address to members of the Texas Christian University and of the Fort Worth City Council.

It might be an impertinent question from a foreign visitor, he said, but he would nevertheless like to know what contribution protectionist thinking had made to the decision by the U S to apply sanctions

'How many senators and congressmen proclaimed the morality of sanctions against South Africa because they had been got at by protectionist lobbies?' the Kwazulu Chief Minister and Inkatha president asked.

'To what extent do threatened profits in South Africa in the depressed economic circumstances which prevail actually motivate withdrawals of capital and involvement which are passed off as moral political action?

'I am not making judgements, but these questions have to be asked, and I believe that the United States should now quietly reassess the total thinking which surrounds the feverish activity to get sanctions imposed on South Africa'

Chief Buthelezi appealed to Americans to re-examine the nature of the South African conflict and decide whether the analysis which led to the imposition of sanctions could stand close scrutiny

The point had to be taken that it was those who most vehemently called for bloodshed who called the loudest for sanctions

Another point it was essential to scrutinise was that too many people in the West had for too long seen the South African Government and its actions as the 'be-all and end-all' of the prospects of change

They saw it as not responding to internal pressures and as being free to do what it wanted to But this situation was changing because of the politics of negotiation. President Botha was not free to do what he liked

'His hands are in fact absolutley tied by black South Africa's veto power over what he does

'Within the framework of his draconian legislation he can of course do what he wants to do, but he cannot escape from the need to use his draconian powers without black co-operation

This was not an argument to underline the fact that Mr Botha could not move and could only continue to employ violence,' Chief Buthelezi said

Strongest man

It was simply a statement that black non-violent democratic opposition to apartheid was powerful enough to limit the options of 'the strongest man in Africa'

The chief said organised mining, commerce, banking and industry all wanted meaningful change towards a real multiracial democracy, and the kind of democracy most whites were talking about was the kind found in North America and Europe

They wanted one country with one parliament and the total equality of blacks before the constitution and the law. They had perceived how the free enterprise system was intricately related to a multi-party democratic system

There were a great many whites who yearned for a normalised South Africa and a true democracy but were deeply apprehensive about its viability and its ability to preserve human rights and group rights

Such white fears would make the negotiating process extremely hazardous, but there nevertheless were prospects of negotiation because the majority of blacks and whites wanted the same things — (Sapa)

SOUTHERN AFRICA

Politics of transport

Zimbabwean economic sanctions against SA, originally scheduled to be announced during November, are now likely to be imposed before Christmas, though there is still no clear picture as to just how far they will go.

Suggestions that Zimbabwe and Zambia are looking to substantially reduce their use of South African railways and ports have been strengthened by the comments made by Zimbabwean Foreign Minister Witness Mangwende, who repeated Harare's criticism of both Malawi and Zaire's continued use of the southern trade routes.

In a clear warning to the two countries, Mangwende said it would be "difficult" for Zimbabwe to continue its assistance to Malawian and Zairean traffic passing through his country to and from SA, as this would "undermine the effectiveness" of the sanctions effort. He pointed out that Zimbabwe's troops inside Mozambique were helping defend Malawi's transport lifeline, implying that this too could be used as a lever against President Banda's administration.

The news that Zimbabwe and Zambia are trying to co-ordinate their sanctions has generated new uncertainty. Zimbabwe has repeatedly emphasised its commitment to the full Commonwealth sanctions package, while Zambia has backed away from such far-reaching measures on the ground that its economy could not stand the strain.

Indeed, with the Zambian kwacha now valued at less than US10c, President Kaunda's economic problems look more formidable than ever. It is not at all surprising that he should be adopting a more cautious line on sanctions.

Whether his pragmatism will influence Harare remains to be seen. Evidence suggests that there is deep disagreement within Mugabe's government as to how far it can afford to go at this juncture.

But Mangwende's call on Malawi to utilise the Mozambique port of Nacala, which is currently out of action due to MNR activity along the railway line, and on Zaire to help reopen the Benguela railway by withdrawing its support for the Unita rebels in Angola, is seen as having little short-run impact. Both railways would take years rather than months to rehabilitate. They accordingly have no significance for next month's sanctions decision.

Meanwhile, the Reserve Bank of Zimbabwe in its latest quarterly economic review says it has been assured that "measures have been taken and are being implemented on a continuing basis to effectively secure new, and safeguard established, trade routes and markets around and beyond the region."

The only such measure publicised is the good progress reported in rehabilitation of the railway line from Mutare to Beira. In theory, railway officials say, the Beira line could handle all of Zimbabwe's exports of 1,8m t annually and its imports of 1,2m t. But in practice almost half the exports are bulk traffics that could not readily be shipped through Beira.

In addition, businessmen say that there is currently a shortage of rail transport capacity arising in Zimbabwe itself, and a third of the National Railways of Zimbabwe's locomotive fleet is off the rails due to shortages of spares. All of which underlines yet again the crucial role that transport is going to play next year in the sanctions confrontation in southern Africa. ■

28/11/86 FM.

Date is set for R526m cash deal

GERALD PROSALENDIS
Economics Editor

THE DEAL between Barclays plc and Anglo American will be settled on December 19 in one of the largest cash settlements in SA corporate history.

On that day, cheques worth R526m will be deposited in a Johannesburg financial rand account in the name of Barclays plc.

Southern Life Association will make the biggest payout of R220m; Anglo American and De Beers will together pay R46m for their share plus the R86m which will be offered to Anglo American shareholders; and various institutions and a trust will contribute R154m, says Barclays Merchant Bank MD Rod Zank.

The money will flow through Barclays National Bank and will be reinvested in the money market on behalf of the UK bank. It will have no impact on market liquidity because it does not represent a flow of new funds but merely a shifting of balances held by large institutions.

"The decision on how to invest the money will come from London, and will have to be in terms of regulations controlling financial rand accounts," says Barclays treasurer Sandro Burzacchi.

The UK bank's strategy will possibly be to deal in blocks of financial rands with foreign investors, thus bypassing the official financial market, which is extremely thin and characterised by small transactions.

Shifting the capital out of the country will be a long, drawn-out process — probably extending beyond five years, which means that investment decisions will be crucial to the London bank's return on the locked-in funds.

Says Burzacchi: "I would be surprised if we are instructed to invest the money for periods of longer than three months. It would not make sense to have it tied up."

Also, the UK bank's investment options are limited because aquiring SA government and Escom stock, one of the avenues open for financial rand investment, would be considered politically "tainted".

28/11/86.

FIN MAIL 280

The sanctions crunch

If, as expected, sanctions intensify, a short-term boom followed by long-term decline into Third World status seems the most likely scenario. The initial shock of selective sanctions such as the US ban on imports of coal and steel is likely to cause painful dislocation within a year. Some sectors will be hard hit, others will benefit. But overall, the economy is poised for growth.

The period of adaptation may be followed by a longer period of rapid expansion as industry takes up spare capacity, a Dunkirk spirit emerges, import substitution alternatives are developed and sanctions loopholes are exploited.

But forced growth in a hothouse environment cannot be sustained. Continued and growing sanctions pressure (and it is hard to find a businessman who questions this likelihood) will increasingly cut the economy off from technological development, imposing a permanent "tax" in a "sanctions discount," as imports are bought at a premium and exports sold at a discount

This depressing vista may be likely, but it would be a serious mistake to accept it as inevitable — an attitude that could rapidly become self-fulfilling.

The US sanctions package has been carefully structured to send "signals" to the authorities. If they signal back that the message is received and understood, further measures could be averted or postponed. Unfortunately, *kragdadigheid* is a more likely response.

Sanctions *do* work, in the destructive sense that they gradually rob an economy of resilience and virility. In its weakened state, it may fall prey to some other force — such as escalating internal unrest or an external economic blow. But they *don't* work in that they are never 100% effective in closing off trade and investment, and do not affect political will.

Reserve Bank Governor Dr Gerhard de Kock, saying that "SA will survive sanctions," noted the success with which the economy has adapted to the most severe sanctions imposed so far — the withdrawal of capital and credits from the international banking system.

Despite repaying $3 billion (nearly R7 billion) foreign debt since the end of 1984, the current account surplus was R5,9 billion last year, and is heading for about R6 billion this year and another large surplus in 1987.

As De Kock says, the EEC and US sanctions packages on bank loans and investments "little more than change a de facto into a de jure situation. It is not as if a significant net inflow of foreign capital is now suddenly to be shut off."

Don't kid yourself. Effective sanctions *do* work, in the sense that they cause long-term deterioration in the economy. But they are not going to bring government crashing down. In this, the first of a three-part special report, the *FM* looks at some likely consequences of sanctions, with special reference to exports

With the Reserve Bank's gold and foreign exchange reserves up from R3,6 billion in June to R5,6 billion in October and still rising, the economy is poised for recovery. The one thing it cannot afford is to write off exports. Indeed, a concerted effort to boost exports is more important than ever.



De Kock

SA has a high propensity to import during times of economic expansion. Only 5,5% of manufacturing industry is geared to capital goods, so growth is impossible without rising imports of such goods.

In the past, we have financed much expansion from international loans, but for the foreseeable future SA is likely to be deprived of foreign capital. In this environment, ability to export places an absolute ceiling on ability to import. SA cannot just sit back and enjoy the benefits of a higher gold price.

Scope, of course, exists for import substitution A study by the Industrial Development Corporation concludes that at least R4 billion worth of imported products could be made locally. But while import substitution undeniably has a role (particularly in job creation), it is not preferable to export promotion at this stage of development. It is less efficient in an economy already at the limits of industrial viability, based on the domestic market.

An example of the incremental diseconomies of import substitution is the motor industry's local content programme. To raise local content from the present minimum of 66% to 70%, according to Econometrix economist Tony Twine, would require a 25% increase in tooling costs.

Twine points out, moreover, that over the past decade for each R1 of final product in the manufacturing sector there has been an import requirement of 68c of raw materials, intermediary goods or capital equipment. "Import substitution would therefore require additional imports," he says. "It is not the simple solution that people think."

If, as some argue, sanctions amount to no more than a tax on exports, the answer is to increase the efficiency of exports

Moreover, it does not seem that there will be a total ban on imports. The pattern of sanctions so far is two-pronged: financial sanctions (disinvestment and divestment), and a boycott of exports non-essential to the West.

In this climate, import substitution could be counterproductive unless implemented with circumspection.

Comparisons with the sanctions era in Rhodesia are frequently made. True, SA is more self-sufficient, more diverse, more important a supplier of strategic and precious minerals, not landlocked and therefore independent of other nations to get exports out.

Against these factors, however, SA has captured the attention of the world in a way Rhodesia never did. Rhodesia was essentially a post-colonial problem, whereas SA's internal policies are a continuing affront to racial sensibilities. Consequently, SA has become an internal political issue in the US and other countries — which Rhodesia never was. In addition, because it has a coastline, SA is more vulnerable to advanced satellite surveillance.

In this respect, neighbouring states could play a vital role. One of the biggest fears of the business community is that government will impose retributive counter-sanctions on neighbours — not only for the obvious reason that this might invite intensified measures by the West, but also because it is easier to disguise the source of exports emanating from an economically healthy region.



Econometrix's Twine . . . solution not so simple

Whether they like it or not, because of their dependence on SA's transport infrastructure they could be this country's biggest allies in the sanctions busting battle. Instead of destabilising its neighbours, SA should be doing all it can to strengthen their economies and encourage their use of South African ports.

Travel snags

Tightened visa restrictions and cancellation of airline connections have already become a common feature of sanctions. Qantas, Pan American, Iberia, SAS and Aerolineas Argentinas have withdrawn services — in some cases for economic reasons, but these are seldom totally divorced from politics.

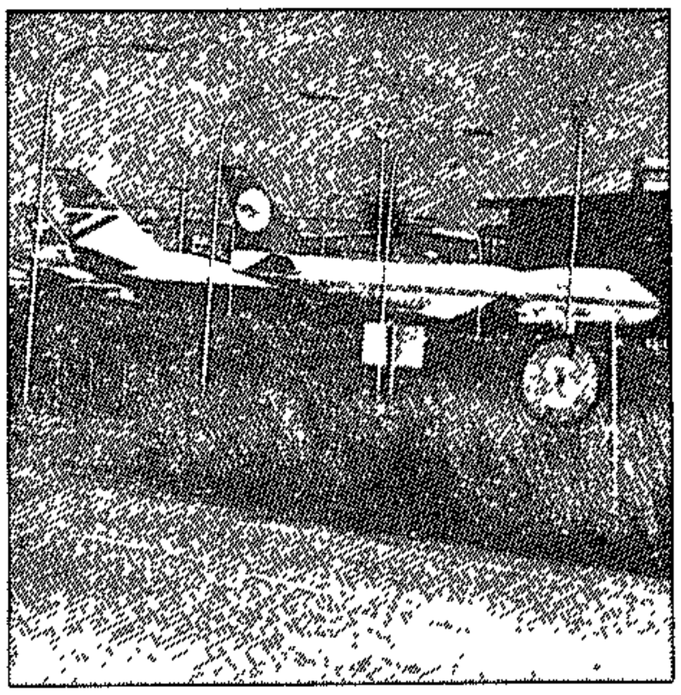
As the Argentinian airline spokesman said before he left: "If we can make as much profit flying to Miami, why should we complicate our lives flying to SA?"

SAA's landing rights in the US have been withdrawn, and Australia is threatening similar action.

Visa processing is also being tightened up. Surprisingly, even Portugal has done this. Every application is now referred to Lisbon, and processing can take up to five weeks. Japan has banned all SA tourists. EEC nations may also tighten visa requirements.

Others are making it more difficult to get visas — the US consulate, for instance, has introduced restricted hours for applications and there is little help for people who fill in forms incorrectly. The measures will make life more difficult. The 90 000 travellers who annually visit the US now have to fly via Europe, though there are compensations.

"Businessmen should actually welcome the European break to get them over jet lag and allow them to go into business meetings with sharp minds," says Association of South African Travel Agents (Asata) general secretary John Bing. European airlines are competing vigorously for the business.



Planes on the tarmac ... Miami is better

As with other sanctions, travel difficulties are expected to increase. But Asata believes it can help circumvent sanctions. "We are constantly negotiating with various principals and travel agents, and feel we are in a position to assist SAA in making favourable arrangements," says Karl Flatau, chairman of Asata's executive air committee.

A gloomy view

Possibly the least optimistic analysis of the effect of sanctions is that of the Federated Chamber of Industries (FCI). Using a 99-sector input-output matrix, it looks at three scenarios: current trade measures enforced and proposed by the US, European Economic Community (EEC), Commonwealth and others; expanded trade sanctions to cover all exports, but assuming substantial leakages, and total mandatory UN sanctions on exports which are 80% effective.

On the current proposals, it concludes that GDP will decline by 1,7% in the next two years, and employment will fall by 49 000.

The second scenario would result in GDP declining by 6,7% and employment by 205 000 in two years. But, over five years, GDP would fall by 16,9% and employment by 685 000.

The third, worst-case, scenario visualises a virtual collapse of the economy — GDP down by 29% in five years and a loss of 1,1m jobs. There is probably no seasoned observer, here or abroad, who believes sanctions will be 80% effective, so this can be discounted.

Nevertheless, the FCI comments that the overall impression is that "sanctions can damage the economy rather more seriously than appears to be generally perceived both inside and outside the country."

Yet, "despite the considerable damage caused in total net terms by the worst-case scenario, the economy will not be crippled and can indeed survive, though at much lower levels of economic activity and welfare."

All three scenarios assume that commodities like gold, diamonds, platinum, vanadium and chrome will not be substantially affected because of their intrinsic or strategic importance, and that sanctions will lead to price rises for the commodities in question.

Are these conclusions realistic? Yes and no. The critical factor is the assumptions on which they are based — and the FCI itself admits these "may or may not be substantially wide of the mark."

One such assumption is that SA will not renege on foreign debt. While the authorities wish to continue repaying debt, if sanctions have a severe negative effect, debt repayment may have to be sacrificed.

A second questionable assumption is that imports would be replaced "up to the ceiling provided by current production capacity" and that no new investment for import substitution would be made. In other words, the whole modelling process is static, and while it might help to isolate certain effects it cannot forecast of global outcome.

Clearly, adaptation to sanctions will be continuous. All other analyses assume that the negative effects will be countered by such activities as import substitution and/or intensified export promotion.

Yet another question mark hangs over Scenario 2, which assumes "substantial leakages." These could differ considerably.

CLANDESTINE TRADE

While those willing to be quoted confine their comments to legal and legitimate methods of circumventing sanctions, a ratbag of clandestine sanctions-busting methods of the kind perfected in Rhodesia will undoubtedly be deployed to keep trade flowing. They will range from the use of offshore trading companies in places like Panama to reinvoicing, relabelling, repackaging and even issuing fraudulent certificates of origin.

Such measures, however, run the risk of incurring heavy penalties, particularly in the US, which has a record of policing illegal trade with greater vigour and effectiveness than Europeans.

Trade partnerships will be established with Commonwealth or Third World countries willing to reprocess or add sufficient value to SA products to justify them issuing legitimate certificates of origin. Countries willing to act as conduits could include some of the least likely African or Communist bloc nations, as well as Far East nations other than Japan, and Latin American countries, traders say.

For some less successful trading nations, the opportunity to grab a slice of the action — which may offer middlemen large profits — could be irresistible.

Growth imperative

Few developing countries can generate sufficient savings internally to finance the investment commensurate with a high growth rate. Accordingly, they turn to the accumulated savings of the advanced Western nations. It is thus a fundamental of development economics that interference with foreign capital inflows results in slower growth.

Capital restraint, says Davis Borkum Hare economist Mike Brown, is "the worst

kind of sanction. Our Achilles' heel is the extent to which we can expand using own capital resources." Without foreign capital, the economy would lose some two percentage points of annual growth — grow, for example, at only 4% a year instead of the 6% once thought the long-term potential.

That, of course, is a bit of a laugh: growth has exceeded 6% in only one year since 1970. If we could average only 4% we would be doing better than since the Sixties.

Obviously, if SA depends on foreign capital inflows for part of gross domestic investment, a reversal of those flows must harm growth. Official statistics show a clear and immediate relationship between growth and gross domestic investment (see table).

Although the scale of the movement is inconsistent, almost without fail an improvement in GDP growth is accompanied by an improvement in growth of gross domestic investment, and vice versa.

The relationship between growth and foreign capital flows is also strong, though less immediate. High growth in one year may be accompanied by a large capital outflow, in another by a large capital inflow. But over a longer period the table seems to demonstrate a distinct link between high growth and capital inflows.

Comparing three seven-year periods (1963-1969, 1972-1978 and 1979-1985), and bearing in mind that in real terms the average inflow of R146m a year in the Sixties was greater than the R329m of the Seventies, it seems unarguable that high growth is associated with large capital inflows and low growth with outflows.

CAPITAL TRADE-OFF

Growth and investment

Year	GDP growth % (constant prices)	GDI growth % (current prices)	Capital flow Rm (current prices)
1963	8,5	24,3	-61
1964	8,4	24,3	-33
1965	5,1	31,9	258
1966	5,0	-7,2	149
1967	7,6	28,9	169
1968	3,3	-16,0	446
1969	7,4	23,3	93
Average	6,5	15,6	146
1972	3,6	-8,7	410
1973	4,6	31,4	-46
1974	8,3	35,4	899
1975	3,1	21,6	1 926
1976	0,1	1,5	1 151
1977	0,0	-1,5	-757
1978	2,4	8,9	-1 293
Average	3,2	12,7	329
1979	3,2	26,5	-2 864
1980	5,6	49,8	-2 284
1981	4,8	27,5	3 084
1982	-0,8	-13,7	3 256
1983	-2,5	4,6	1 159
1984	5,0	18,2	1 333
1985	-1,1	4,9	-7 160
Average	2,0	16,8	-497

In 1981, for example, nearly 13% of investment was funded abroad But for that, growth might have been 4,2% instead of 4,8%. The situation has been markedly worsened by abnormal repayment of foreign debt. Only once this is unwound will it be possible to establish with precision the scale of growth domestic savings can accommodate.

At this stage one can only say that it will be less.

The implications are severe. SA has an imperative for growth, says Dr Ronnie Bethlehem, economist for Johannesburg Consoli-



JCI's Bethlehem ... capital base eroding

dated Investments. "With population increasing 2,5% a year, the economy has to grow faster than that if it is not to slip back into a scenario, typical of Africa, of population excess and production deficiency."

Except when there is significant underutilisation of existing productive capacity, it is not possible to increase production without additional investment. When outside investment is blocked, investment implies a tradeoff with increased consumption expenditure. Society has to choose between meeting current consumption needs and satisfying those needs in future — which entails a sacrifice of present living standards.

"Over the past five years we have seen the gradual running down of real investment. We are close to consuming our capital stock. This is equivalent to a pastoral economy eating seed corn — even if it gets rain next year, it is finished," says Brown.

SA now faces a future in which not only is it denied access to savings sources abroad, but has to export capital to repay debt.

"It can, for a year or two, attempt to repay foreign debt, but if this continues further erosion of the capital base will become unavoidable, with all that implies not only for growth but also for social and political stability," says Bethlehem "SA will be compelled to increase domestic savings, but this will not be possible without severe action to suppress consumption levels."

Brown, however, argues that domestic savings are adequate to sustain normal levels of fixed investment for about five years. "Even then, you could continue. By refusing to repay foreign debt you could keep going 10 years. But after that you fall into the siege economy trap. A siege economy is what the boycotters want; everything possible must be done to avoid sliding into it."

Blacks' views

Do blacks favour disinvestment? Opinion polls have come up with results so contradictory that it seems you pays your money and takes your choice.

Among the first and most widely quoted were two surveys in 1984 by Professor Lawrence Schlemmer, then of the Centre for Applied Social Science at the University of Natal, who found that 75% of blacks apparently favoured investment.

This 3:1 ratio (three favour investment for every one against) has been cited by a number of commentators making a case against disinvestment. However, in August 1985 the London *Sunday Times* published a survey in which the ratio was reversed. Slightly more than 75% of blacks said other countries were right to impose economic sanctions unless SA agreed to get rid of apartheid.

Commented Mark Orkin, director of the Community Agency for Social Enquiry (Case): "Confusion reigned. Either black opinion was hopelessly volatile, or social science was hopeless inaccurate at measuring it. In any case, policymakers had an excuse to ignore it."

A lot depends on how you ask the questions

Orkin believes he has resolved the inconsistency with a third survey conducted by Case in association with the Institute for Black Research of the University of Natal. His argument is outlined in a book, *Disinvestment, The Struggle and the Future.*

The point, he says, is that the questions which attracted the most attention in the



Lawrence Schlemmer ... 3:1 ratio

previous surveys were dichotomous (sanctions right or wrong), whereas black opinion could more accurately be determined by offering a third choice lying between unrestricted investment and total disinvestment.

His survey asked respondents to choose which of three views they supported most. One encouraged investment, the second wanted to limit or restrict investment to companies that actively pressure government to end apartheid and recognise black unions, the third opposed all foreign investment.

Intriguingly, the responses again obligingly break down into quartiles, with roughly a quarter in each of the extreme camps, and half in the middle-of-the-road "conditional investment" camp. This means that 75% of blacks questioned said they favour total disinvestment or conditional investment

Questions were framed so that respondents could be sure what was referred to. The most typical motivation for each position was given, as was an indication of the tendencies which supported it.

"Customary attitude polls, presenting abstract issues for consideration in isolation, effectively constitute respondents as self-seeking and private individuals, and thereby bias answers towards the economistic, market-orientated answers which suit business or the capitalist state," writes Orkin.

Schlemmer's first survey also had a trichotomous question, making investment conditional on codes of labour practice. This, which attracted little attention, found 47% favoured free investment, 44% conditional investment, and 9% total disinvestment.



Case's Orkin ... a trichotomous question

If this is compared with Orkin's a year later, it appears to show pretty much what one would expect — a shift in attitude towards the radical end of the spectrum as circumstances evolved.

Of course, saying you favour disinvestment is not the same as being willing to undergo hardship because of it. Several black leaders have said blacks are willing to suffer, but blacks en masse appear much more ambivalent.

And being in favour of sanctions as long as there is no suffering is a bit like saying you favour them as long as they are ineffectual. When Orkin progressed to this question, his results were a lot closer to those of Schlemmer.

He found, for example, that only 26% of blacks were hardliners, in favour of sanctions even if it meant the loss of many black jobs. But 48% were against sanctions if it meant the loss of many black jobs, and 25% were only in favour if sanctions resulted in "a few blacks" losing jobs.

"This outcome highlights another respect in which the trichotomous approach was intuitively plausible," says Orkin "An ordinary black person is likely to be implacably hostile to apartheid. Yet, as a wage-earner with dependants, he is anxiously aware of the daily grind of survival, at a time of enduring recession and rising unemployment It seems likely that many respondents look to conditional disinvestment for a strategy which could help end apartheid while threatening their everyday livelihood as little as possible."

SHOULD THEY GO?

Black attitudes to disinvestment over time

Option	Schlemmer Dec 1984 %	Case/IBR Sept 1985 %
Free investment	47	26
Conditional disinvestment	44	49
Total disinvestment	9	24

AND IF JOBS ARE LOST?

Black attitudes to disinvestment and jobs (Case/IBR survey)

In favour of sanctions even if it means the loss of many jobs	26%
In favour of sanctions only if it means the loss of few jobs	25%
Against sanctions if it means the loss of jobs	48%

Sanctions tax

Sanctions, says UCT's Professor Brian Kantor, may be regarded as the equivalent of a tax on trade or finance. The more comprehensive and effective they are, the higher the rate of tax, and the more trade and finance are discouraged.

Less trade means less economic specialisation, and makes the economy less effective. "Threats of sanctions may, or may not, change government policies," says Kantor. "But they will not themselves weaken the ability of government to maintain its controls and influence."

Nor are they likely to have the intended influence on white opinion and policy. "Driving people into the equivalent of the laager may ultimately weaken them, but does not encourage flexibility or generosity of spirit.

"Sanctions are bound to make the authorities less, rather than more, flexible and more, rather than less, inclined to use force to repress opponents. Sanctions have already encouraged extreme responses. Their one sure effect is to reduce the size of the middle ground and its moderating influence."

Obviously, sanctions will be disruptive in the short term as the economy adjusts. But Kantor does not believe the result will be negative in the macro-economic sense

"Lower activity or employment does not necessarily follow. Supply and demand for labour will adjust through adaptation of employment conditions." But wages may have to fall to satisfy demands for employment.

The sanctions "tax" will, of course, fall more heavily on some industries than others. Resources will flow away from industries suffering from high sanctions taxes towards those with relatively low sanctions taxes.

The sanctions tax will fall most heavily on high-visibility products which are identifiable as South African in origin, particularly where they compete with products of other Western nations. The sanctions wave is a heaven-sent opportunity to countries like Australia, Canada and the US to provide moral underinning for essentially protectionist sentiments.

At the other end of the scale are raw materials, notably precious or strategic minerals, which will prove difficult to embargo.



UCT's Kantor ... employment may not fall

FINMAIL 28/11/86

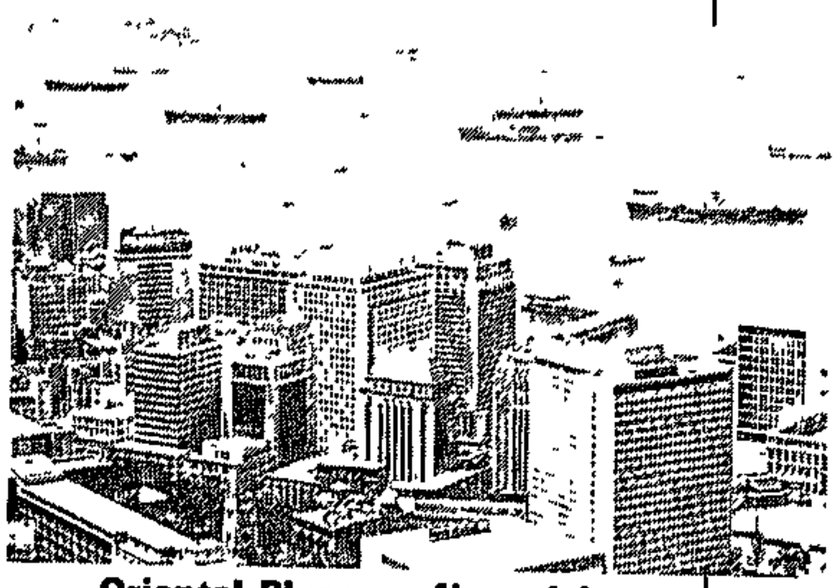
HONG KONG

OK bar trade?

Many South African interests with offshore activities have been expecting sanctions for years, and have created foreign structures to facilitate trade.

The intricacies of such structures vary. However, companies with financial structures directly exposed to sanctions developments are often caught short. So the news that Hong Kong is to bar trade with SA could be a blow for companies that have used the colony as an offshore base.

Using Hong Kong as a conduit for trading with "unfriendly" nations effectively disguises the origin of a venture. But, just as important, the structure does not increase



Oriental Plaza . . . financial structures for SA

the overall tax burden on dividends from trading subsidiaries, based in Hong Kong.

Arthur Andersen's Graham Cochrane adds that international selling or buying companies in Hong Kong have been favoured by South African importers or exporters trading with China, the Far East and Australia. If properly structured, no liability for Hong Kong tax arises on any mark-up or commission earned by a Hong Kong trading company.

In addition, the South African marketing allowance may still be available to the South African exporter. Cochrane argues that the colony has been a particular favourite in recent months. The Hong Kong Budget of February 26 decreed that interest income earned "offshore" would be tax-free from April 1 1986.

Before this, a 1984 statute had broadened the scope of taxable income in Hong Kong; offshore interest earned was taxed at 16,5%.

Cochrane reckons the Hong Kong trade ban will not affect South African offshore holding or trading companies directly. "But the attitudes shown by the legislative council of Hong Kong should not be ignored. Future foreign investments should only be channelled via that country if no other more certain alternative is available."

At present companies based in Hong Kong are not affected by the sanctions package. But its value for structuring foreign activities to get around sanctions may end before China takes over in 1997. ■

BARCLAYS

The eagle flees

Few, if any, of the major foreign divestments from SA in the past two years have been announced with such dramatic effect or were received with such a sense of shock — at least initially At the same time, in retrospect, perhaps none was quite as inevitable

What does seem apparent at this stage — if comments from all the major players in the deal are to be accepted at face value — is that there will not be a repetition of the unsavoury series of events that followed the equally dramatic and unexpected Premier/-Associated British Foods/SA Breweries deal in 1983. That deal was cobbled together almost within hours, dented egos and their repercussions was the price paid

The Barclays Plc divestment, according to Barclays National Bank (Barnat) chairman Basil Hersov, was negotiated over "a couple of months," dating from a London board meeting, where the decision to divest was taken. Barclays Plc, he says, then approached the larger South African shareholders — the Anglo group and Southern Life — which were offered the UK bank's shares Discussions continued for some six weeks over a modus operandi for the deal and, most important, the price.

No leaks

A deal was finally struck late last week, after agreement was reached on key factors such as the spread of the shareholdings between Anglo American (22,5%), De Beers (7,5%) and Southern Life (25%) — and the price of R18 a share, which is a substantial discount on the market price of R23 on Friday. Until then, only a few key people were aware of the talks, including senior Anglo men, Southern's Neal Chapman, Barnat's Hersov and MD Chris Ball

The full Barnat board was brought into the picture at a Friday morning meeting, and the situation was conveyed to the group's senior and regional management over the weekend. All this was apparently done without any leaks slipping out — a rare achievement for Johannesburg "Once the decision had been taken, I think we felt that the quicker and cleaner it was done the better," says Hersov. "The security was extremely good."

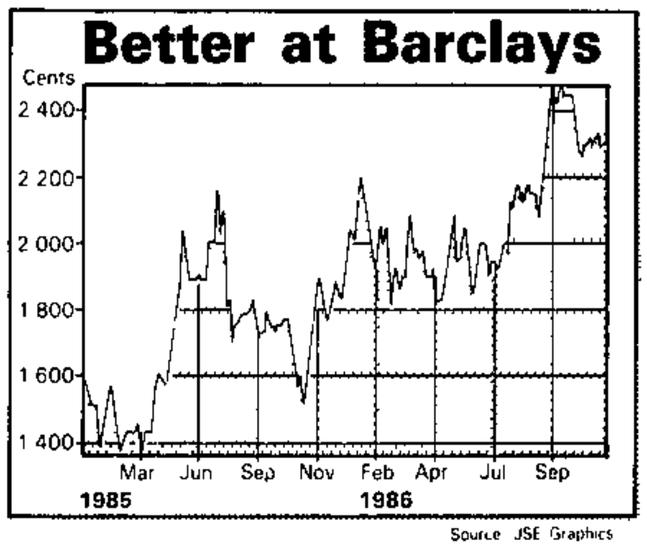
When the deal was assessed in Barnat's wood-panelled office on Sunday, spirits were high and bottles of French champagne were uncorked "We asked ourselves what the negatives are and we couldn't see any," says senior GM Jimmy McKenzie "Our shares are firmly held by local shareholders who will support and help us to grow in future."

Hersov says he does not anticipate management or staff changes. Indeed, all of the



Barnat's Hersov ... security was good

parties are sticking to the "business as usual" line. Apart from the withdrawal of present Barclays Plc representatives on the Barnat board, it is probable that Southern Life chairman and Anglo executive director, Zac de Beer, will join the board Hersov, who has always seen his chairmanship as a non-executive position, says he would be happy to stay on. "It's often a good thing to have an outside chairman," he says. Anglovaal (of



which Hersov is chairman) does not have a significant stake in Barnat.

While lamenting the negative aspect of yet another major divestment for the country, the major local shareholders are undoubtedly pleased with their purchase "From our group's point of view, we are absolutely delighted with the deal; not so much because of the price, but because we believe Barnat will be a very good investment," says Jan Calitz, executive director, investment, at Southern Life. "We have tremendous confidence in their management." The insurance group — in which Anglo is a major shareholder — held 8% of Barnat before the deal and was clearly interested in expanding its stake.

As many have pointed out, Barclays Plc had been subjected to enormous pressures, both in its home base and international markets, owing to its stake in Barnat. In the past year or so, the harassment had intensified substantially.

As McKenzie points out, these costs, as well as the considerable financial cost of divestment, had to be viewed in the perspective of Barclays Plc's own massive business In its 1985 year, it had total assets of £65 billion and taxed profit of £449m. "These are big figures and they obviously have the underlying strength to take a knock if that's the word," says McKenzie.

He notes that the UK group had lost small bank accounts all over the UK, and held only a small market share among students. Against this, its income from SA has only averaged about R30m annually, or £9m at the current exchange rate. However, Barclays Plc is clearly taking quite a loss as its exit cost. The R18 a share price is 22% below market price (although a trade in such a large parcel is normally at a discount); that the funds will have to be transmitted as financial rands will reduce the sterling receipts by at least another 50%.

Still, as long as the funds remain in SA, they could be earning more than they did while invested in Barnat. At a call rate of 8,5%, the interest would amount to R45m (an outflow on the balance of payments) and considerably more than this could be earned in the short term. Given the depressant effect that a sudden withdrawal of funds of this magnitude would have on the financial rand rate, it is quite probable that they could be moved out over several years, and possibly invested with Barnat during the period.

Rights issue recedes

Meanwhile, Barnat has what McKenzie describes as a "good banking correspondent relationship and something rather more comprehensive" with Barclays Plc. Prospects of this being lost are probably non-existent, as SA's foreign loan "net" obliges continuation of lines of credit

From a financial standpoint, the R100m debenture issue (with a final maturity of 12 years) will bring Barnat "pretty close" to meeting the capital requirements of the new Banks Act, as debentures now rank as capital in terms of the Act. So the fear that Barnat would need another rights issue has receded and the bank will be able to expand its loans on an upturn in the economy — difficult with the existing capital situation.

The deal has cleared the way for a new image for Barnat in the local market — "we hope we can now shed the old *Engelse bank* image and move into markets we wouldn't have considered previously; 60% of our staff

are Afrikaans-speaking. The door is also open now for eventual expansion into international markets, including those in black Africa. A decision on a new name is expected by March 1987.

Andrew McNulty and Pat Kenney

METBOARD

BANK SAVINGS %

	Rands						
	5 000-9 999	10 000-14 999	15 000-19 999	20 000-23 999	24 000-25 000	25 000-40 000	40 000-50 000
Athens§	5,11	6,17	7,23	8,3	8,3	9	9	9	10,2
Barclays§	5,25	5,5-6,5	7-7,5	8	8,75	8,75	8,75	9,25	9,75
Boland§	5	6,5	7,5	8,25	9	9,25	9,25	10	10,25
Fidelity§	7,25	7,25	7,25	9	9,25	10	10	10,5	10,5
French#	5	5,5	7,75	8	9	9	9	9	9
Good Hope#	6	7	7,5	9,5	10	10,5	10,5	10,5	10,5
Hill Samuel*§	—	8,84	8,84	8,84	8,84	8,84	8,84	9,92	9,92
Investec†§	—	5,12	9,38	9,38	10,2	10,2	10,2	10,75	10,75
Lisbon§	5	6,5	7,5	8,25	9	9,25	9,25	9,5	10,25
Nedbank▼	5,64	6,96	7,5	8,3	9,11	9,11	9,11	10,2	10,2
Nedfin§	5,75	7,25	7,75	9,5	9,5	10,5	10,5	10,5	10,5
New Republic#	5	7,25	7,5	9	9,25	10,5	10,5	10,5	10,5
Santam♣§	10,47	10,47	10,47	11,02	11,02	11,02	11,02	11,02	11,02
Standard§	5,64	6,96	7,5	8,3	8,84	9,11	9,11	9,65	10,2
Trust#	5	5-5,5	7,5	8	9,25	10	10	10,15	10,15-10,25
Volkskas§	5,64	6,7-7,22	7,5	8,03	9,1	9,38	9,38	9,65	10,2
Allied§	6,17	7,23	7,23	9,11	9,11	10,2	10,2	10,2	10,2
EP Building Society§	7,23	7,23	7,23	8,84	8,84	10,2	10,2	10,2	10,2
Natal§	6,17	7,23	7,23	8,84	9,11	10,47	10,47	10,47	10,47
Provincial§	7,23	7,23	7,23	8,84	9,11	10,2	10,2	10,2	10,2
Saambou§	6,17	7,23	7,76	8,84	8,84	10,2	10,2	10,2	10,2
SA Permanent§	5,64	6,69	6,69	8,29	8,83	9,65	9,65	9,92	9,92
Trustbou#	5	5-5,5	8	8	9,25	10	10	10-10,25	10,25
United§	7,23	7,23	7,23	8,3	8,84	9,65	9,65	9,65	9,65

NOTICE DEPOSITS (DAYS) %

	Amounts in excess of R1 000					
	Call	32	60	88	185	275
Athens#	7	9	9,25	9,5	10	10,25
Barclays#	7	9	9,25	9,5	—	—
Boland#	7	9,5	—	9,5	—	—
Fidelity#	7	9,25	9,5	9,75	10	10,25
French#▲	7	9	9,25	9,5	—	—
Good Hope#	—	•—	—	—	10,75	—
Hill Samuel*§	8,52	8,84	—	9,92	—	—
Investec§	—	9,38	—	10,25	10,47	—
Lisbon#	7	9	9,25	9,5	10	—
Nedbank#	7,5	9	9,25	9,5	10	10,25
Nedfin#	7	9,25	9,5	9,75	—	—
New Republic#	7,5	9,5	9,75	10	10,5	—
Santam#	7	8,75	9	9,25	9,75	—
Standard#	7	9	9,25	9,5	10,5	—
Syfrets Trust▲#	—	9,75	—	10	—	—
Trust#	7,5	9,25	9,5	9,5	10	10,25
Volkskas#	7	9	9,25	9,5	9,75	—

BANK FIXED DEPOSITS %

	Months					
	6	9	12	24	36	60
Athens#	10	10,25	11	12	12,5	—
Barclays#	10	10,25	10,5	11,5	12	12,5
Boland#	10,25	10,75	10,75	12	12,5	—
Fidelity#	10	10,25	11	12,5	13,5	13,5
French#	10	10,25	10,5	•—	•—	•—
Good Hope#	—	—	11	11,5	12	—
Hill Samuel§	9,92	10,47	10,47	—	—	—
Investec§	10,47	10,75	11,3	12,96	13,24	13,24
Lisbon#	10	10,25	11	12,5	13,25	—
Nedbank#	10	10,25	10,75	11,75	11,75	—
Nedfin#	10,25	10,5	11	11,75	12,25	—
New Republic#	10,5	11	12	13	13,5	13,5
Santam#	9,75	10	10,5	12	12,5	13
Standard#	10	10,25	10,5	12,25	13	13
Syfrets Trust▲#	10,5	—	11	12	12,5	—
Trust#	10	10,25	10,5	12	12,5	13,5
Volkskas#	10	10,25	10,5	11,5	12,5	12,5

PARTICIPATION BONDS %

Barclaybond◊	14	Northern+□	15,25
Bloemboard◊	14,25	Owen Wiggins□	15
Board of Executors◊	15	Rand Natal◊	15,5
Boland+	15	Russell Marriott Boyd◊	15
Fairheads◊	15,25	Santambank◊	13,5
Fidelity◊	15	Stanbond◊	13
Hill Samuel+	14,3	Securebond◊	15,25
Isaacs Geshen◊	15,1	Supremebond□	16
Lisabond◊	15,25	Syfrets◊	15
Masterbond□	15	Trustbond◊	13,5
Metboard◊	14	Volkskas◊	14

Minimum period five years. Rates fluctuate although most borrowers offer a minimum floor rate.

MORTGAGES % (New Bonds)

Barclays	15
Good Hope	16
Standard	15
Trust	15,75
Volkskas	15,5
Allied	16
EP	16
Natal	16
Provincial	15
Saambou	16
SA Perm	15
Syfrets	14,5
Trustbou	15
United	15

BUILDING SOCIETY DEPOSIT RATES %

	Fixed Deposits (Months)					5 year shares (fixed)	Special shares (indef)	Indef paid up shares	Sub-scription shares	Home-owner plan	Tax free sub-shares
	12	18	24	36	60						
Allied#	11	11,5	12,75	12,75	13,5	13	9	12	12	12	9
EP#	11	11,5	12,5	12,5	13	13	9	12	12	12	9
Natal#	11	11,5	12,25	12,5	13	13	9	12	12	12	9
Provincial#	11	12	12,75	13,5	13,5	13	9	12	♠9	12	9
Saambou#	11	12,25	12,75	12,75	13	13	9	12	12	12	9
SA Perm#	10,5	11	12,25	12,25	12,5	13,5	9	12	12	12	9
Trustbou#	10,25	10,75	12,75	12,75	—	13	9	12	12	12	9
United#	10,5	11	12,25	12,25	13	13	9	12	12	12	9

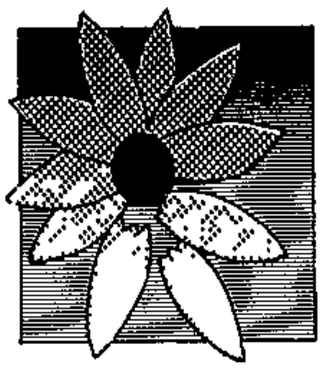
A number of societies pay bonuses to those depositors aged over 60.

Nominal rate. § Effective rate * Minimum balance R2 000 † Minimum balance R1 000. ♣ Gold rate = effective rate. ▲ Minimum balance R5 000 • On application ◊ Payable quarterly in advance. + Payable monthly. □ Payable monthly in advance. ♠ Tax free. ▼ N 5 000=9.

While all care is taken to ensure that these figures are accurate, the *FM* cannot accept responsibility for errors at source.

DISINVESTMENT

Giving in, going home



The manner of Barclays' accelerated withdrawal from this country is one hell of a kick in the teeth to its shareholders in exchange for dubious gains in the United States market in the future. It is also a capitulation to a vociferous anti-apartheid minority that will not now easily be brushed aside.

Chairman Sir Timothy Bevan has decided to pay the Danegeld. But will he ever be able to get rid of the Dane? He will have to live, too, with the outcome of his decision to ditch SA for the larger but more competitive US market, the fruits of which cannot be taken for granted. We suspect there was more to the bank's decision than meets the eye and that Bevan is being less than frank.

All the talk about Barclays losing the accounts of radical students is commercial eyewash. The fact probably is that Bevan allowed himself to be drawn into the political arena that his predecessors avoided and has been hoist with his own petard. As a result an essentially political decision is being rationalised into a commercial one.

This country has in recent years been of declining importance to the bank, partly because of the recession here and the plunge in the rand's value. But it was not long ago, as *The DCO Story* says, that SA was the "largest and most valuable section of our overseas business."

In recent years the South African bank under Chris Ball has both been on a strong recovery path and has become a model socially aware employer. It was something of which Barclays should have been proud. It exemplified stoic individuality in the struggle to raise the lot of blacks in the face of apartheid. It was a position that was definitely morally defensible.

For Barclays to turn its back on its black employees here and capitulate to the notion of collective guilt by association cannot be said to have any moral ascendancy. And that is odd, given Barclays' Quaker roots.

Barclays has invested US$1 billion in America in the past decade, where its assets now total $11 billion. Says Bevan: "If one looks at where one would make an investment, then quite clearly it is better in North America than in South Africa, which is so clearly disapproved of by the rest of the world." So the Congressional override of President Ronald Reagan's veto of US trade and investment sanctions against SA was of major importance.

But once US banks reduce the yoke of Third World debt, and US banking laws are reformed to allow interstate branch banking, Barclays will be up against enormous institutions in the US who know the local market and its conventions. Financing South African farmers might yet turn out to have been the less onerous route to profitability — despite apartheid.

The rollcall of major foreign based multinationals cutting their South African links grows by the day. In some cases SA's poor economic climate has coincided with political factors; in others the key to disinvestment is directly political. While there may be short-term gains for local investors, isolationalism will raise difficulties in time.

Of course it could be argued that Barclays is merely following the herd. But the trouble with that argument is that most of the other disinvestors had much more of a commercial reason to depart than Barclays' rather contrived one.

The hassle factor

In most of these cases the foreign parent would not have cut the links if the local subsidiary had been contributing more generously to global earnings. Putting it bluntly, the returns were no longer worth the hassle of having a subsidiary here.

It is also true that most multinationals have agreed to continue to provide goods and services to this market. Their departure, in many cases, means that valuable foreign exchange does not have to leave SA in the form of dividends to overseas parents, which will reduce SA's invisibles deficit. And, in some cases, local executives have taken control of a going concern for a song.



Chairman Bevan ... less than frank

Much of this is true of the sale of Barclays' 40,4% holding in Barclays National Bank (Barnat) to companies within the Anglo American stable for R526m. But the deal does add a new dimension to the scenario.

Some years ago Barnat contributed up to 10% of the bank's world income. Admittedly, this has fallen with the rand and Barclays' expansion in other parts of the world; but Barnat MD Chris Ball says dividends have still been running at about R30m a year.

The bank has resisted anti-apartheid pressure for well over a decade, and, as recently as May last year, when Barclays' holding in Barnat was diluted after it failed to follow a rights offer, it still wanted to hang on to the investment. What has happened since then to convince Barclays that it is better to cut and run, even with the proceeds of the sale going out as low-value financial rands?

As Ball explains it, the UK company saw political pressure converting to commercial pressure. Presumably, once it felt performance in other markets, notably in the UK and the US, was jeopardised by the South African connection, a decision to bail out was inevitable.

The danger is that other international companies will be influenced by the bank's decision. Inevitably there's widespread speculation about a number of foreign-controlled companies with high consumer exposure in Britain.

But much will depend on their commercial strength here. For example, in the computer field, immediately after the IBM management buy-out was announced, speculation centred on Unisys, the new corporation formed by the merger of Burroughs and Sperry, which is second only to IBM in its penetration of the computer market.

Although it has not said as much, the major factor in the US corporation's determination to stay in SA is clearly the high level of profits remitted by its subsidiary.

Neither IBM SA nor Unisys release details of their local trading, but it has been reported that IBM SA's revenue contributed about 1% of the corporation's total. The last two years have been difficult.

But, Unisys SA GM Jack Horton tells the *FM*: "In 1987 we project that our contribution to corporate profits will be more than 4%." He makes clear that what will keep the corporation here is an environment which allows it to continue trading profitably: "The commitment and support of our corporate executives is underpinned by the South African subsidiary's ability to meet its stated objectives with respect to revenues, profitability and expenses-to-revenue ratio."

But, he warns, while local executives are confident about the company's ability to perform well in the local market, in the longer term there should be political change to ensure a viable environment for business.

"We are looking for an indication of the government's willingness to take steps in this direction and to foster the development of black management," he says. "The repeal of the Group Areas Act would be such a step."

Politics and profits permitting, Horton says Unisys will continue to operate in SA as a subsidiary of its US parent: "We believe that to continue to be successful and to contribute to the wellbeing of our customers, we should retain the link and the direct flow of technology."

His confidence is buoyed by the belief that Unisys can gain market share, at least partly at the expense of IBM technology. He and many others feel that IBM's share of the South African market is likely to decline.

"This is not because they will not be able to continue to source technology from overseas," he stresses. "The battleground in 1987 and beyond is going to be in the area of service and support." And IBM has already had to shed staff.

Walking out

Bata, the shoe manufacturer which retained a presence in SA for 50 years, is exchanging one foreign owner for another, reportedly a European investor. But there is intense speculation as to why the Canadian control decided to sell its South African interests now. After all, the company maintained a high-profile presence in Rhodesia throughout the UDI years.

The serious problems of the footwear industry in the last year are, no doubt, a contributory factor. But Bata is the biggest single manufacturer in the country, and is believed to have between 25% and 30% of the market.

Of course, the international group, which produces more than 300m pairs of shoes a year in 90 countries in the free world, is heavily committed to the Third World and the South African connection could be proving embarrassing.

But market sources suggest that a more likely reason is dissatisfaction with the footwear industry's high wage structure in SA. Bata is known for its constant close attention to costs, and most of its factories here are situated in the homelands where there tends to be much less union activity.

The departure of GM tends to underline the predominance of business performance in pre-Barclays disinvestment decisions. GM SA has not produced a profit since 1981, and it is operating in the heavily overtraded and recession-hit motor sector.

Final details of the complicated agreement to sell have yet to be settled, but the leader of the local directors, Keith Butler-Wheelhouse, is adamant that the new deal will open up a new era of success: "The salient point in our industry is that some of the most successful companies have never been anything but South African companies who source from Japan. We will be a local company with one German supplier and two Japanese suppliers. We will also not be controlled by a large industrial group We are just a group of individual entrepreneurs with only our company's interest at stake."



Barnat's Ball . . . political pressure turned commercial

He says management buy-outs can provide South African executives with great opportunities to gain control of large companies. This is his comment on the GM deal: "Where else could you find management executives taking over such a large company on such favourable terms?"

Eastman Kodak, of course, has gone further than any of the other companies which have disinvested. It decided to close the local operation lock, stock and barrel, and to stop other foreign subsidiaries selling to SA.

Kodak CE Kolb Chandler, making the announcement, said: "The economics of the situation are a major factor in our decision to withdraw. Our South African business has been affected negatively by the weakness of the economy We also have no doubt the system of apartheid has played a major role in the economy's underperformance "

But it's no secret that Kodak is facing intense competition in the colour film sector, mainly from the Japanese, and has lost out heavily in the medical X-ray field in recent years.

Kodak's departure will, nevertheless, open up an estimated R100m gap in the market which competitors are clamouring to fill. And, it's rumoured, third-party suppliers are already offering to sell Kodak products to South African importers.

More to leave

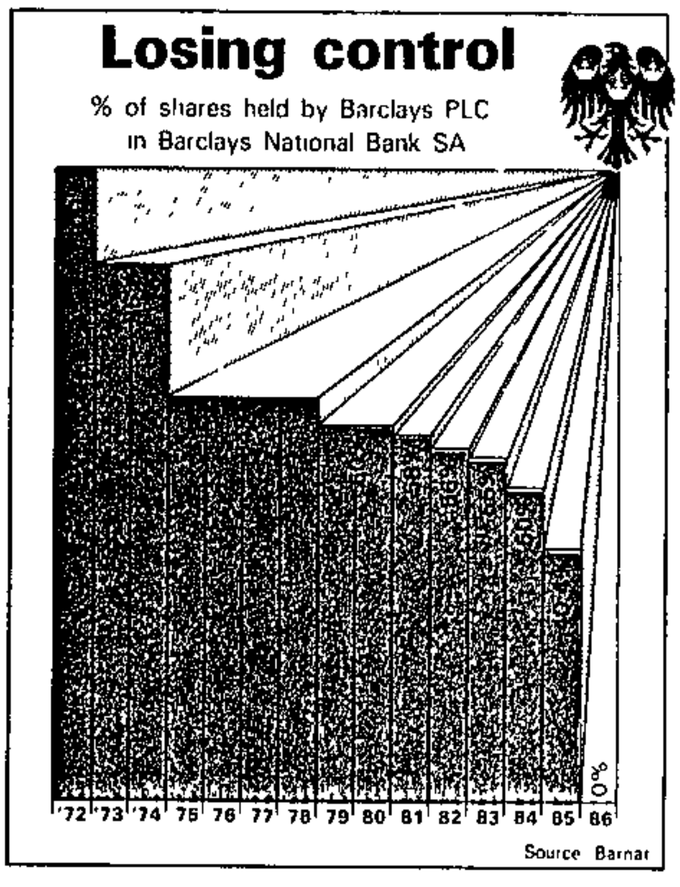
For South African businessmen, the departure of the high-flyers poses a crisis of confidence. As Sabrita's Evonne Roux puts it· "The emotional implications are often so much worse than the financial implications." And there are certainly more shocks to come.

Still, the shake-out does also provide opportunities for local entrepreneurial skills. The relatively short history of management buy-outs in this country casts up many examples of local management control providing a company with a more dynamic approach and more flexibility to cope with local problems.

A danger, of course, is that local businessman will be tempted to turn isolationist, to tell the rest of the world to go to hell. A leading economist says he's already detected this trend "This attitude, if it becomes prevalent, would be a tragedy At this time, when we need to be expanding exports, we can't afford to turn our back on the world. Whatever the rest of the world is doing to us, we must maintain links with the international community."

With fewer direct links to multinationals, and fewer international executives being posted to SA, it will also be important for local management to keep up with foreign technology and know-how.

And that essentially is one of the main drawbacks for this country of Barclays' accelerated departure. There are others. It could mean that with Barclays having distanced itself from SA, and still facing pressure from radicals, the renegotiation of the next phase of the short-term foreign debt



deal could be more difficult.

The psychological blow to business confidence has been severe, probably wiping out whatever hyped-up fervour the State President was able to generate on November 7. It also suggests that in competitive international financial markets sensitivity to any contact with this country will be seen as unquestionable condemnation. Maybe, in fact, it heralds the next phase in the sanctions war.

Because Barclays will have to transfer the proceeds of its sale here out through the financial rand — and sell assets to foreign holders at less than half the price of the commercial rand — this country will not lose reserves and the levels to which the finrand is pushed may encourage a small foreign capital inflow.

Apart from Anglo American and its associates having picked up a going concern at a peppercorn price, the retention of future dividends in this country will reduce the invisibles deficit (so less will flow out in payment for financial services).

The renamed local bank will also be free to take a tougher line with the banking unions and, perhaps in the future, expand its international operations when the climate abroad is more propitious.

The fact is, however, that too much can easily be made of the advantages of this splendid isolationism. Barclays has played an integral and important part in financing this country, nurturing us to industrial maturity over the past century. Its name is synonymous with security and until now with moral fibre. It has turned its back on the social problems of this country for what it hopes will be richer, less politicised pickings in America. We wonder if Sir Timothy Bevan has a conscience. ■

☐ See *Fox*

CM-Times 28/11/86

Air links to end soon — Kaunda

LUSAKA. — Zambia and Zimbabwe have agreed in principle to end air links with South Africa at a time which has yet to be announced, President Kenneth Kaunda said yesterday.

Dr Kaunda did not disclose when the move would be implemented, saying "it is just a question of time".

He said sanctions contemplated by the six frontline states would be effective only if they were backed by South Africa's major trading partners.

Dr Kaunda thanked the British and American public for pushing the disinvestment campaign and influencing major companies to pull out of South Africa. — Sapa-Reuter

'Poor will be poorer'

Cape Times 28/11/86 280

JOHANNESBURG. — Sanctions will result in a transfer of wealth from South Africa's unskilled poor to the other nations of the world which have the commodities to replace SA goods squeezed out by embargoes.

The poor and the hungry of Southern Africa are going to become poorer as a result of sanctions.

This is the view of D T "Dammy" Watt, chairman of Rand Mines, one of the country's larger mining groups which employs about 100 000 people.

He says in his latest annual statement to Rand Mines shareholders: "We in the business community have been seeking to increase wages, to improve conditions of employment and to enhance the quality of life of unskilled workers, and thereby to achieve a more equitable distribution of wealth.

"One of the most horrendous effects of sanctions will be to counter this redistribution."

He says that although the initial assessment of the economic impact of the sanctions already adopted appears to be minimal, it is nevertheless certain that they will result in the destruction of a large number of jobs.

Watt says it is futile to believe that sanctions will expedite the reform process in South Africa. — Sapa

...ported from many parts ...ving trouble ...the may-

U-boat sales to SA turned down

BONN. — The government refused to approve the sale of submarines to South Africa, a senior aide of Chancellor Helmut Kohl said yesterday.

Mr Wolfgang Schaeuble told a news conference the government refused to let a shipyard build eight submarines for South Africa — though Bavarian Premier Mr Franz Josef Strauss recommended approval.

The government on Wednesday announced an investigation of the shipyard in Kiel, the Howaldtswerke Deutsche Werft, after a Kiel newspaper reported it had received 46 million marks (about R52,25m) from South Africa for submarine construction plans. The shipyard is owned by the state of Schleswig-Holstein and the Salzgitter steel and engineeering concern, which is owned by the West German Government.

Restrictions on weapons sales

Under German law all weapons sales must be authorized by the government. Mr Schaeuble said the shipyard was told in 1984 it would not get approval for the sale.

Mr Strauss, the powerful leader of the Bavarian branch of Mr Kohl's Christian Democrats, in an interview yesterday called restrictions on weapons sales damaging to West German economic, political and military interests.

Mr Strauss said he had complied with a request of the South African ambassador to ask Mr Kohl to approve the sale of the submarines.

The Bild newspaper in a dispatch attributed to government circles said Mr Kohl three times tried to get Foreign Minister Mr Hans-Dietrich Genscher to approve the sale and three times Mr Genscher refused. — UPI

G/G ARGUS 29/11/86

Pressure soon for SA to repay loans

280

Weekend Argus Foreign Service

LONDON. — South Africa is set to come under renewed pressure from several foreign bankers next year to repay its international debt on improved terms because they believe the country's economic fortunes are looking brighter.

And this, says Raymond Parsons, chief executive of the Association of Chambers of Commerce of South Africa, is proof of the current view in international commerce that South Africa is nowhere near economic collapse.

However, while there is considerable faith in the short-term economic outlook — and no sign of the Barclays decision spawning a mass foreign withdrawal — the international business community is concerned about the country's uncertain political future.



Mr Parsons

Speaking in London on Friday, towards the end of a two-week visit to the United States and Britain to assess the "post sanctions" mood among businessmen and bankers, Mr Parsons said: "It seems to me they are taking a more positive view of the short-term economic outlook.

"They see encouraging signs of a business revival, and they expect that next year there is no reason why the economy should not grow at three percent.

"They are also very aware of the improvement in the country's balance of payments position. As a consequence, several bankers are saying that against this background they may press for better terms next year when South Africa's debt arrangements come up for reveiew.

"Their perception is that South Africa will by then be in a stronger position to negotiate better terms for them, because it would have more cash in the kitty.

"However, I warned them that the need for domestic economic growth would have to be balanced against the rate at which South Africa could normalise its external financial relations.

"Clearly, higher economic growth and employment will be policy imperatives. And I said it could be expected that negotiations with South Africa on the debt question, in spite of improved economic conditions, would be tough .. that South Africa would still be tough about the terms of repayment," Mr Parsons said.

Barclays slams pullout story

LONDON Barclays Bank rejected what it said was an ill-informed article in the Times of London which compared the bank's decision to pull out of South Africa to an eagle flying off and leaving a barren nest behind.

"Barclays Bank has certainly left far more than the 'barren nest' suggested in your ill-informed leading article," Barclays Chairman Timothy Bevan said in a letter to the Times today.

"It has left after 60 years a well-run banking business and a record of encouragement of black advancement and social programmes few other companies can match," Bevan added.

In a leading article earlier this week, The Times suggested that Barclays had been bound to pull out of South Africa sooner or later but that "a true concern for the interests of black South Africans requires that it leaves something more behind than a barren nest".

Barclays, one of the biggest foreign investors in South Africa, has said the reason for the pullout was mainly for commercial reasons. — Sapa-Reuter

Profs angered over letter

By DIRK VAN ZYL

THREE Rhodes University professors reacted angrily this week at an anonymous letter in the Weekend Post last Saturday which accused them of making a "sinister proposal" for a selective boycott by overseas academics of South African tertiary education.

Two of them said the writer had "simplistically misrepresented" a complex and sensitive issue, while the third refused to comment on an anonymous letter.

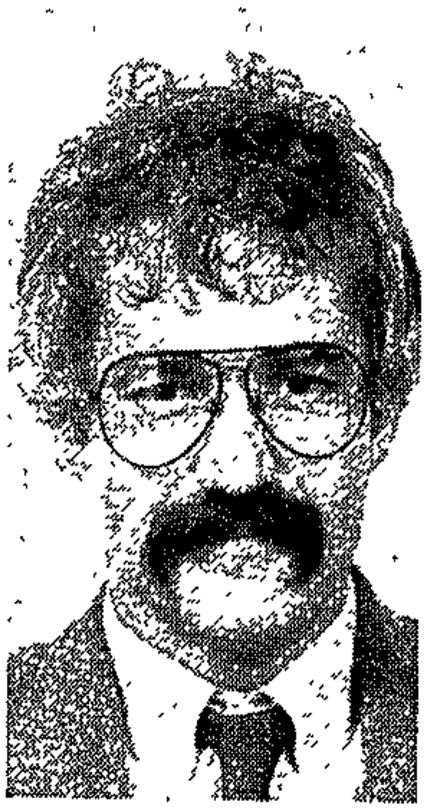
All three criticised the writer's failure to identify himself, saying this made meaningful debate with him impossible.

Using the pseudonym "Democrat", the writer said Prof Peter Vale, Prof Alan Penny and Prof Bill Davies had written to The Times Higher Education Supplement calling for a selective academic boycott.

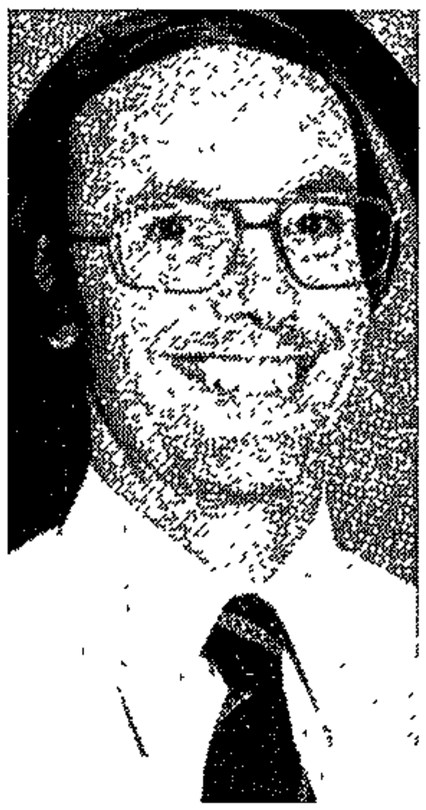
He claimed they had proposed "that all academic and professional associations set up review panels to scrutinise the performance of their South African colleagues, and the departments or the institutions to which they belong, in order to assess their acceptability for membership to the international community of scholars".

Commented the letter writer: "Viewed in even the most charitable light, this sinister proposal overlooks many key ethical and practical problems."

He said it raised the "nightmarish possibilities reminiscent of the expulsion of Jews and other 'unacceptable' people from the universities of Nazi Germany, or the book-burning Red Guards of Mao's cultural revolution".



Prof PETER VALE



Prof ALAN PENNY

Approached for comment this week, Prof Vale, head of Rhodes University's Institute for Social and Economic Research (ISER), said the issue had "clearly to be seen in its total context".

South Africa was facing a total academic boycott, and, in the light of this, he and his two colleagues felt that not everybody should be "punished".

Said Prof Vale: "The overseas universities we have traditionally relied upon are the English-speaking ones, and they are going to boycott us, not universities in Taiwan, Chile or Paraguay. So what we are saying is this:

"Let's look at ourselves. There are people who have made huge sacrifices in the fight against apartheid. There are people who have given their lives, like Rick Turner [Dr Richard Turner, the Natal University academic who was murdered some years ago]. Do you want to boycott people like him?"

Prof Vale said "review panels" should be set up "which are made up of people whose integrity we trust — the same people who judge our qualities all over the world".

"The alternative is a total boycott. It is now a question of degrees.

"I don't think it's a very 'democratic' point to sign under a nom-de-plume, or that it indicates the person himself is committed to open debate. Therefore we won't be replying to him."

Prof Penny, head of the Department of Education, agreed, adding: "I think the letter is taken out of context and creates the wrong impression altogether."

Prof Davies, professor of development studies in the ISER, said: "I don't comment on anonymous letters."

CITY PRESS 30/11/86.

280

BRA-LESS

Underwear firm Playtex quits SA

AMERICAN underwear giant Playtex has withdrawn from South Africa, but its products will continue to be manufactured in this country, says local managing director Bill Quinn.

According to press reports, Durban-based Playtex Africa has broken away from its US parent in a local management buy-out arrangement that has assured continued employment for all 400 employees and the supply of existing products.

"From a wholly-owned subsidiary of international Playtex we have now become a totally SA-owned manufacturing business.

"Although the name of our company has changed from Playtex Africa to PTX Distributors (Pty) Ltd, all the traditional Playtex brand names will remain," Quinn says.

He said the new company would have access to new developments by the former US parent.

"It is very much a case of business as usual. We have written to our local suppliers and customers throughout SA with the assurance that as far as our manufacturing operation and quality of product is concerned, nothing will change." – Sapa

SANCTIONS — 1986

DECEMBER

Anti-apartheid body aims to launch major sanctions bid

Barclays withdrawal a boost for UK activists, says AAM

LONDON — The British Anti-Apartheid Movement (AAM) is planning a major new sanctions offensive against South Africa in the new year.

According to its annual report, March 1987 has been declared a month of action for "people's sanctions" to provide a focus for nationwide action against all forms of British links with South Africa

The movement's executive secretary, Mr Mike Terry, said the Barclays withdrawal from South Africa had given a "tremendous boost to the confidence of activists throughout the country"

He added that if persistent campaigning could influence as powerful an institution as Barclays, then it could work in other cases as well.

By "people's sanctions", it appears the movement means sanctions at a grassroots rather than a governmental level.

The envisaged sanctions would cover all spheres, including military, nuclear, security, strategic, diplomatic, economic, cultural, academic, scientific and sporting fields.

A major campaign would also be launched to "mobilise solidarity" with the so-called frontline states.

The AAM would also extend its all-round campaigning activities in support of the ANC and of Swapo.

Mr Terry said AAM will discuss a proposal to get motorists and others to boycott the Shell oil company, hoping to pressure it to sell its South African operation.

Earlier, the liberal Observer newspaper reported that the British-owned BET corporation is likely to quit South Africa.

The Barclays withdrawal raised speculation that other big names among the 172 British companies operating in South Africa may weary of the connection as pressure from anti-apartheid activists grows and profits from South Africa fall.

The Observer said that BET directors decided at a meeting last week to sever the connection by March 1988

The newspaper said BET profits from South Africa had fallen by a third to about £2 million last year.

The company's main South African holding, the newspaper said, was a 60 per cent share in United Passenger Transport Investments which, with the South African insurance giant, Sanlam, owns a string of transport subsidiaries.

Meanwhile, anti-apartheid activists attending Consolidated Goldfield's annual recent meeting here failed to sway the policy of the company on South Africa or win over the hearts of ordinary shareholders.

In a lengthy statement, a company spokesman said the group had had a presence in South Africa for almost 100 years and was therefore not likely to give up on its investments lightly.

The company opposed the political, social and economic consequences of apartheid said the spokesman "but we believe that to play our part in encouraging economic prosperity through the education and employment of black people is a more practical proposition than the sacrifice of the progress made for the sake of political dogma".

● About 5 000 people demonstrated in Bonn at the weekend against South Africa's racial policies. In a speech at the rally, a prominent member of the opposition Social Democratic Party called for a stop to technical co-operation and an end to commercial flights to and from South Africa

● At the United Nations, the Security Council has adopted by consensus a resolution calling for new steps to tighten the UN arms embargo imposed on South Africa in 1977.

The resolution urged states to ensure that components of embargoed items do not reach the South African military and police through third countries — DDC-Sapa-RNS-AP

BUSDAY.

AAM will pep up sanctions campaign

Own Correspondent

LONDON — A major new sanctions offensive against SA will be launched in the new year by the British Anti-Apartheid Movement (AAM).

Its annual report said March 1987 had been declared a month of action for "people's sanctions" to provide a focus for nationwide action against all forms of British links with SA.

AAM executive secretary Mike Terry said Barclays plc's action in pulling out of SA had given acitivists "a tremendous boost".

He said if persistent campaigning could influence an institution as powerful as Barclays, then it could work in other cases as well.

But AAM said Barclays plc's break with SA was not complete and that the bank would be boycotted until it was.

However, Barclays spokesman Geoffrey Kelly said all credit lines for the SA operation were frozen and the only tie remaining would be correspondent-bank status to facilitate movement of import-export payments.

He also saw no problem in belonging to SA's debt committee because its purpose was to retrieve debts frozen by the SA government, including $1bn owed to his bank.

Terry said "people's sanctions" meant sanctions at grassroots rather than a governmental level to isolate SA. They would cover all spheres — military, nuclear, security, strategic, diplomatic, economic, cultural, academic, scientific and sports.

A major campaign would also be launched to "mobilise solidarity" with the Frontline states.

As well, the ANC has called for the biggest offensive ever against apartheid next year — its 75th anniversary.

The ANC anniversary, which will be launched on January 8, will be marked by "commemorative events in SA and throughout the world" covering a 12-month period. It will culminate with mass rallies on December 16 next year.

Japanese firm eyes Kodak's gap

Industrial Staff

A JAPANESE manufacturer hopes to fill the gap for audiovisual equipment after Kodak withdraws from SA.

Elmo is supplying Kodak-compatible 16mm movie cameras and 35mm slide projectors to ETA Audiovisual.

ETA MD Brian Blows says his company has marketed Kodak equipment for 15 years.

"We have enough Kodak spares to last five years. After Kodak decided to withdraw, it offered to supply some equipment to us at up to 25% discount until April next year. But we are a South African company and believe Kodak's decision was wrong. On principle, we will sell Kodak equipment only to customers who insist on it."

Anti-apartheid lobby hots up

Stancha, Shell under fire to pull out of SA

Own Correspondent

LONDON — Standard Chartered bank (Stancha) and Shell are coming under pressure in Britain to break their links with SA.

They are two of the companies in line for anti-apartheid pressure, together with others such as Consgold, GEC, Plessey, ICL, BOC, ICI and RTZ.

Anti-apartheid groups met in London on Sunday to plan their campaigns.

UN Committee Against Apartheid chairman Joseph Garba, of Nigeria, confirmed Stancha and Shell were on the list of targets, now that Barclays had quit SA. Shell had major interests in Nigeria, and the Nigerian government would approach the company to suggest it leave SA.

Adding to the boycott lobby was Labour MP Bob Hughes, who urged sanctions against SA.

With the boost to their morale from Barclays' pullout, campaigners are redoubling their efforts against other firms. They haven't even written Barclays off their lists yet, and claim it still has enough links with SA to keep it in the firing line.

Pressure on Stancha has risen in the wake of Barclays' decision to disinvest from SA.

Sources say that Stanbic, the group's SA associate, has already drawn up detailed plans of how to absorb Stancha's 38% stake in it.

UK companies reported to be on the brink of withdrawal include McKechnie Brothers and Metal Closures. Associated British Foods, Smiths Industries, Crown House and Alfred McAlpine have all severed their SA links.

UK industrial group BET yesterday denied it was planning to quit SA.

A report in Sunday's *Observer* claimed BET had held meetings to discuss its SA operations, and had decided to cut these interests.

A BET spokesman said BET directors had met recently, and the SA business — bus and freight company United Transport — had been discussed. But no decision to quit SA had been taken.

Sanctions exports start to hit coal

Mercury Correspondent

JOHANNESBURG— Sanctions have started to affect coal exports. Minerals Bureau statistics show that coal exports fell 17,7% to 3 180 000 tons in September compared with the tonnages shipped from South Africa in September, 1985.

Transvaal Coal Owners' Association chairman Michael Hawarden says the drop is 'the first manifestation of sanctions'.

'It was in September that we started to feel the real effect of the Danish and French bans. Until then we had been able to maintain our high shipment rate,' he added.

Coal exports for the first nine months of 1986 totalled around 32 million tons and unless monthly sales pick up to 4 200 000 tons for the rest of the year, exports will fall short of 1985's record 44,7 million tons.

Coal producers have warned that the full effect of sanctions from the French, Danish and United States sanctions will be properly gauged only next year.

Coal exports fetched R224 million with local sales earning R184 million.

The statistics show that in spite of a drop in gold production to 51,879 tons, gold sales earned the country R1,5 billion.

Black survey: many feared intimidation

Business Day Reporter

JUST under half of the respondents to an opinion poll to test black attitudes to sanctions did not answer questions because of intimidation.

Results of Research Surveys' Omnichek poll, released yesterday, show blacks highly aware of the threat of job losses through sanctions, but split on the willingness to "accept the sacrifice".

Of those polled, 70% were aware of sanctions and 84% said they realised they could lose their jobs through embargoes. Only 43% were willing to lose their jobs in the anti-apartheid cause, against 21% who would do so "reluctantly" and 14% who would be "resentful" to do so.

The poll was conducted before GM, Kodak, IBM and Barclays quit.

In other polls conducted by Research Surveys, 60% of urban black men said bombing of innocent people for political purposes was wrong, and 50% of urban blacks believed "there is still a fund of goodwill towards whites".

Coal exports show effect of sanctions

2/12/86 280

Dispatch Correspondent

JOHANNESBURG — Sanctions have started to affect coal exports.

Latest statistics from the Minerals Bureau show that coal exports fell 17,7 per cent to 3,2 million tons in September compared with the tonnages shipped from South Africa in September 1985.

The chairman of the Transvaal Coal Owners' Association, Mr Michael Hawarden, says the drop is "the first manifestation of sanctions.

"It was in September that we started to feel the real affect of the Danish and French bans. Until then we had been able to maintain our high shipment rate," he adds.

Coal exports for the first nine months of 1986 totalled around 32 million tons and unless monthly sales pick up to 4,2 million tons for the remainder of the year, exports will fall short of 1985's record 44,7 million tons.

While there is already a definite dent in exports, coal producers have warned that the full effect of sanctions from the French, Danes and the United States sanctions will only be properly gauged next year.

In addition to shrinking markets, exporters have had to face tough competition from other countries such as Colombia and many have not realised their original sales targets.

However, local sales picked up marginally to 10,-95 million tons (10,58 million tons in September 1985) during September with overall production increasing to 15,54 million tons (14,96 million tons).

Bans hit coal exports

2/12/86 BUSDAY 280

SANCTIONS have started to affect coal exports.

Latest statistics from the Minerals Bureau show that coal exports fell by 17,7% to 3,18-million tons in September, compared with tonnages shipped from SA in September last year.

Transvaal Coal Owners' Association chairman Michael Hawarden says the drop is "the first manifestation of sanctions.

"It was in September that we started to feel the real affect of the Danish and French bans. Until then we had been able to maintain our high shipment rate," he

CHERILYN IRETON

adds.

Coal exports for the first nine months of 1986 totalled about 32-million tons and, unless monthly sales pick up to 4,2-million tons for the rest of the year, exports will fall short of 1985's record 44,7-million tons.

While there is already a definite dent in exports, coal producers have warned that the full effect of French, Danish

● To Page 2

Coal exports dip as sanctions begin to bite

BUSDAY 280 2/12/86

● From Page 1

and US sanctions will be gauged properly only next year.

In addition to shrinking markets, exporters have had to face tough competition from other countries, such as Colombia, and many have not realised their original sales targets.

However, local sales picked up marginally to 10,95-million tons (10,58-million in September 1985) in September, with overall production rising to 15,54-million tons (14,96-million).

Coal exports fetched R224m (R294m), with local sales earning R184m (R172m)

The statistics reveal that despite a drop in gold production to 51 879kg (56 210kg), gold sales earned the country R1,5bn (R1,4bn).

They also show tin production fell to 164 717kg (179 208kg) as major tin producers started trimming output as a result of the world oversupply. Tin exports dropped to 84 841kg (90 669kg) and earned R1,2m (R2,1m). Local consumption fell to 62 562kg (81 430kg), bringing in R1m as opposed to R2,5m last year.

US disappointed by pullout from SA

DETROIT — General Motors and other US companies in South Africa have "done America proud" and the Ronald Reagan Administration was disappointed by their withdrawl from that country, an adviser to the US president said yesterday.

"We can appreciate the kind of pressure a number of companies are under, as well as the difficult economic situation in South Africa," said Mr Chester Crocker, Assistant Secretary of State for African Affairs.

GM announced in October that it would pull out of South Africa

International Business Machines, Eastman Kodak, General Electric and several other major companies have announced similar plans.

GM has 3 056 employees in South Africa.

"We are disappointed to see it happen," Mr Crocker said at a news conference. "Our companies have done America proud in South Africa."

Crocker said US companies had been a major force for racial justice in South Africa.

"They have brought the highest standard of affirmative action and decency," he said. "They have spoken out . . to the extent they are leaving, it reduces that pressure point."

The debate over economic sanctions against South Africa had hurt prospects for peaceful change by hardening the stands of the Government and the white minority there, said Mr Crocker.

He said there appeared to be little chance in the near future for a peaceful transition to democracy and majority rights in South Africa because black and white leaders were engaged in testing each others' resolve.

"They're talking about reform much less than they were two years ago," Mr Crocker said.

"What we have seen since the spring is a turn toward a more negative policy in a number of respects. You've had very heavy-handed police repression."

Mr Crocker said the South African Government had been preoccupied with how to cope with, or circumvent, the economic sanctions adopted by Congress over President Reagan's objections, rather than with carrying out needed changes.

The sanctions "have distracted a lot of attempts for reform" and "have fostered anti-foreign attitudes" among white South Africans, he said. — Sapa-AP

Stay in SA, urges UK industry chairman

Library

DD (28) 3/12/86

BRUSSELS — A leading British businessman pleaded yesterday against economic sanctions against South Africa, claiming the best way to end apartheid for Europeans was to stay there.

Sir Leslie Smith, who chairs the British Industry Committee on South Africa, was speaking at a news conference to present a book on European Multinationals in South Africa, written by British researcher Geoffrey Hamilton.

Sir Leslie said it was difficult to enforce economic sanctions. He said they could damage the South African economy, add to political problems and lower the standard of living of the population.

On the other hand, he said, sanctions could indirectly hurt European countries by increasing the prices of cheap imports from South Africa and by reducing jobs in European industries working with South Africa.

"In order to speed up reforms and support moderates, European industry must remain in South Africa," Sir Leslie said.

A socialist member of the European Parliament, Mr Ernest Glinne, on the contrary, called for economic sanctions inspired by US Congress decisions. He called for more coherence from European leaders who "by lack of political will decide on measures with loopholes without any concrete result."

"Political and economic pressure is needed," Mr Glinne said, "since the ultra-conservative white minority must feel the stick on its back."

Mr Hamilton claims in his book that, unlike their US counterparts, European multinationals are reluctant to leave South Africa as they have no similar domestic market to fall back on and are less enthusiastic about black rule in that country.

The author adds that the profit of European investments in South Africa is on average higher than that of U.S. multinationals and higher than their own profit elsewhere in the world.

Mr Hamilton wrote Europeans also fear "the black liberation, far from broadening the basis of democracy, will destroy it. European multinationals don't excuse apartheid, but they fear the consequences of a too brutal elimination of this regime."

According to Mr Hamilton, Europeans believe the way to dismantle apartheid is through increased "social influence." — Sapa-AP

For and against sanctions

BRUSSELS—A leading British businessman has pleaded against economic sanctions against South Africa, claiming the best way to end apartheid for Europeans is to stay there.

Sir Leslie Smith, who chairs the British Industry Committee on South Africa, was speaking at a news conference to present a book on European multi-nationals in South Africa written by British researcher Geoffrey Hamilton

Sir Leslie said it was difficult to enforce economic sanctions; and they could damage the South African economy, add to political problems and lower the standard of living of the population.

On the other hand, he said, sanctions could indirectly hurt European countries by increasing the prices of cheap imports from South Africa and by reducing jobs in European industries working with South Africa

'In order to speed up reforms and support moderates, European industry must remain in South Africa,' Sir Leslie said.

Socialist member of the European Parliament Ernest Glinne, on the contrary, called for economic sanctions inspired from U S Congress decisions. He called for more coherence from European leaders who 'by lack of political will decide on measures with loopholes without any concrete result'. — (Sapa-AP)

THE ECONOMY

SA's awash with takeover money

By PHILLIP VAN NIEKERK

SOUTH AFRICA'S disinvestment run is likely to kill President PW Botha's initiative, unveiled two weeks ago at a summit meeting with business leaders, to restore business confidence.

Analysts believe that business will be holding onto its investment capital as it waits for the assets of disinvesting companies selling out at bargain basement prices, to be thrown its way.

This week's buy-out of Barclays PLC's holding in Barclays South Africa at a 23 percent discount has tightened Anglo American's grip on the South African economy

Robin McGregor, director of McGregor Research Services and the editor of Who Owns Whom, says Anglo's newly-acquired control over Barclays raises its share of the Johannesburg Stock Exchange from 54,1 percent to 54,63 percent.

McGregor says that the total market worth of the JSE is R228-billion. Barclays SA's market value of R1,25-billion is 0,53 percent of this total.

According to McGregor, both Anglo's senior partners in the deal — De Beers and Southern Life — are themselves in the Anglo camp. He says Anglo's share in Barclays SA has jumped from 25 to 55 percent.

A little-recognised feature of the takeover is that it puts Anglo's control over Southern beyond doubt.

Until the takeover deal, Barclays and Anglo each held 30 percent in Southern, but Anglo's stake has substantially increased because it has taken charge of Barclays.

McGregor points out that Anglo has not been involved in a major takeover for two years. They may have been sitting on a pile of money, chiefly from gold and other mining revenues, waiting for something good to come their way.

In fact, for South African companies now is an ideal time to snap up firms selling out at way below the market prices because of political pressures

South Africa is awash with money due to revenues from the high gold price and a very favourable balance of payments resulting largely from the low rand.

The governor of South Africa's reserve bank, Dr Gerhard de Kock, estimated last week that the country was headed for a 1986 surplus on the current account of the balance of payments of R5-billion to R6-billion.

What De Kock refers to as the tightest exchange controls in the country's history have cemented in the surplus capital, preventing it — legally at any rate — from leaving South Africa.

There is so much money around that banks are having difficulty finding people to lend to and interest rates continue to slide

But because of the uncertain political climate, business confidence remains low. No one is putting money into new ventures

Little of the capital around is being turned into productive investment to build new factories or provide jobs for the country's unemployed, conservatively estimated at more than 3-million but perhaps as high as 6-million

Despite desperate attempts by the government to stimulate the economy, De Kock estimates that it will grow by only one percent this year.

The reason for this is that investment capital is still chasing paper. The Johannesburg Stock Exchange is booming and there have been a rash of take-overs of already established firms.

It was with this fact in mind that Botha called businessmen around for Carlton III, trying to inspire a sense of a little adventure

However, despite attempts by the SABC and Beeld to buoy public spirits by portraying the Barclays PLC pullout as a victory, the current run of disinvestment is a cold wind for all but a few participants in the South African economy.

The lucky handful are a group of *nouveau entrepreneurs* — senior managers now given the chance to own their own companies — and Anglo, who got a little bit bigger this week.

280 FIN MAIL 5/12/86.

Inviolate to sanctions?

Resources of strategic minerals are considered SA's trump card in the sanctions battle. At least for now, they are likely to guarantee survival. The second part of our three-part survey of sanctions and their impact on exports considers this and other questions

Precious and strategic minerals are SA's trump card in the fight against sanctions. They are, according to Nedbank group chief economist Edward Osborn, "pretty well inviolate to sanctions."

Osborn, who formerly had high position in the Rhodesian and Zimbabwean administrations, has written an authoritative study for stockbroker Ivor Jones, Roy, *SA Under Sanctions*, including an item-by-item assessment of the impact of universal mandatory sanctions.

His findings? "The impact of total sanctions would be at worst 11,5% of total exports" — though he admits this could be optimistic. "It is fairly easy to compensate for that from heightened domestic activity

"SA can survive a long time — probably longer than Rhodesia — in uneasy equilibrium. The economics are viable. Government can hold the situation by force. But that is not an objective to commend.

"Rhodesia was so dependent on SA — militarily, logistically and financially It did not have SA's balance of payments strength, which is fundamental."

Osborn's approach pragmatically assumes a total sanctions environment — which, of course, may be some years coming — with built-in assumptions about the effectiveness with which loopholes will be exploited.



Nedbank's Osborne ... could cut up 45% of imports

"My conclusion startled me. Many might describe it as optimistic, but in large part it was derived from precious minerals."

He concedes that import substitution might be at the expense of standards, but the important thing in his view is that it creates economic activity to substitute for that lost as a result of the losses of foreign trade

Osborn looked at each item on the import schedules and made a judgment — "highly subjective, of course" — as to import substitution potential. He concluded that imports could be cut up to 45% without serious impairment.

This comprises 24% of imports (based on 1984 figures) substitutable in the short term and 21% reducible inessential items. The remaining 55% includes 22% substitutable in the long term, and only 33% non-substitutable – vital imports which SA could not produce in the foreseeable future

Long-term substitutable items, however, would require substantial capital and technology. They cannot be produced economically now, "but under siege conditions, conventional economics flies out of the window"

Osborn's estimates are somewhat higher than the findings of a 1977 survey by the Federated Chamber of Industries (FCI) and other bodies, which concluded that there was potential for replacing 25% of the 1975 import bill with local products. But the two views are not inconsistent because the 1977 survey was based on economic, rather than strategic considerations.

The uneconomic nature of import substitution at the margin is demonstrated by the declining ratio of turnover to fixed assets A follow-up FCI survey in 1979 found that 25% of the import substitution potential identified in 1975 had been realised.

But this required net new investment of R360m, equivalent to a ratio of turnover to investment of 0,7·1 The normal ratio of turnover to fixed assets in manufacturing as a whole was 2,8.1.

As the FCI noted: "As the process of industrialisation proceeds, opportunities for further import replacement are progressively confined to areas requiring greater capital investment and more sophisticated technology, while the size of the domestic market becomes increasingly a limiting factor."

The survey found that import intensity was highest in the following sub-sectors: basic industrial chemicals (where imports accounted for 60% of demand); machinery (62%); motor vehicles (43%); electrical machinery and equipment (42%); and transport equipment (35%).

The scale of import reduction which Osborn believes possible is more than adequate to cope with the probable disruption of exports. The balance of payments would thus be secured in all probable circumstances.

With manufacturing capacity utilisation low, there is plenty of scope for a quick response to the withdrawal of international competition.

"But it would not carry with it a proportionate increase in employment," warns Osborn.

"It is on this score that the effect of sanctions is likely to be greatest. In adapting to sanctions, the economy will shift from export-orientated activity of greater labour intensity, to domestic production with greater capital intensity.

"The net effect will be a loss of jobs, although in GDP terms the one can offset the other This is the real tragedy of sanctions."

Coal hits back

Even with limited sanctions in force, 1986 will be a good year for coal exports, expected to equal the record 44,7 Mt shipped from Richards Bay last year. But this has brought little joy, as the industry readies itself for a turbulent 1987 and full sanctions.

To date, coal sanctions comprise a French ban on the purchase of South African coal, a similar ban by Denmark, and US sanctions effective from January 1. These measures have wiped out 25% of SA's export market.

Although the industry managed to stave off European Economic Community (EEC) sanctions, it knows this is short-term. "Sanctions will become a perennial issue and it won't be long before the threat emerges again," says a senior industry official.

The industry is desperately trying to protect the vital Japanese market, which last year absorbed the largest percentage of South African exports. Loss of contracts to supply Japanese steel mills would almost certainly bring the export market to its knees.

The loss of the Danish market has already caused stockpiles of steaming coal to swell —

creating problems for the domestic market..

Transvaal Coal Owners Association (TCOA) chairman Michael Hawarden explains: "The Danes and French purchased steaming coal — a byproduct of the low-ash metallurgical coal produced for the Japanese. We are still producing steaming coal, which is piling up at the mines and finding its way into the inland market to the detriment of collieries geared for domestic supply."

Hawarden warns there will have to be rationalisation while the level of mining will have to be curtailed. Most mining houses are believed to be considering scaling down operations and warnings of retrenchments have been sounded.

Undoubtedly plans for new mines will be put on ice while the uncertainty remains and operating costs will become a key factor for survival. Only eight months ago the industry was discussing expansion of the Richards Bay coal terminal to accommodate the Phase IV export programme.

In trying to cope with sanctions, South African producers have cut prices dramatically. Average Power Station Smalls (PSS) coal is now selling around the low $20s a ton, compared to $30 just over a year ago.

Hawarden expects prices to stabilise at this level. "They may go a little lower but with oil prices having stabilised and expected to stay at current levels for the rest of the decade I don't think we will see any immediate upturn in coal prices."

Fuelling the price war has been competition from Colombia and Australia, eager to grab market share. The Australians' export efforts have been assisted by a weakening of the A$. But South African coalmen believe Australia's significantly higher cost structure won't enable it to compete for long at these prices.

Meanwhile the industry will split its energies between trying to cope with sanctions and thinking of ways to get round them. As a top producer says, it would be naive to think that businessmen, having invested vast sums in the industry, will just sit back and accept sanctions.

Sanctions busting, while possible, will be difficult because of the nature and volumes of the commodity. No significant unexploited markets have yet been unearthed, though marketing men have been scouring the world for two years.

Third-party marketing remains a possibility. But the risk of trying to put South African coal on various markets surreptitiously has been increased by demands for certificates of origin. While these can be falsified, coal is clearly fingerprinted by its chemical composition.

Says Hawarden: "Long-term the crystal ball remains cloudy. But we hope continuing political reform will eventually allow producers to sell openly on world markets again."

STREETFIGHTING

Government should formally legalise falsification of documentation in regard to any country that imposes sanctions, according to Free Market Foundation executive director Leon Louw.

"Sanctions is an economic street fight," he says. "You can't fight according to the Queensberry rules. Government should take measures specifically aimed at countries imposing sanctions — for example, minting phony Canadian Maple Leaf coins, and perhaps even debasing them by putting lead in."

Targeting exports

The main thrust of current sanctions in the US, Europe and the Commonwealth has been directed at exports, in unambiguous acknowledgement that SA's ability to earn foreign currency could be critical. Coal and steel in particular face an uncertain future, and other boycotts seem sure to follow.

Yet exporters — even those not in the relatively secure precious and strategic mineral business — seem surprisingly full of confidence and verve.

"This is the biggest morale booster exporters have had," says Jan Bouwer, chairman of the Private Sector Export Advisory Committee "The last time something like this happened was the early Sixties. We had been trying for years to boost exports, and got nowhere. But as soon as people started threatening sanctions, interest increased.

"Now, again, manufacturers are rising to the challenge. There is no gloom and doom."

Assocom foreign trade secretary Bess Robertson expresses "total confidence" that businessmen will find a way around sanctions. "There is great determination not to lose export markets. Alternative markets will be found, even for coal."

Econometrix chief economist Dr Azar Jammine is another optimist. "We must not underestimate our ability to find new markets," he says. "The whole sanctions campaign might die a slow death. The economy could survive reasonably intact. The descent into Third World status may never happen."

Experts even report plans to route exports via politically hostile Third World states to the communist bloc.

An indicator of enthusiasm is that the Safto had 400 membership applications last year — a record. Membership totals 1 500.

"Exporters have been far more determined," says GM Ann Moore. "In the past few years there has been a lot of investment based purely on exports. But I doubt there will be large investment for export in the next few years."

Accordingly, Safto has proposed to government a scheme to promote local investment for export purposes.

While optimism may be healthy, however, euphoria is not. The speed with which international markets for Krugerrands collapsed should be enough warning that sanctions will be no joy-ride.

"There will be difficulties for many," agrees Bouwer. "But challenges tend to stimulate and create initiative. There may be some good with the bad."

Safto believes SA cannot afford to drop out of export business. Producing for export is economically so much more efficient than incremental import substitution at this stage of development that even with the likelihood of a 10% or 15% "sanctions discount," exports may be attractive.

Says Moore. "Come hell or high water and sanctions, SA companies have to export, for all the good reasons they always had to export. For growth we need increased industrialisation. We will not achieve cost-effective industries based solely on the local market. We need the economies of scale exporting gives. It is vital that we remain

DIVERSIFIED MARKETS

Exports by country (Rm) (% of total in brackets)

	1982	1983	1984	1985
United States	1 322,8 (6,8)	1 753,8	2 126,4	3 029,7 (8,3)
Japan	1 670,7 (8,6)	1 546,7	1 900,1	2 829,1 (7,8)
United Kingdom	1 432,6 (7,4)	1 324,1	1 389,2	2 124,6 (5,8)
Netherlands	286,9 (1,5)	351,5	590,6	1 367,4 (3,8)
Switzerland	1 019,9 (5,3)	1 733,8	1 537,1	1 319,7 (3,6)
W Germany	865,4 (4,5)	753,4	1 042,3	1 258,4 (3,5)
Italy	376,7 (1,9)	398,9	649,0	1 023,4 (2,8)
Belgium	332,1 (1,7)	348,3	393,2	634,8 (1,7)
Hong Kong	122,1 (0,6)	236,0	467,0	627,2 (1,7)
France	467,8 (2,4)	378,7	528,6	614,1 (1,7)
Taiwan	188,4 (1,0)	192,1	208,1	281,4 (0,8)
Canada	137,2 (0,7)	119,1	182,5	204,4 (0,6)
Denmark	176,4 (0,9)	122,7	153,0	175,0 (0,5)
Africa	904,8 (4,7)	797,1 (3,9)	891,7 (3,5)	1 577,9 (4,3)
Unallocated	8 572,7 (44,3)	9 255,4 (44,8)	11 725,2 (45,8)	16 383,7 (45,0)
Total (all countries)	19 343,5	20 672,0	25 584,5	36 410,4



Safto's Moore . . .
notoriously fickle commitment

export-oriented. Import substitution must not be allowed to overshadow the importance of exports."

Nevertheless, Moore worries about the commitment to exports, notoriously fickle at the best of times. One of the more serious consequences of the coming mini-boom could be a weakening of this commitment, she fears. But she's encouraged by the more mature approach and greater commitment new exporters are displaying.

Unfortunately many reasons for entering the export market are negated by sanctions. Exports, for example, are often considered attractive because they provide a way of spreading risk. Now they are simply an added risk — though a necessary one.

Most minerals, which account for 70% of exports, are probably inviolate to sanctions in the short term. Problem areas are manufactures (around 25%) and agricultural commodities (5% — more in a good year).

In the manufactured sector are some export heavies like base metals. Iron and steel are affected by sanctions (mainly for protectionist reasons) but ferroalloys tend to be regarded as strategic.

The rest is made up of a diverse range of goods. Big export growth (off a small base) has been experienced in engineering goods, clothing, components, and household items including furniture.

Moore warns against panicky decisions over sanctions. "There will always be some relatively open markets," she says. "Very few companies have been badly hit by US sanctions. But even some not affected are not evaluating the situation logically."

Exporters need to do two things, in Moore's view: look at wider diversification of markets, and provide better service. "We should bend over backwards to support foreign buyers. Unless we earn foreign exchange we cannot afford imports."

Market diversification has the advantage of diluting visibility. A concentration of products is easily seen and targeted. Indicative of this is that the products singled out for sanctions attention are those which have been making an impact on foreign markets.

One of the strongest factors in SA's favour is its diversity of export markets (see table). It is far less dependent on its four biggest trading partners for exports than for imports. West Germany, the US, UK and Japan together accounted for 53% of imports last year. But the four top export markets (the US, Japan, UK and the Netherlands) bought only 26% of exports.

This has been a long-term trend. Fifteen years ago, 30% of exports were to the UK. Since then the US, Japan and the Far East have become bigger markets, while the UK's share has shrunk below 6%. The impact of US sanctions will not be dramatic in global terms, but obviously a portion of US purchases will either be lost or shared among other markets.

What is now required, experts agree, is greater diversification of both export markets and products. Bouwer believes more energy and resources will be devoted to export promotion than ever.

This is already evident among Safto members, says Moore, noting that sanctions have helped it get its message across.

"But in the long run we should not be under any illusions," she adds. "While companies may become more efficient and more sophisticated there are obvious benefits. But SA as a whole will not be able to achieve the level of growth we would without sanctions. In the short term we may shrug off sanctions, but we certainly can't be complacent."

Countertrade

With sanctions so far focused mainly on exports, SA will need to use every means at its command to neutralise the export-import imbalance that could arise.

One way is countertrade — a form of barter in which import deals are conditional on exports. Though officials are reluctant to talk, it is clear that the recent establishment of the Secretariat for Unconventional Trade will play a role in the growth of countertrade.

The concept was developed by communist countries to enable them to conduct international trade using a minimum of foreign exchange. For SA, the motivation may have less to do with saving foreign exchange than with the need to maintain the viability of export-orientated industries.

"Countertrade becomes important when foreign exchange is in severe shortage," says Safto GM Ann Moore. "For a country like SA, where foreign trade equals two thirds of GDP, it could become significant. But it requires a lot of expertise to succeed."

Difficulties can arise when deals become multi-faceted. Take a series of deals handled by Johannesburg-based Effective Barter.

"We imported 10 000 calculators from Hong Kong originally supplied from Japan to mainland China but surplus to its requirements," says MD Eugene StClair. "We paid for the freight with SFW wine in Atlanta, Georgia, which we owned and which was supplied to SAA in New York. A Johannesburg company cleared the calculators through customs on our behalf in settlement of barter credits we had previously built up following a sale of some motor vehicles."

Pure barter generally involves no exchange of cash, but countertrade is a mixture of barter and cash exchange. "It creates a second-tier currency system," says StClair. "Another reason for using it is that the international banking environment is becoming increasingly hostile. In one deal a letter of credit took 30 days to clear because a clerk in the bank in New York sat on it. We suspect this was deliberate."

A spin-off is that barter deals tend to open up markets of which the exporter was unaware. "As a result of US sanctions, SA is now sitting with products we used to export," says StClair. "We need to find new markets quickly. The scope is enormous. Mexico was able to swap $100m worth of tourism (travel, hotel accommodation) internationally for motor vehicles. I don't see why we couldn't boost tourism this way, too."

Africa important

Sanctions could have a much more severe effect on our neighbours than on SA itself. But this is no cause for celebration — we need our neighbours.

Since the early Sixties, when black rule came to most of Africa, trade with the rest of the continent has shrunk to a fraction of its former scale. Where once Africa bought 15% of exports, last year it took a mere 4,3%.

INFOBAN

One victim of sanctions is the free flow of economic information.

Monthly trade statistics from the Department of Customs and Excise, previously a four-page document with a detailed breakdown by geographic regions as well as commodity, are now a single line of information giving only totals.

Government officials display marked reluctance to comment on trade matters, with the justification that "we are fighting an economic war now."

Adds one: "In wartime you don't give away your strategy to the enemy through the press".

However, such has been the growth of total exports, that analysts have always been able to point to increases in absolute levels of trade. The fact remains that despite official embargoes, no country on the continent does not trade with SA when it suits. The critical factor is probably not politics but foreign exchange, of which African countries are perenially short.

Trade with Africa declined because of not sanctions but currency difficulties, says Safto GM Ann Moore. "Exporters were not sophisticated in handling exports to a payments-difficult country. Now our products are more competitively priced, and exporters more keen for sales."

This is one reason why African purchases last year leapt 77% over the 1984 level — at a time when calls for sanctions were growing more strident.

"If you have the right product of acceptable quality at the right price and acceptable delivery times, no border will stop you from selling it," says Sally Gallagher of Business Development Africa. "The only thing is that the costs of doing business increase."

In a perverse way, SA can actually benefit from the foreign exchange difficulties of African countries — particularly those close at hand. Because of shorter supply lines to this country, operating capital and foreign currency is tied up for less time and can be recycled more quickly.

"Thirteen African countries trade with us openly," says Gallagher. "But over any five-year period there is no country on the continent which has not traded with SA. Full mandatory sanctions would not change that significantly. Middlemen, incidentally, come from some countries calling most vehemently for sanctions."

The real danger from sanctions, in the view of Gallagher and many other analysts, is primarily not for SA but for other countries of the region.

"If really severe sanctions are imposed we will see the collapse of about eight countries," says Gallagher. "The West has totally under-estimated the importance of the transport infrastructure."

Despite this, there is no certainty it will be business as usual under sanctions. The feeling is that Zimbabwe could insist on sanctions — much as Zambia did over Rhodesia — even though it has the most to lose "Economic considerations are not necessarily the overriding factor," says Gallagher.

An estimated 80% of Zambia's foreign trade, 60%-70% of Zimbabwe's, and 80% of Malawi's is routed through South African ports. Malawian traffic moves by road as far as Messina, Lusaka or Harare, and by rail between those points and SA.

The problem is intensified by the political vulnerability of the region. Many governments have a tenuous hold on power, and it would not require much to topple them.

Transport costs make up a very high percentage of invoice value of their imports — sometimes more than 40%. "This is unacceptable by world standards," says Gallagher. "It should not be more than 10%, with a ceiling of 20% for a landlocked country."

Attempts to divert traffic away from SA can only worsen this. Dar es Salaam has proved unable to cope. Exporters from Zambia, Zimbabwe and Mozambique who have tried to use Dar es Salaam have given up because of the inefficiency of the port, which increases disproportionately when volumes build up.

The port is not the only bottleneck. The Tazara rail line, badly laid and suffering frequent landslides, cannot even handle Zambian imports. It carries an estimated 1 000 t of goods a month. Insurance cover is almost impossible to get.

In Mozambique, every rail route is poorly maintained and at risk from the deteriorating security situation Rehabilitation of the Beira corridor and the Nacala outlet is proceeding but costly· Zimbabwe spends R1m a day managing and maintaining the Beira route — as much as the Rhodesian war effort used to cost.

Though Western aid has been mooted, the railway from Beira to Mutare (with 13 vulnerable "key points" such as bridges) is extremely vulnerable to sabotage. This would be well within the capacity of Renamo or South African commando units. Mozambique is now rated by the World Bank as the poorest country in the world.

On the other side of the continent, the Benguela railway linking Zambia via Zaire and Angola to the port of Lobito has been closed for 10 years by Unita.

Apart from transport dependency, the countries of southern Africa rely on SA as a source of cheap, quick and suitable imports. Farming and mining equipment are designed for African conditions, and it is not easy to switch to other sources. Imports from Eastern Bloc countries have often been left to rust because they are not compatible with existing SA-supplied equipment.

SA is the major supplier to Botswana, Lesotho, Swaziland, Malawi, Zambia, Zimbabwe and Zaire, and a leading supplier to Mozambique. Sales range across the whole gamut of what SA produces or imports.

SA became Zambia's major supplier four years ago when the Zambian government told importers to buy from the cheapest source. Transport costs are the key to this, but the low rand has also helped.

Often aid funds are used to buy South African goods. When nations find they have not spent aid as the year-end approaches, they have been known to go on a buying spree in SA, buying anything and everything so that the aid tap is not turned off.

Except for Zimbabwe, SA is not a major market for black Africa, whose exports tend to be the sort of commodity SA itself produces. Relatively industrialised Zimbabwe is the source of R350m of the R400m a year imports from the rest of Africa.

Zimbabwe, which had a favourable trade balance with SA for the first time in 1984, stands to lose the most from comprehensive sanctions, says Gallagher.

"Every sector of its economy, more vulnerable now than it was during the Rhodesian sanctions era, would be hit. South African companies have investments worth R1 billion in Zimbabwe, and supply technician training and emergency technical back-up. A technician can be flown up within two days."

The whole region is teetering on the edge of instability. The drought has had devastating effects, copper revenues are down in Zambia, Lesotho has just had a coup, and Mozambique is close to breakdown. Sanctions could be the final nail in the coffin.

CARPETBAGGERS

Beware the new carpetbaggers! The imminent threat of sanctions has brought a new breed of opportunist out of the woodwork. Like carpetbaggers after the US Civil War, who sought to turn the suffering of others to personal advantage, so-called sanctions busters have swarmed into SA peddling dubious skills.

Again like their predecessors, who earned the name from the habit of carrying their possessions in carpet bags, they are transients, owing no loyalty to any cause but their own. "The moment you have problems, you have people looking to make a fast buck," says Jan Bouwer, chairman of the Private Sector Export Advisory Council.

"Sanctions can always be broken, but some people offering services do not have the experience they claim. Exporters should be careful."

Bouwer advises exporters to keep in touch with trade organisations or export advisory bodies. "The grapevine is starting to be a good one," he says. "The genuine ones are known in the market."

Export consultants note that illegal methods of circumventing sanctions are not necessary or desirable. "There can be legal solutions to possible difficulties," says one. "Activist opposition can often be handled without cloak-and-dagger methods. Just don't declare the source too blatantly."

What is needed is detailed, specific knowledge of the legal requirements of each market — and some so-called sanctions busters don't have this.

Australia details ban on S A trade

Mercury Correspondent

JOHANNESBURG—Australia will ban all South African coal, iron, steel and agricultural imports from June 1, 1987.

The ban, under an agreement reached by Commonwealth leaders earlier this year, follows an earlier announcement that Australia would ban air links between the two countries.

The move affects about R40 million worth of trade each year. A Government spokesman said the action was taken as a moral and political imperative in protest at apartheid policies.

Canberra also recently announced it would not issue visas to Australia from South Africa.

Prime Minister Bob Hawke announced in August that Australia had agreed to adopt sanctions against South Africa because of Pretoria's lack of progress in dismantling apartheid.

Mr Hawke agreed on the limited economic sanctions with five other Commonwealth countries after what was termed 'a failure to get Pretoria to negotiate an end to apartheid'.

The measures banning the range of imports will come into force from June 1 to allow importers time to make necessary adjustments, a statement said.

● See Page 15

DD 5/12/86

Systems firm sells to SA company

MINNEAPOLIS — Honeywell Inc, a leading computer and control systems concern, said yesterday it had sold its South African affiliate, joining the procession of US firms pulling out of South Africa.

Honeywell said it had sold Honeywell Pty Ltd for undisclosed terms to Murray and Roberts, a Johannesburg-based diversified construction and engineering company.

Honeywell's move follows the announcement of similar disinvestments by such leading US multinationals as Eastman Kodak, General Motors and IBM amid growing concern over South Africa's lack of progress in reforming its apartheid racial policies.

Honeywell, based here, said last month it was negotiating to sell the SA operation which markets and services control systems for industrial and commercial building customers.

The unit has offices in Johannesburg, Capetown, Durban, Pretoria and Port Elizabeth. It employs 175 workers and represents less than one per cent of Honeywell's worldwide revenues. — Sapa-RNS

EXPORTS

A new factor

A South African factoring house has come up with a plan to help exporters beat some sanctions rulings.

Repfin, a member of the Bankorp group, has concluded a reciprocal agreement with a major international finance house which will permit payment for exported goods to be made through a third party and so ensure the anonymity of buyers of South African goods.

Deals will be subject to the normal exchange control procedures, and will be transacted in commercial rands. But the scheme will take the pressure off buyers, who will be dealing with a finance house in their own country.

It also has advantages in that it covers both the risk and the collection elements of payment, unlike letters of credit or open accounts.

Explains Repfin MD Allan Greyling: "Exporters using the scheme will negotiate directly with overseas buyers, and then factor the debt through us. Up to 80% of the debt will be paid to the supplier on the day the goods are shipped and the balance will be paid when we receive payment from our associate factoring house. Collection of payment in the buyer's country will be arranged by this company."

This means, he says, that local suppliers will not have to wait for letters of credit to mature or an open account to be settled.

In addition, the scheme will create opportunities for exporters to do business with smaller overseas customers who might otherwise have difficulty in obtaining credit to finance imports.

The name of the Repfin foreign associate has not been disclosed for obvious reasons, but Greyling assures the *FM* that it is "a substantial operation." ■

SWEETENING THE PILL

Local South African drug companies — particularly the big three, Noristan Group, SA Druggists and Adcock-Ingram — stand to benefit handsomely from multinational disinvestment.

The international companies, and US subsidiaries in particular, are under severe pressure to pull out. But most of their brands on the local market will almost certainly continue to be made here under licence.

The rush began last October when US giant Baxter-Travenol sold 40% of its share in Sabax-Keargrams to Adcock-Ingram for R22m. At that price it was considered a steal.

If multinationals follow Kodak and withdraw all their products from SA, it could be more of a problem. But Adcock MD Norman Nossel sees this as unlikely.

As he says: "No morality could be claimed if medicines were no longer available to the 70% of the population that the protagonists of disinvestment claim to be helping.

"It's a very competitive market and most decisions to disinvest tend to be made for financial reasons."

SA Druggists deputy MD Antony Karis points out that medical products have been excluded from sanctions so far. For example, even Danish-owned Nova has been allowed to continue operations in SA. All the same, Karis says that although opinions differ, the general view is that disinvestment will be extensive, leaving local companies with a great opportunity to pick up contracts.

Noristan would also be in a strong position to benefit from foreign pull-outs, although MD Hugo Snyckers agrees that disinvestment will be bad for the country in the long term.

This year Noristan's turnover increased considerably — from R31,8m to R37,2m. Operating profits rose from R3,9m to R5,3m and net profit from R268 000 to R1,4m.

To Page 2

be taken against the miners."

last

Aussie bans on SA piling up

AUSTRALIA is to ban all SA coal, iron, steel and agricultural imports from June 1, 1987.

The ban, under an agreement reached by Commonwealth leaders, follows an earlier announcement that Australia would sever air links between the two countries.

The move affects about US$20m worth of trade each year.

SA export sources said the amounts involved were small and would not affect the country's export figures unduly.

Coal industry observers said the amount of coal exported to Australia was virtually nil.

A spokesman for Iscor said last night the move wasn't unexpected. "It's been on the cards under the Commonwealth package."

An Australian government spokesman said the action was being taken as a moral and political imperative in protest at apartheid policies.

Canberra is also planning action against SA tourism promotion.

Honeywell selling out

HONEYWELL, the giant US electronics corporation, is to sell its South African subsidiary to local company Murray & Roberts.

A statement yesterday said Honeywell had reached agreement with Murray & Roberts to transfer ownership to M & R Technologies, formerly Westinghouse Bellambie.

Neither side would put a value on the deal or discuss details.

Honeywell admitted to *Business Day* in October it was engaged in talks with a South African company wanting to buy its 100%-owned subsidiary. The admission came in the same week IBM and General Motors confirmed they were pulling out of SA.

Markos Tambakeras, MD of Honeywell SA, said last night: "We have been talking to Murray & Roberts on and off for the past two years, since the initial approach came from them. We started talking again about three months ago."

M & R Technologies' main business is the supply of railway signalling equipment. Honeywell's SA operation, specialising in industrial process control, will permit M & R to significantly expand its activities.

DAVID FURLONGER
Industrial Editor

"Honeywell will allow it to get into hi-tech industry, so there are excellent prospects for expansion," a M & R spokesman said.

In terms of the deal, M & R Technologies will continue supplying Honeywell products in SA under the Honeywell name.

"Honeywell products will continue to be supplied and marketed," Tambakeras said.

"Our main objective during these negotiations has been to secure ongoing support for Honeywell customers from a major SA industrial group, while at the same time protecting the interests of our employees. We believe this transaction will accomplish both objectives."

According to the Investor Responsibility Research Centre in the United States, Honeywell has assets of less than $46m in SA. Its SA sales in 1984 were worth about R61m.

The company employs 176 people. Tambakeras says he will be transferred out of the country by Honeywell but the remaining staff will all move to Murray & Roberts.

Carolling takes a turn for the wors

A WORTHY organisation, saddled with 400m of boerewors, is set to feed the hand that bites it tonight.

The 400m of succulent sausage was [illegible] eaten last

MICK COLLINS

sing-along.

The organisers will be taking the boerewors to the Steeldale Hypermar- [illegible]

are any leftovers.

Administrative director Anthony Cosgrave says that, at R1,50 a hot dog, everyone will get jumbo-sized helpings.

Aussie Govt stand against S A tours

Marshall Wilson

MELBOURNE—The Australian Government is to put pressure on the Rugby Football Union against accepting invitations, official or unofficial, for its players to tour South Africa.

In Parliament this week, Senator Gareth Evans said it was clear the sports boycott had achieved considerable success in isolating Pretoria. .

He said the continuing unrest there 'should serve to convince Australian sportsmen of the need for that pressure to be maintained to assist the process of change in South Africa'.

He was answering a question by Senator Kerry Sibraa (Labour New South Wales), who asked if the Minister was aware that Wallaby rugby captain Andrew Slack was in South Africa, 'apparently trying to arrange an official or rebel tour'.

'Warning'

Senator Evans, representing the Minister for Foreign Affairs, confirmed that he was aware Slack was in the Republic, but said he believed it was a private visit.

But he said the Australian Labour Party was 'completely opposed' to a Wallaby tour.

'The Government will discourage strongly the ARFU from accepting such invitations.'

Senator Evans said the experience of Kim Hughes's rebel Australian cricketers should serve as a warning to sportsmen that 'the South African Government will use any sporting visit to that country for its own political ends'.

Slack and Wallaby coach Alan Jones are both aware of the immense damage an unsanctioned tour would do to rugby in Australia. Both are keen to reintroduce official tours between the countries to assist in the breakdown of apartheid.

Slack and Jones had a meeting with Foreign Minister Bill Hayden and Sports Minister John Brown two weeks ago at which the tour issue was raised.

It is understood that a second meeting has been set for February, immediately after the ARFU's next executive meeting.

Sanctions move to back burner

LONDON — The campaign for tighter European sanctions against SA has run out of steam and is unlikely even to surface at the 12-nation European summit which opens in London today.

SA — which dominated the European Community (EC) agenda for the first three months of the British presidency from June — has become almost a non-issue in the closing weeks of Britain's term.

Prime Minister Margaret Thatcher believes her reservations about sanctions have been confirmed by Pretoria's reaction of going into the laager and arresting the reform process.

Discussion on SA, if it takes place at all, is likely to centre on the instransigent mood of government, the limited leverage of a business community having to grapple with the effects of sanctions, and the apparrent determination to stamp out all opposition to the apartheid system, particularly among liberal whites.

5/12/86

Groups praise clamps

A COMMITTEE of Eastern Transvaal businessmen will call on government not to lift the state of emergency which, it says, has brought "peace and stability" to Lowveld townships.

It will also send letters of appreciation to Western leaders who opposed sanctions against SA and letters to the US House of Representatives and Senate denouncing their decisions on sanctions.

This was decided unanimously at a meeting of the committee of the Afrikaanse Sakekamer of Nelspruit and the Mashimbane Eastern Transvaal Chamber of Commerce.

Of the emergency, the committee said: "Not only has it created a safe environment for the individual where he may come and go as he pleases, but (it) has enabled businessmen in the area to go about trading normally.

"Black members of the committee pointed out that the public once again go about their family life quite freely, and that the state of emergency seems removed from their day to day existence."

Delegates from the Defence Force and the police, who attended the meeting at the request of black committee members, were "thanked for their support in the black townships".

The committee said that due to their presence, business proceeded normally and consumer boycotts "were effectively crippled".

It said: "There are indications that the black community is becoming increasingly opposed to radical elements preventing them from continuing their normal daily lives." — Sapa.

EC still haggling on SA coal ban

LONDON — European governments have not yet agreed to extend sanctions against South Africa and after their two-day meeting starting here today are expected to report "no change".

British diplomatic sources said no agreement had been reached about adding a ban on coal imports to sanctions agreed to by the 12 European Community governments in Brussels in September.

Then the 12 agreed to ban South African iron, steel and gold coins but West Germany and Portugal held out against barring coal, which earns South African about R2,3 billion a year.

MAIN SUPPORTERS

Britain, current president of the EC, was told in Brussels to seek agreement on a coal embargo.

The Netherlands and Scandinavian countries were the main supporters of extended sanctions but sources here said there was no change in the West German and Portuguese stand on coal.

The heads of government meeting starting today will deal mainly with EC business. South Africa is well down the agenda among "regional issues" which cover most of the world.

On November 10 EC foreign ministers met in London and considered the coal ban but agreement was not reached and it seemed further sanctions would be postponed indefinitely. — Sapa.

Move 'a moral imperative'

R47-m in exports will be lost to SA by Australian ban

The Star's Foreign News Service

MELBOURNE — Imports valued at up to R47 million will be affected by the Australian Government's ban announced yesterday on imports of coal, iron, steel and agricultural products from South Africa.

The ban will come into force on June 1, giving importers time to make adjustments.

This latest move to force dismantling of apartheid followed the announcement on October 31 of a ban on air links with South Africa and the withdrawal on November 19 of facilities to issue visas.

The Minister for Foreign Affairs, Mr Bill Hayden, who outlined the ban, admitted there would be costs to Australia.

"However, action against South Africa is a moral and political imperative," he said.

But the federal opposition criticised the decision, declaring that the bans would hurt Australia, possibly provoke retaliation against Australian exports and were likely to be ineffective.

UN wants SA excluded from Antarc

NEW YORK — The United Nations General Assembly yesterday appealed to the decision-making members of the 1959 Antarctic Treaty to exclude South Africa from their meetings.

The vote on the resolution, recommended last month by the assembly's main political committee, was 119 in favour and none against, with eight abstentions.

Twenty-five countries, including many of the treaty's 18 decision-making members and 14 non-decision-makers, announced they would not take part in the vote.

This reflected their unhappiness over any UN discussion of the treaty and the taking of decisions by voting, instead of by consensus.

The treaty, whose members include the United States and the Soviet Union as well as South Africa, aims at preserving Antarctica for scientific research and other purely peaceful purposes, while shelving claims by seven of them to parts of the continent.

Pancreas patient rejects organ

CAPE TOWN — Miss Marinda Myburgh (23), the first person in the southern hemisphere to have a pancreas transplant, is in an "unsatisfactory but stable" condition in Tygerberg Hospital after her body rejected the latest pancreas.

Miss Myburgh's physician, Dr Don du Toit, said if the organ had to be removed, Marinda would have to rely again on daily doses of insulin. — Sapa.

Hedgehogs 'want game'

The Star Bureau

LONDON — The visiting Cape Town University rugby team, the Hedgehogs, are still looking for matches to play in England, according to David Frost of the *Guardian*.

Frost reports today that despite the cancellations because of pressure from the British Government and fears of anti-apartheid demonstrations, the team approached Canterbury asking if they would play a substitute match.

The Canterbury committee was divided, but in the end turned down the request.

"It would have been too much of a problem, especially in a university town," secretary Mr Steve Uglow is quoted as saying.

"Personally, I would not have stayed with the club if they had played the Hedgehogs."

ting of apartheid followed [illegible] Transvaal other pending a Bloem-
nouncement on October 31 of a ban on and were likely to be ineffective. Picture: Herbert Mabuza

UN wants SA excluded from Antarctic Treaty

NEW YORK — The United Nations General Assembly yesterday appealed to the decision-making members of the 1959 Antarctic Treaty to exclude South Africa from their meetings.

The vote on the resolution, recommended last month by the assembly's main political committee, was 119 in favour and none against, with eight abstentions.

Twenty-five countries, including many of the treaty's 18 decision-making members and 14 non-decision-makers, announced they would not take part in the vote.

This reflected their unhappiness over any UN discussion of the treaty and the taking of decisions by voting, instead of by consensus.

The treaty, whose members include the United States and the Soviet Union as well as South Africa, aims at preserving Antarctica for scientific research and other purely peaceful purposes, while shelving claims by seven of them to parts of the continent. All treaty decisions are taken by consensus.

The UN has debated Antarctica annually since 1983, mainly at the initiative of various developing countries, who say the entire international community should have a voice in decisions about the region and its possible mineral resources. — Sapa-Reuter.

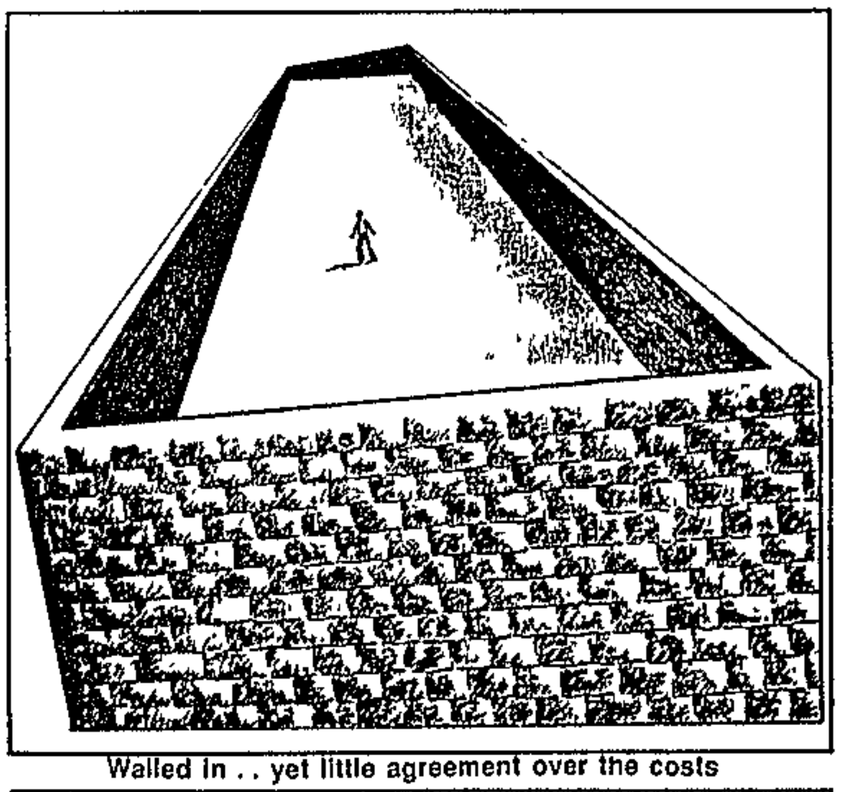
Pancreas patient rejects organ

Hedgehogs 'want game'

THE ECONOMY

Can the US calculate the arithmetic of sanctions?

Now that the US has, for good or ill, committed itself to sanctions, it faces a further problem: How does Congress measure whether sanctions are actually having the desired effect? By WILLIAM MINTER, a contributing editor of the American journal Foreign Policy



Walled in . . yet little agreement over the costs

SANCTIONS are no longer simply a hypothetical option, but the centrepiece of United States policy toward South Africa — and they will be judged according to results.

So far, the USA is off to a discouraging start. The various sides of the sanctions debate have rarely acknowledged the wide variety of sanctions that can be imposed They seem unaware that sanctions can seek many different objectives and achieve many different results.

Most important, the views of both sides reflect hidden assumptions that are at best highly dubious Although many vehemently deny it, most sanctions opponents believe the South African government either should, or will, survive indefinitely to preside over needed change.

Many supporters of limited sanctions seem confident that partial measures will persuade Pretoria not only to abolish the apartheid philosophy of rigid racial separation, but also to voluntarily dismantle white privilege. And some supporters of comprehensive sanctions often appear certain that such measures can produce dramatic results quickly

Thus the US can expect the new sanctions debate to be dominated by the slogans and half-truths that have filled the air so far — especially opponents' assertions that sanctions never work and that sanctions and diplomacy are mutually exclusive

But a look at what is known about the history of economic sanctions and about South Africa's politics, economy, and society produces some surprising conclusions First, sanctions have achieved important successes in various situations. Second, comprehensive sanctions stand a good chance of encouraging fundamental change in South Africa — though not right away

Moreover unless Americans want to go to war against apartheid, such sanctions represent the only hope of bringing the apartheid regime to the negotiating table. Third, in the short term, tough sanctions will indeed hurt black South Africans, but they probably will hurt whites more And the costs to the black population will be far outweighed by the long-term gains

The two weightiest academic analyses of sanctions in recent years — the Columbia University political scientist David Baldwin's subtly argued *Economic Statecraft* and a massive study by the Washington-based Institute of International Economics (IIE) — both conclude that sanctions sometimes work and sometimes do not.

Baldwin notes that previous studies tended to consider sanctions a success only if they worked immediately and directly achieved their announced goal These studies neglected indirect effects, the long-term toll, and the fact that the stated objective might not be the only or even the most important one.

Measured by such standards, almost any kind of political action — war, diplomacy, foreign aid, propaganda — can be labelled a failure. Yet, if judged realistically — in terms of making a significant contribution to certain goals — sanctions probably have as good a record as any alternative strategy.

The IIE study, for example, cites a 36 percent success rate for 103 cases studied, including Chile, Rhodesia (now Zimbabwe), Uganda, and Iran

Opponents of South Africa sanctions like to argue that sanctions failed in Rhodesia But in the long run sanctions exacted major economic costs and represented a constant drain on the white government — especially after the rise of oil prices and the escalation of guerrilla warfare in the Seventies. According to white business leaders, sanctions did indeed bite, and hampered the counterinsurgency Moreover, these measures signalled the regime's moral isolation, giving legitimacy and encouragement to its opponents

Disentangling the political effects of economic sanctions is highly complicated. Economic projections of any kind are uncertain enough. In general, however, analysts tend to underestimate the effects of sanctions by concentrating on symbolic short-term, rather than substantive long-term consequences and by stressing the isolated effects of single measures rather than cumulative impact

The stress on the short term is congenial to sanctions advocates, who want a quick solution and who have an interest in short-term results, as well as to opponents, eager to debunk the whole idea as soon as possible.

The South African economy has substantial short-term resilience. Additionally, even comprehensive measures adopted under mandatory United Nations' provisions and implemented by South Africa's major trading partners would be subject to leakage.

The world market price of South Africa's major exports — gold, platinum, and diamonds — would probably increase, providing extra revenues to cover the costs of evading sanctions The more likely scenario of partial sanctions adopted step by step, reluctantly, with delays and deliberate loopholes, provides even more leeway for evasion and compensatory action

But the record shows that for the near future there is no alternative way, short of Western military action, to induce the apartheid regime to negotiate its surrender Partly because important short-term results are so improbable, many sanctions proponents have understandably stressed the symbolic benefits of economic pressure Symbolism, however, has its limits.

Genuine despair — and crocodile tears — over the gloomy short-term outlook for sanctions have caused some to place their hopes in negotiations instead.

But even though comprehensive sanctions are indeed likely to provoke short-term defiance, the dichotomy set up in the South African case between sanctions and negotiations is false It wrongly implies that the parties are close to conceding the essential points in dispute.

In South Africa today the basic will to reach a solution is missing, and talk about negotiations has become in effect a ploy to fend off the escalation of pressure while the conflict continues to escalate.

Negotiations will be essential at some stage. But only after the government is weakened by various factors — sanctions, internal strife, boycotts and strikes — is it likely to begin serious bargaining. Today, the time for negotiations may be nearer than it was two years ago, but it is not yet imminent. Without comprehensive sanctions, the time is likely to be pushed back further, as the bitter toll of violence mounts.

Sanctions opponents frequently insist that such measures are sure to hurt blacks, whether they are South Africans left unemployed as foreign companies pull out, or the populations of neighbouring countries hit by spin-off effects and South African retaliation.

Yet the disagreement over the impact of sanctions rests on distinctions between short- and long-term effects. Sanctions supporters rarely contest predictions of short-term hardships, but counter that blacks will accept temporary suffering to bring an end to their long-term misery.

But even in the medium term, the consequences of sanctions for blacks are not as clear as is commonly assumed. Moreover, the militant black trade union movement is on the offensive despite high unemployment, while white dominated unions are losing influence. And the luxury in which the white business and professional classes live gives ample scope for reductions in living standards. Proportionately, it is they who may be hurt most by sanctions.

Pressures can ease 'if Govt says yes'

By Neil Behrmann,
The Star Bureau

LONDON — Government acceptance of a multi-racial Natal government would stall, if not reverse, disinvestment in South Africa, say business analysts

The international media has been sympathetic towards the kwaZulu/Natal option, they say, and any far-sighted government move would reduce pressures on companies to withdraw from South Africa.

A *New York Times* editorial sums up this view: "The hope was to establish a new political region under a non-racial constitution, capped with a Bill of Rights."

BANKRUPT SYSTEM

"...the gods must be crazy in Pretoria," said the editorial. The rejection of the option, it said, followed Barclays' decision to withdraw.

"The bank concluded that the Botha regime was a poor risk, incapable of running away from a bankrupt political system — a leadership frightened that even a limited experiment in multi-racial rule will not end pressure of sanctions or isolation in an uncomprehending world."

Disinvestment, already serious, has become a lively topic of discussion in the boardrooms of Europe's top companies, says a front page report of the *Wall Street Journal*, the most widely distributed international business newspaper.

TIP THE BALANCE

Barclays' decision to disinvest, says the newspaper, "may tip the balance for companies that have stayed in South Africa in the hope of helping end apartheid, while wishing they could find an excuse to get out".

Quoting one source, the newspaper reported: "Many are going to think, thank God Barclays have done it ... Barclays have made their choice, that staying is no longer essential to their concept of social responsibility."

Said another: "We are under pressure. Everyone is. How much time can a company give to South Africa before you say, look, is it bloody well worth it?

"We accept in principle that the time may come when we have to act."

Revlon joins exodus from SA

NEW YORK — United States cosmetics giant Revlon and computer company Honeywell today became the latest foreign companies to announce they would leave South Africa.

Revlon employs about 300 people in the Republic, making hair care products, a spokesman for the company said.

Revlon said it planned to sell its SA subsidiary as soon as possible, not later than the end of next year.

Revlon said its board authorised the move due to the "uncertainty in the economic and political" situation in SA and the Government's lack of progress in dismantling apartheid.

Honeywell said it sold its SA affiliate to a Johannesburg-based construction and engineering firm, Murray and Roberts, on undisclosed terms.

The list of major international firms leaving South Africa has grown steadily. Eastman Kodak, General Motors and IBM have announced plans to wind up their operations in SA.

Honeywell employs 175 people in SA in an operation which represents less than 1% of the company's worldwide revenues of $6,6 billion (R13,2 billion).

Revlon, which is controlled by New York financier Mr Ronald Perelman, will not disclose its revenues from SA, the spokesman said.

But it is known the company posted total revenue of $1,24 billion (R2,4 billion) in the nine months ended September.

The Johannesburg unit's annual sales are believed to be less than $20 million (R40 million).

The announcement came soon after Operation Push, a civil rights group headed by the Rev Jesse Jackson, said it was stepping up its boycott of Revlon cosmetic products because of the company's SA.

At the news conference in Chicago at which he announced expansion of the boycott against Revlon products, Mr Jackson said civil rights and church groups in 30 US cities had agreed to support the boycott and demand that the company hire and deal with more blacks and minorities. — Sapa-AP

Revlon, Honeywell cut ties with SA

NEW YORK — United States cosmetics giant Revlon and the Honeywell computer company yesterday announced they would pull out of South Africa.

Revlon said it planned to sell its South African subsidiary as soon as possible — not later than the end of next year.

The company said its board authorised the move due to the "uncertainty in the economic and political" situation in South Africa and the Government's lack of progress in dismantling apartheid.

Honeywell said it had sold its South African affiliate to a Johannesburg-based construction and engineering firm, Murray and Roberts, on undisclosed terms.

Honeywell employs 175 people in South Africa in an operation which represents less than one percent of the company's worldwide revenues of $6,6 billion.

Revlon, which is controlled by New York financier Ronald Perelman, will not disclose its revenues from South Africa, the spokesman said.

The list of major international firms leaving South Africa has grown steadily. Eastman Kodak, General Motors and IBM have announced plans to wind up their operations in the country. — Sapa-Reuter.

Aussies ban $20m imports

CANBERRA — Australia yesterday announced a ban on more than 20 million US dollars worth of coal, iron, steel and agricultural imports from South Africa under an agreement reached by Commonwealth leaders earlier this year.

The latest measures will come into force from June 1 next year to allow importers time to make necessary adjustments, a government statement said.

The ban follows the Canberra Government's recent announcement that it would next year close air links with South Africa as part of a package of sanctions.

The Labour Prime Minister, Mr Bob Hawke, agreed on the limited economic sanctions with five other Commonwealth countries after efforts failed to get Pretoria to negotiate an end to apartheid.

Arrangements to implement measures relating to tourism promotion were being finalised, it said. — Sapa-RNS

Pull-out plans announced by 2 more firms

IRVINE (California) — Another two major United States companies, Fluor and Revlon, have arranged to pull out of South Africa.

Fluor Corporation yesterday announced that it has divested its South African operations, selling 100 per cent of the assets to an independent trust. Under the trust's ownership, operations will be directed by current local management, enabling continued employment for the racially integrated work force, Fluor said.

In a statement released in Johannesburg yesterday, the chairman and chief executive officer of Fluor, Mr David Tappan, said: "This divestiture ensures that clients in South Africa will continue to receive the high-quality engineering and construction services the company has provided to them for the past 25 years

"The management of Fluor believes that the enactment of sanctions and the departure of American companies are not an effective way to hasten an end to apartheid We have reached the point, however, where an orderly transfer of ownership is in the best interests of the corporation, its employees, shareholders and clients."

Fluor has retained a repurchase option.

Fluor said the sale would have no material impact on the corporation's financial results

Fluor is an engineering, construction and natural-resources management company.

The Revlon beauty products group is selling its operations in South Africa for economic as much as political reasons, a senior manager with the company said unofficially yesterday.

No official comment could be obtained from the South African operation as the chief executive was unavailable at the time

A statement from New York said. "Revlon will be terminating its involvement in South Africa through the sale of its subsidiary there by the end of 1987"

The announcement came the same day that Operation Push, a civil rights group headed by the Reverend Jesse Jackson, said it was stepping up its boycott of Revlon cosmetic products because of the company's South African holdings. — Sapa-AP

SA coal imports ban blocked

LONDON — West Germany and Portugal have maintained opposition to further European Economic Community (EEC) sanctions against South Africa, blocking a proposed ban on coal imports agreed in principle six months ago.

EEC diplomats said today Denmark and The Netherlands had called on an EEC summit here to follow up the decision to impose limited economic sanctions against Pretoria.

The 12 leaders agreed at their June summit on a yearly package of sanctions if Pretoria failed to dismantle apartheid.

But West Germany and Portugal refused to back the coal move, arguing it was likely to harm black workers — Sapa-Reuter

U.S. split on S Africa

By PATRICIA CHENEY
Washington

THE US State Department this week fought to wrest back control of Southern Africa policy from a sanctions-hungry Congress.

But the fight is being complicated by differences of opinion between State Department quarters wanting a tough line on South Africa and the White House, which favours a softer approach.

On Thursday, Secretary of State George Shultz delivered an even-handed speech on South Africa despite strong pressures from within the State Department for a no-nonsense stand against Pretoria.

The effort, two months after the Republican-controlled Senate soundly rejected administration policy by passing a sanctions package, clearly shows the State Department's determination to stick with its original policy, albeit within the sanctions straitjacket

According to a department official, the speech was originally to be delivered by Mr Shultz on his planned trip to Africa, but officials believed that although the trip was postponed it was still necessary for the Secretary to address the subject.

Unwarranted

Sources said the State Department had meant the speech to be much harder in tone, but that White House objections had led to a "watered-down version" A department official said the first draft was "sharper" in detail

In this week's address, Mr Shultz also gave strong support to US companies still in South Africa

"Attacks on American corporate involvement in South Africa are both ironic and unwarranted because American business has been a force for promoting inter-racial decency and equality," he said.

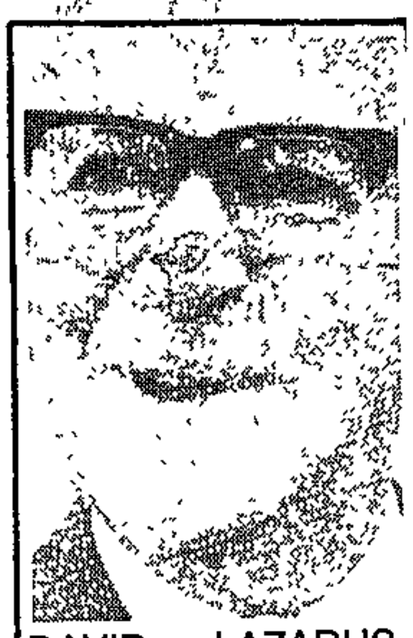
The Secretary also endorsed the draft constitution agreed on at Natal's Indaba

Department sources said that Mr Armacost, the under-Secretary of State, would visit Southern Africa to meet new Mozambican President Joaquim Chissano, and to seek new support for US policy from other frontline leaders. It is, however, unlikely he will visit South Africa

Disinvesting from SA is morally wrong

DD 8/12/86

280



DAVID LAZARUS, former Mayor of East London, city councillor and Member of the Provincial Council, gives his views on the sanctions issue.

In the light of the US imposition of sanctions on South Africa, it is interesting to recall the visit to South Africa in 1979 of Mr John Connally, a former United States Secretary of the Treasury and Governor of Texas, who criticised American policy towards South Africa and Rhodesia, saying it was unwise and not in America's interests.

He also announced that he was a candidate for the presidency in the following year's election.

In South Africa, he indicated that he believed in seeing and discussing before talking. And just before he left South Africa for the United States, Mr Connally said "I don't think the situtation here is understood by anyone in our country, in or out of government who has never been here."

"Without that knowledge," he said, "their judgment is obviously impaired." So, he came to look for himself ... to have a look at a country ... and sub-continent ... which he believed "obviously plays a part in the policies of the United States and which is going to become more and more important to the United States and its foreign policy directions."

Mr Connally made these points:

He was "unprepared for the significant structural changes which have been made in South and South West Africa";

He "totally" disagrees with the current ultra-liberal campaign for disinvestment in South Africa; and

He "does not believe that the Carter administration or anyone else in America regards white South Africa as expendable".

He did not minimise the difficulties ahead for South Africa. But what was significant about his views was his stressing that these difficulties be dealt with by South Africans themselves. "It is your country," he said, "your past and your future which you will have to devise yourselves. Don't worry so much about pleasing others, do right by yourself, your own system and your own country: then you can hold your head high and need apologise to no-one."

How pertinent are these sentiments expressed seven years ago!

Mr Gavin Relly, chairman of Anglo American Corporation in an address given to the South Africa-British Trade Association on "The Perversity of Sanctions" said inter-alia:

"While the short-term effects of sanctions still remain the subject of debate, over the longer term there can be no doubt that their effect will serve simply to debilitate an economy that is already failing to cope with the socio-economic demands of its people. Increasingly, faced with the resilience and defiance which inevitably have been invoked among many South Africans, more and more informed proponents of sanctions acknowledge that their campaign will tend to become a long-term war of attrition with a clear conclusion doubtful and indeterminate.

"Their sanctimonious policy aspires to pursue two conflicting approaches in mutual disharmony. One is consciously to encourage growing expectations among the disadvantaged people of South Africa while at the same time to promote policies which help to erode the ability of this and any future government to meet these expectations.

"There is plenty of evidence to show that much of the turmoil we are currently experiencing has its origins in socio-economic deprivation. But helping to impoverish this country will only doom it to an increased cycle of violence and unrest with the result that the achievement of a more just and equitable society will become an ever more elusive goal."

The unreasoning and vexatious decision of 166 companies to disinvest, will create more and more hardship, poverty and suffering and increase the ever mounting figures of unemployed.

That which is morally wrong, cannot be physically right.

Harare oil firms 'seek SA aid'

HARARE — Zimbabwean oil companies have asked their SA counterparts to supply 34 000 tons of petrol, aviation fuel and diesel to maintain essential deliveries in Zimbabwe over the next few weeks, the Zimbabwean *Financial Gazette* says.

It says shortages are feared if SA supplies do not arrive in time to meet an imminent upsurge in consumption because of increased travel over Christmas and peak activity on farms with the onset of the rain.

"The principal problem is not necessarily a national shortage of fuel, but the difficulty of moving supplies by rail from Faruka, the Beira pipeline terminus at Mutare.

"This is due to a shortage of locomotives (one-third of the National Railways of Zimbabwe's fleet is believed to be out of action because of a shortage of spare parts), and the limited capacity of the Mutare-to-Harare railway line," the newspaper says.

MICHAEL HARTNACK

By buying fuel from SA, trains hauling tanker cars can make deliveries at Bulawayo and in the Zimbabwean midlands en route to Harare, thus providing supplies at times of maximum use.

"While national fuel stocks are reasonable, problems are being experienced because of a reduced output on the pipeline from Beira to Mutari," the report said.

"There are six diesel generators situated along the 300km pipeline, supplying power to drive the pumps. Several are out of action and the pipeline's capacity has been considerably reduced."

Tanks at Beira are reported to be transferring fuel directly into the pipeline, so the ships' pumps boost the flow of fuel to Zimbabwe. But this is slowing the off-take and the unloading of tankers is taking considerably longer.

The *Financial Gazette* says there are at least two tankers now in Beira harbour, one of which is incurring demurrage charges as it waits to discharge its cargo.

The present tanker quay at the port has only one pipeline through which ships can offload fuel.

Revlon's pull-out not cosmetic

US COSMETICS giant Revlon has bowed to pressure and decided to pull out of SA.

Revlon said at the weekend it planned to sell its SA coterie as soon as possible — and not later than the end of next year.

The company's announcement has been welcomed by Operation PUSH, a civil-rights group headed by the Rev Jesse Jackson, which sees disinvestment as the essence of its operation and was due to step up its boycott of Revlon products.

Jackson recently sent Revlon an ultimatum and said civil-rights groups in 30 US cities felt the company should hire and deal with more blacks and minorities. He still had to be convinced the move was not merely cosmetic.

MICK COLLINS

Revlon said its board authorised the move because of the "uncertainty in the economic and political" situation and the SA government's tardiness in dismantling apartheid.

Revlon, which is on the crest of a wave, employs about 300 people in SA making various products for blacks and whites.

The company, controlled by New York financier Ronald Perelman, has repeatedly varnished over its revenues from SA but sources said they are thought to be in the region of US$20m.

The company posted total revenues of US$1,24bn in the nine months ended September.

Revlon also said it was reviewing hiring practices to "enhance" advancement opportunities for blacks and other minorities.

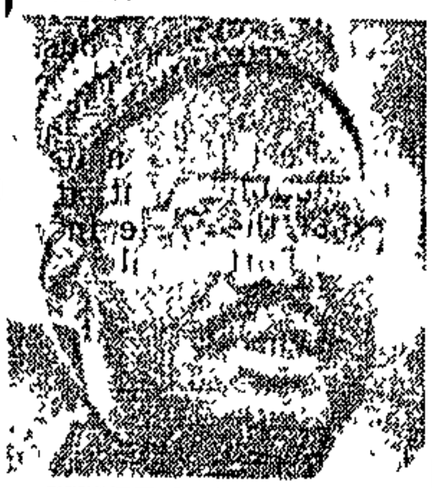
280
DD 9/12/86

Sanctions hurting workers, Buthelezi tells US

NEW YORK — United States sanctions against South Africa were hurting thousands of black South African workers, the Chief Minister of KwaZulu, Chief Mangosuthu Buthelezi, told Newsweek magazine in an interview published here.

Chief Buthelezi said the sanctions had increased unemployment in industries already hit by economic recession.

"Now even more people will be without work When I speak in the West against sanctions, I am the mouthpiece of my people, whom I consult by the tens of thousands, even in places like Soweto."



CHIEF BUTHELEZI

Chief Buthelezi said many of the black leaders who disagreed with his opposition to violence and sanctions were out of touch with events in South Africa.

"Some leaders of the ANC have been out of the country for 25 years. They and their families will not bear the consequences of sanctions."

He said peaceful change in South Africa was still possible.

Chief Buthelezi was interviewed during a tour of the United States, which included meetings with President Ronald Reagan and Vice-President George Bush.

Speaking yesterday in Vancouver, Canada, Chief Buthulezi said the West had the choice of either helping a new South Africa take its place in the democratic world, or place it on the road to chaos and devastation.

He appealed to Canada to help bring peace in his country by promoting reconciliation and not cutting off ties.

"Reject us now and watch, if you will, the devastation which a black scorched-earth policy confronting a white scorched-earth policy will produce," he told a meeting of Vancouver's Fraser Institute.

The Inkatha leader said he struggled for one South Africa, with a universal adult franchise in one sovereign Parliament and was totally opposed to any form of racist cornerstones in the law and constitution.

The Inkatha leader said President P. W. Botha had to now consider, possibly for the first time, whether to start real negotiations about power sharing.

Mr Botha might yet try to bluster his way through and bury his head in the sand and keep saying that his government was negotiating with blacks. But the fact remained that his proposed programme of reform through the National Council would come to nothing without black involvement.

Chief Buthelezi again stressed that he would not enter this council unless black democracy was "unshackled" by the release of Mr Nelson Mandela, Mr Zeph Mothopeng and other political prisoners. — Sapa-RNS

The Star Tuesday December 9 1986

Pull-outs from SA 'hampering reform process'

The Star Bureau

LONDON — Britain's anti-sanctions pressure group, the British Industry Committee on South Africa (Bicsa), has accused companies which have pulled out of South Africa of hampering the reform process.

The Bicsa statement follows the announcement of Barclays' sell-out plan and promises from anti-apartheid activists to step up their campaign against other South Africa-linked companies.

Business influence

In a letter to *The Times* newspaper today, Mr Nicholas Mitchell, director-general of Bicsa, says: "The considerable success of the business community in influencing the (South African) government to introduce reform has been hampered, but not stopped, by the regrettable action of some companies who have withdrawn from South Africa."

He was replying to a letter a few days ago from Lord Campbell of Eskan, the great-grandson of the first Barclays chairman. Lord Campbell, who, as managing director, ordered Booker McConnell's withdrawal from South Africa, said the root of the decision by companies to pull out was that "one is not prepared to make money, anywhere, out of inhuman employment conditions".

In his letter, Mr Mitchell says: "If Lord Campbell's actions were motivated by a wish to advance the cause of non-white South Africans, he would have been better advised to persuade his board to raise the standard of his company's employment practices to the very high standards maintained by the great majority of UK companies with interests in South Africa.

"He might then, like other British companies, have progressed further to spend a significant proportion of profits on social development and black advancement.

"If he had acted with this measure of courage, he would have been one of the powerful voices for change and evolution to a fair, non-racial society."

Sanctions erode US influence, says Nickel

The Star Bureau

WASHINGTON — Economic sanctions have substantially reduced American influence in South Africa just when the situation in the country and the region threatened to become more critical, former United States Ambassador Mr Herman Nickel wrote in the *New York Times* this week.

"With sanctions legislation reinforcing market uncertainty about South Africa's future, the exodus of leading American companies has further eroded American influence," he said.

"Now, however, one hears less rejoicing by disinvestment advocates like Archbishop Desmond M Tutu and the Rev Allan Boesak and more concern about the future from among the black workers of General Motors and other companies."

Mr Nickel said the United States need not be condemned to inactivity.

He suggested that sections of the American sanctions law — the Anti-Apartheid Act of 1986 — that emphasised a desire for a negotiated settlement rather than revolution and for a new democratic constitution rather than a repressive system could serve as an antidote.

"The United States could go one step further now by encouraging our major allies to join us in a common declaration that goes beyond the condemnation of apartheid and endorses a negotiation process."

Americans should make clear their opposition to repression and revolution that would not only trample democratic rights but also devastate the country and the region.

And they should leave no doubt that they wanted South Africans themselves to negotiate a system that would protect the rights of all.

American allies, under pressure to take a stand, should be receptive to such an approach, he said, and the next economic summit meeting — to be held in Italy — would be a suitable occasion.

Mr Nickel warned that winner-take-all schemes were prescriptions for continued repression and strife in South Africa.

American leverage had been reduced and the South African Cabinet no longer considered what was known as the "American factor".

Sanctions, Mr Nickel said, would have an effect on next year's national elections where the theme would not be reform but a need for whites to stand together — a need that had turned the previously adversarial relationship between Government and business into a co-operative one.

The United States had a moral and political interest in seeking a democratic solution in South Africa.

"If at the moment we cannot do more to bring it about, at the very least we should counter false notions that militate against it."

D & B silent on pull-out

WASHINGTON — Dun & Bradstreet (D & B), which owns A C Nielsen, SA's largest market research company, yesterday declined to confirm widespread rumours of its imminent departure from SA.

The firm's communications vice-president, George Jurkowich, said: "We have no such announcement to make. But clearly SA is a country requiring every company there to take a look at its situation."

Jurkowich said his company was under pressure from New York City, where

SIMON BARBER and Industry Reporter

it is based, and other municipal clients which had laws that restricted or denied contracts to firms with SA operations.

He said: "We provide credit rating services for a number of cities and municipalities and those laws and ordinances do affect our ability to do business."

D & B, which has been involved with SA for 85 years, has three SA subsidiaries: A C Nielsen, D & B Pty Ltd, which

● To Page 3

D & B silent on pull-out

● From Page 1

provides credit research and McCormack & Dodge, which sells and services mainframe computer software.

Jurkowich said the three companies employed "just under 900 people" and that their profits, revenue and assets were "less than 1%" of the company's worldwide totals.

Local officials of D & B and McCormack & Dodge said yesterday they were unaware of any moves. An A C Nielsen spokesman said the company would definitely continue to operate in SA.

Business Day understands a delegation from D & B in New York is flying to Johannesburg next week for talks. Jurkowich declined to confirm or deny if such a trip was planned.

US sources said D & B had been the target of a heated disinvestment campaign from anti-apartheid groups.

The SA subsidiaries said they were unaware of any impending disinvestment move from the US but said such a plan could be implemented from New York at short notice.

It is understood D & B will either disinvest from all three companies or not at all.

Reliable sources said A C Nielsen had been informing major SA clients that a pull-out was on the cards.

But A C Nielsen MD Patrick McHarry denied it, saying: "The A C Nielsen operation will, without question, continue in SA."

Jobs and Sasol links unaffected

Business as usual despite Fluor's pullout decision

HAMISH McINDOE

MAINTENANCE of Sasol's synfuel plants will not be disrupted by the Fluor Corporation's decision to leave SA.

The California-based petro-chemicals and engineering multinational, which designed and built Sasol 2 and 3, has finalised the sale of its SA assets for an undisclosed amount to a corporate trust company in Europe.

Fluor (SA) MD Ron Dean said yesterday none of the company's 1 850 jobs would be lost in the ownership change.

Heavy shareholder pressure in the US and the recent loss of at least two municipal contracts in Los Angeles because of the corporation's SA links are believed to be the main factors behind the withdrawal.

But Dean said clients and staff had become increasingly worried over Fluor's ability to stay in SA after a run of big US corporate pull-outs.

He dismissed suggestions that Fluor's dealings with government agencies, such as Sasol, had forced the US parent to disinvest.

Sasol said it regretted Fluor's decision, but that the move was not expected to affect Fluor's involvement in future Sasol projects.

Formal ties with the US parent would be cut, but "services can still be procured, and there will be support on technical agreements", said operations director Peter Down.

About 100 Fluor staff maintain Sasol 2 and 3 at Secunda, while 150 staff help to man Sasolburg.

The company, rated as SA's biggest contracting house for engineering and construction projects, also has strong ties with Escom and the mining houses.

Adding weight to the company's business-as-usual stance is the disclosure that it will continue operating under the Fluor name.

Down said: "This was a key issue in the negotiations and they agreed we could still use the company's name."

Less than half of one percent of the corporation's total turnover and revenue come from its SA operation.

Publishers, chemical group join SA exodus

American publishers Dun and Bradstreet and the British industrial chemicals group Allied Colloids are the latest companies to announce they are pulling out of South Africa.

Dun and Bradstreet said in a statement yesterday it would sell its South African businesses, which employ about 900 people and account for less than one percent of its overall sales, to South African owners, including its local managers.

The company said the sale had already begun and was expected to be completed within six weeks.

The businesses are Dun and Bradstreet (Pty) Ltd, A C Nielsen Co (Pty) Ltd and McCormack and Dodge SA (Pty) Ltd.

Dun and Bradstreet said it had taken the decision because of South Africa's apartheid policy which had affected the company's ability to serve its customers worldwide.

The New York-based company's interests include the publishing of Yellow Pages telephone directories, Moody's Investors Service and the A C Nielsen market research group.

NEGOTIATIONS

Other American companies which have withdrawn from South Africa this year include Coca Cola, General Motors, IBM, Honeywell and Revlon.

Allied Colloids said yesterday that it had begun negotiations to sell its 100 percent-owned South African subsidiary — Allied Colloids (SA) — to the South African company Speciality Chemicals.

Spokesmen for the Cleckheaton-based group would not be drawn on the price it hoped to get, but stressed that its profit, before tax, represented less than five percent of the group's profit for the year ending March 29 1986 of £19,5 million.

Mr Gordon Senior, the group's finance director, said the South African political situation had been a factor in deciding to sell.

"We had an offer from Speciality Chemicals and, bearing in mind the ramifications, we thought it was an opportune time," he said. — Sapa-Reuter, The Star Bureau, London.

Is the writing on the wall for A C Nielsen in SA?

Industry Reporter

A C NIELSEN, SA's largest market-research firm, has informed two of its main clients that its US parent company, Dun & Bradstreet (D & B), is to disinvest.

Nielsen has assured clients it will continue to operate in SA under new ownership, reliable sources say.

The prospective buyers are unknown, but *Business Day* understands a management buy-out is being studied.

Nielsen's MD in SA, Patrick McHarry, who on Monday denied that any clients had been advised of a pull-out, was unavailable for comment yesterday.

A D&B spokesman in New York said the firm has no announcement to make concerning disinvestment plans. "But clearly SA is a country requiring every company there to take a look at its situation," said communications vice-president George Jurkowich.

D & B, which has operated in SA for 85 years, has two other SA subsidiaries: D & B Pty, a credit reference company, and McCormack & Dodge, which sells and services mainframe computer software.

New York sources say if D & B is to appease activists , it must sell off all three subsidiaries.

Together they have about 900 employees and represent less than 1% of D&B's worldwide totals.

The local management of AC Nielsen, D&B, and M&D were aware of strong pressures on their parent company to disinvest. But they had not been informed of any definite plans.

Nielsen's SA operation has an annual turnover of R13-14m and employs 430 people. South Africa represents 2% of Nielsen's global business.

R1bn divested in 50 days

FOREIGN companies divested more than R1bn in their SA-held interests over the past 50 days — the severest run of corporate pull-outs this year.

The known cost of US divestment since October 21, when General Motors (GM) announced it was leaving, is $226m. The actual figure is much higher, but Kodak and IBM will not disclose the level of their investments here.

The six companies that have followed GM's trail home brings to 36 the total number of US corporate pull-outs so far this year.

HAMISH McINDOE

A US consular official in Johannesburg says privately the recent spate of withdrawals was triggered by the November 15 deadline barring new investment in SA in terms of Washington's Anti-Apartheid Act.

He says many US companies wanted to bring more dollars into SA to "tidy up their pallets". But the new investment deadline passed 39 days ago.

The official rejects the suggestion that GM's and IBM's withdrawal has swayed the decision of other US companies to leave SA.

Figures from the US Investor Responsibility Research centre put the level of GM's investment in SA at $150m, Honeywell ($48m), Revlon ($14m), Playtex ($10,4m), Flour Corporation ($2m) and

● To Page 2

R1bn SA pull-out in 50 days

Johnson Controls ($1,5m).

Only Kodak and Stamler have cut all ties with SA. The remaining 34 US companies to leave SA have opted for management buyouts or acquisitions by SA and foreign companies.

The consular official says: "It's a means of protecting empoloyees and market share, especially for companies such as GM and IBM who have a heavy after-service chain.

● From Page 1

"Frankly, no-one thinks that disinvestment is going to bring down the apartheid system or measurably accelerate the pace of reform."

And the backlog in the financial rand means that it could take some companies up to ten years to repatriate sales of their SA investments.

12/12/86. FIN MAIL

280

Can free enterprise survive?

The final part of this *FM* survey on sanctions considers some of the broader social and strategic issues likely to be thrown up in the medium to long term.

The chances of free enterprise surviving sanctions intact (let alone the post-sanctions socialistic black government many people fear is inevitable) must be extremely low. While the private sector will continue to play an important role, particularly in sanctions-busting where government's intellectual and bureaucratic ponderousness renders it impotent, increasing bureaucratic control will be difficult to ward off.

One of the most important factors in Rhodesia's 15-year survival under sanctions was that it had a nimble, intelligent and adroit civil service which allied itself with an equally dextrous private sector. That example will no doubt be used as a model here. Unfortunately, our civil service may be an obstacle rather than an aid.

"With the structural dislocation of manufacturing industries, the State will have to assist," says Bryan Bench, research officer at the SA Institute of International Affairs.

"To me it is self-evident that the State's operations will have to expand. Priming the pump cannot lead to a massive blooming of capitalism. Employer organisations will have to monitor their interests a lot more closely.

"The enthusiasm that followed Pik Botha's statement in Witbank inviting the world to 'hit us with sanctions and we will show them what we can do' was ill-advised."

Bench points out that the private sector already depends fairly heavily on government contracts The military-industrial complex is completely under government control "This could expand into the service sector, the computer industry and others," he says.

The prospect of improved economic growth in the next two to three years, however, will provide a respite for the free market system. "The arguments to try to save the market economy will probably prevail through to about 1989," says JCI economist Dr Ronnie Bethlehem. "In the initial phase, SA will probably benefit from sanctions It is when deterioration begins that the pressure on the market economy will become intense."

Econometrix's Tony Twine believes that the concept of inward industrialisation being touted with enthusiasm as a solution to SA's problems will involve increased government intervention. "Unfortunately, government is not capable of optimally introducing resources into the system, so we will end up with the wrong things being produced in the wrong quantities at the wrong price, and shortages and distortions will develop. Everybody will be building dams when actually we need canned peaches."

Increasing centralised control does not, of course, automatically lead to the total withering-away of the private sector. "It is possible to have an economy which is both protected and directed, and yet have free enterprise survive," says Nedbank's Edward Osborn. "Government should aim for this.

"It does not have the knowhow and competence to take over every aspect of the economy This is evident in the way government is approaching the private sector, particularly since 1980.

"A siege economy would be as free as now in some respects. However, government will be drawn into a greater involvement and interference with industry, if only to protect the BoP through imports In extreme conditions government may have to impose strict import controls "

Fears are widespread in the business community. "Free enterprise is now more threatened than ever," says consultant Mike Perry. "Already the government has started exercising more control. Mines, for instance, are being told who they may or may not employ.

"When the sanctions screw is tightened and really starts to affect our ability to import, government will start allocating foreign exchange to business and dictating what it may be spent on.

"From that time on, bureaucracy rules. We will have civil servants dictating what sort of technology inputs we can bring in. We will see a lowering of standards in business, which will lead to increased inflation."

Free Market Foundation executive director Leon Louw argues that the correct approach would be precisely the opposite. "Government could neutralise sanctions just by reducing its foreign trade restrictions," he says "If sanctions impose an additional 10% transaction cost on foreign trade, government could easily bring about an equivalent reduction in trade barriers.

"Government should release the creative energies of the free market, which is likely to be much more imaginative in overcoming sanctions than the bureaucracy. Unfortunately, the knee-jerk reaction of government will be to try to control things. This would be insane, like shooting yourself in the foot."

It is little consolation that, as PFP leader Colin Eglin observes, free enterprise is a limited concept in SA in any case. Clearly, says Eglin, sanctions will weaken the private sector, make it less independent and increase the State's role in planning and regulating economic activities.

The question is, how far will the process go?

"My real fear is of ending up in a totally controlled Communist-type economy," says Econometrix chief economist Azar Jammine "In the past decade, industrial and financial concentration has increased dramatically. The economy is far less versatile, and we don't have the spirit of entrepreneurship we once had.

"The private sector is a sitting duck for nationalisation — and this will be very tempting to a future black government."



Arnold Pronto

Institute's Bench . . . enthusiasm was ill-advised

Job losses

Sanctions, it is widely said, will hurt the very people they aim to help — the blacks. This is borne out by projections by Johannesburg Consolidated Investment's group economics consultant, Dr Ronnie Bethlehem, who postulates that 2m jobs will be lost by the year 2000 as a result of sanctions. By then, he reckons, only 8m people will be in employment — barely more than the 7,7m now — whereas without sanctions the figure could be 10m

"By far the greatest proportion of jobs lost would be in the unskilled category," says Bethlehem, "for, under sanctions, the total number of skilled jobs would actually increase as sanctions necessitate more capital-intensive production to maintain competitiveness and profitability in export markets "

In the short term, employment could rise under the impetus of import-replacement activity, and could even return to the long-run trend line "However, after 1988-1989, as sanctions escalate, the benefits of this adjustment would most likely exhaust themselves. The business sector, to sustain profitability and competitiveness, would have to be ruthless in retrenching surplus labour "

At least part of the cost of sanctions could be displaced to other countries in the region by, for example, repatriating migrant workers. Even so, it will not be possible to avoid increasing unemployment within SA.

The main beneficiaries of sanctions are likely to be technically and professionally qualified workers. The continuing brain drain would increase their scarcity and thus place a premium on their skills.

In addition, Bethlehem points out, these classes, because of accumulated savings, are best positioned to protect themselves against inflation, through hedged investments. "The increase in share prices since the sanctions crisis broke in June is a reminder that the processes of adjustment do not only concern the distribution of income," he says. "They also concern the distribution of wealth.

"Increases in share prices relative to fixed income securities and property redistribute wealth on a large scale from middle and lower income groups to the more privileged; there is little that the authorities can do to counteract it. It is an irony advocates of sanctions appear to have overlooked."

Rhodesian analogy

Is Rhodesia relevant? Do its 15 years' survival in the face of economic sanctions have a message as SA sets off down the same path?

"I don't think it's terribly relevant," says Safto GM Ann Moore. "We have a different type of economy from Rhodesia in 1965. We have gone much further down the line in manufacturing industry, so continued industrialisation requires different things.

"Rhodesia could and did go quickly into simple forms of import substitution. Our needs are far more complex and sophisticated. We need more advanced technology and more capital." She notes, too, that Rhodesia had SA, not only as a conduit for imports and exports and a filter against the outside world, but as a major market.

"Each case is unique," agrees Edward Osborn, a former Secretary for Agriculture and Deputy Secretary to the Treasury in Rhodesia/Zimbabwe under Ian Smith and later Robert Mugabe. "SA will also be unique; so will resolution of the problem."

Osborn (now of Nedbank) is in a better position than most to know. His sources of information about Rhodesia are impeccable, and he has used them to produce an authoritative study of the Rhodesian sanctions era for stockbroker Ivor Jones, Roy. This has been followed by another impressive document for Ivor Jones, *SA Under Sanctions.*

Despite Osborn's conclusion that SA could survive sanctions for longer than Rhodesia, his advice is chilling.

"What comes out of the politics of the situation is that when you have a possibility of resolving the problem, grasp it with both hands," he says, remembering Ian Smith's lost opportunities at the talks on *HMS Fearless* and *HMS Tiger*. "The great danger is having the thing drag on.

"Sanctions do ultimately work, either in achieving some kind of political end result which may or may not have been the intention at the outset, or in extraordinary distortion of the whole economic structure. Rhodesian UDI went on for 15 years One would hope the same thing will not happen to SA."

One should be in no doubt as to the severity of the impact of sanctions on the Rhodesian economy. They resulted in an immediate contraction of exports of tobacco, asbestos, chrome ore, copper, sugar and beef by more than half. This, together with the loss of the Zambian market for manufactures, cut 40% off merchandise exports.

Though total exports recovered steadily after 1966, they did not return to 1965 levels until 1972. Then, after peaking in 1974, exports declined again and by 1980 were back to the 1965 level.

True, Rhodesia survived nearly 15 years, but at great cost. "Rhodesia was compelled to react to mandatory sanctions by imposing the severest forms of control on the economy, particularly import control, exchange control and fuel rationing," writes Osborn.

"Virtually all imports of luxury goods were eliminated, imports of vehicles on wheels substituted by completely knocked-down kits for local assembly, imports of food reduced to a minimum and priority given to raw materials for domestic manufacturing industry and capital goods.

"Even so, supplies were always critically short, but more severely so when allocations had to be cut back further to make way for imported fuels. By 1979, imported fuels represented 30% of total imports."

Rhodesia did, indeed, have some golden years of growth in the middle phase of UDI. Osborn identifies four distinct phases during the 15-year siege. During the first three-year adjustment, GDP growth averaged 3,9%. The next six years were a period of boom, when growth averaged 8,6%.

This came to an end in 1975-1978, when everything seemed to go wrong. Perhaps most critical was the world oil crisis, imposing an additional burden which the seemingly virile but delicately balanced economy could not sustain.

But it also coincided with escalating armed conflict and the withdrawal of Portugal from Mozambique, which ultimately placed unbearable strain on Rhodesian manpower and made it wholly dependent on SA. During this phase GDP declined by 3,4% annually.

Sometimes forgotten is that this dependence on SA eventually put Ian Smith at the mercy of PM John Vorster, who put the final nail in Smith's coffin when he withdrew support in exchange for a nebulous promise by Henry Kissinger that the US would adopt a softer stance towards SA.

Finally, from 1979-1981, when the transitional government was in power and resolution of the Rhodesian question was at hand, there was a recovery to an annual growth rate of 2,1%

Official figures show that Ian Smith handed over an economy which was not bankrupt — if not exactly in blooming health. The balance sheet of the Reserve Bank of Zimbabwe-Rhodesia reflected gold and foreign reserves of $139m in 1979, against a foreign loan liability of $8m.

But was even this modest bank balance the truth? Says Osborn drily: "This can only be a spurious claim of national solvency at the eve of independence, for short-term foreign indebtedness and government's foreign liabilities must have been considerably more."

Rhodesia on the eve of UDI was a small but innately sound and diversified economy. Ten years as dominant partner in the Federation of Rhodesia and Nyasaland had given it a strong financial institutional structure.

It enjoyed low inflation, low interest rates and a stable money market. There was no monetary restraint on enterprise. In those respects, it was better placed then than SA now. Another difference is that the imperial context of Rhodesia's UDI was completely different from that in which SA will battle sanctions in the next decade.

Here the issue is the transfer of power from white to black, an emotive issue which will not easily be abandoned by the outside world.

"The world has lost its innocence," says Osborn. "It has crossed the divide between sanctions and no sanctions. It imposed sanctions on Rhodesia with considerable thoroughness and on a prolonged basis. It did not tire — the Rhodesians did."

Blow to morale

The sense of isolation from the real world sets up a severe morale problem among the more dynamic members of a society — the young, intelligent and highly skilled.

Banking, retailing and computer programming are among many sectors where techniques rank with the best in the world. In a siege economy, as the country is starved of technology and know-how, already depleted valuable human capital will lose ever more of its more mobile members.

"When you fall behind, a lot of more competitive people leave," says Mike Perry, MD of strategic management consultant Mike Perry & Associates. "They will probably never return if SA slips into permanent backwardness."

More mobile people also tend to be more liberal. This creates problems for, among others, the Progressive Federal Party. But of more concern to PFP leader Colin Eglin is that the reformist initiative will be lost.

"I think there will be a tendency to consolidate and rally round the government," he says. "Attention will be diverted from fundamental reform to how to live under sanctions. If you put those together, in the short term it will shift the centre of gravity of white voters towards the right and away from the concept

of reform."

Eglin concedes that these negatives may be offset to a degree by increased attention to import substitution and labour-intensive manufacturing, but in the medium term, as the economic situation deteriorates, socio-economic conditions for blacks will deteriorate, especially in urban areas.

In the long term, Eglin sees continued gradual deterioration of the infrastructure which will make it even harder to shake off the "legacy of apartheid." Vast reconstruction would be required, he argues, "and you will not be able to achieve that in a situation of economic repression."

In Eglin's view, two things have to be done: "To the extent that sanctions will have a negative impact on the reform process, one has to try to counter it. Sanctions are a direct consequence of the internal situation, and South Africans should not change moral course. The things that need to be done internally will also lead to reasonable relations with our Western partners.

"Secondly, if sanctions cause unemployment, one must replace those jobs in another way. The negative socio-economic impact must be minimised."

Eglin, however, has little hope that government is at all susceptible to his pleas "Government seems not to know what to do, it is battening down the hatches and trying to ride out the storm."

Eglin detects since early May a perceptible hardening of attitude in government towards fundamental restructuring of the political equation. This flowed from evidence of a white backlash, the breakdown of law and order in the black townships and misinterpretation of President P W Botha's statements on power sharing.

"His own reform process and the words he used — such as power sharing — raised expectations to a level he realised he had no intention of fulfilling," says Eglin.

Boycott phases

Despite three or four decades of piecemeal sanctions of various kinds, SA has reached a clear watershed in its boycott history. It is only now, in the view of most observers, embarking on an era similar to the 15 years of Rhodesia's UDI.

An analysis by Johannesburg business strategy consultant Mike Perry identifies three phases in the sanctions life-cycle

Phase 1, which he calls "The gathering storm," has begun. This is characterised by both severe threats and profitable opportunities. The initial shock of sanctions is felt during this phase, which will last, Perry estimates, 12-18 months.

The economy suffers a sharp once-off "terms of trade effect" as exporters have to pay middlemen and develop new markets, often on a price-penetration basis. Businesses invest in disguising and re-labelling products and using secret distribution channels either to retain existing markets or develop alternatives. This, of course, costs money — the "sanctions discount" which in Rhodesia was put at 10%-15%

The shock, however, may be somewhat less severe than that experienced by Rhodesia during the same phase because of the greater diversity of the economy

Import control is introduced, with an adverse effect on economic efficiency, and import substitution sparks a boom in local manufacturing

Phase 2 is a period of rapid expansion, but it is, says Perry, a "misleading boom." The effectiveness of sanctions in the early part of



Raymond Preston

Consultant Perry ... phases in the sanctions lifestyle

this phase declines, and export market and product diversification starts to pay dividends — but export profitability remains low because of the sanctions discount.

Import substitution, on the other hand, begins to pay off in terms of economic output and employment creation In Rhodesia, this phase lasted six years; Perry believes it could be about the same here.

While this scenario is highly speculative, two political developments (elections in Britain and the US) during the next two years inject confidence into the projections President Reagan's departure will almost certainly bring an end to any cushioning of sanctions policies in the US And in the UK, if the Conservatives lose the next election, a tougher stance is certain In any case, pressure for more sanctions is bound to continue both in the Commonwealth and in the EEC

Towards the end of Phase 2, the impetus from import substitution begins to fail as projects become increasingly capital-intensive, foreign currency-intensive and hi-tech intensive

Phase 3 is one of permanent deterioration. The sanctions net is widened, the foreign currency constraint tightens, domestic economic expansion fails to keep pace with population growth, and unemployment grows. The security threat begins to soak up more and more government spending.

"In this phase, sanctions' effectiveness shifts from the impact on exports to the impact on investment levels, on job generation, on technology, on the brain drain and on the renewal and replacement of obsolete equipment," Perry says.

"Government must make changes to make SA acceptable to the outside world. If we get into Phase 3, we won't recover."

As evidence for this, Perry points to Zimbabwe which, he says, is performing as though sanctions were still in force. "Businessmen are not much better off than during the sanctions era," he says.

His gloomy view is supported by Nedbank chief economist Edward Osborn. "In extremis, you create an uneconomic economy," he says. "After sanctions, it remains so for ever. There is no question of opening up the Zimbabwe economy to foreign competition. The whole panoply of protection Ian Smith put in place 20 years ago is still there."

Perry's analysis ties in neatly with the "sanctions threshold theory" of the SA Institute for International Affairs. This describes the thresholds for each progressive tightening of sanctions.

"In terms of this theory, there are three conditions for comprehensive sanctions," says research officer Bryan Bench. "Continued occupation of Namibia; continued destabilisation of neighbouring states; and domestic unrest and repression.

"We have seen differing attitudes develop towards sanctions by particular groups in the West. The US has gone furthest down the road because apartheid and the southern Africa issue have become an intrinsic part of the civil rights question in the US and as such are now a domestic political issue."

This is not the case in Europe, however. There is no great population movement pressuring for sanctions in Whitehall, Bonn and other capitals. Indeed, the sanctions question in Europe is marked by deep divisions.

Both Britain and Germany have a high dependence on strategic minerals from SA. Britain, in addition, has strong ties of history, culture and kinship — not to mention the fear that an estimated 800 000 people in SA with a claim to British citizenship may be forced to return.

Though the generally accepted figure of 600 000 may be an over-estimate, Portugal's expatriate community in SA is undoubtedly large. The problem for Portugal is uniquely sensitive. Not only do these people repatriate large sums of money to their homeland, they have the vote in Portugal.

Progress on sanctions in Europe has also been affected by the extreme nature of the measures approved by Congress. Had they been milder, a number of other nations could have taken a lead from them.

Bench does not believe Japan will meekly follow the US lead. "They operate differently," he says "The pressures and lobbying on the Japanese government are qualitatively different"

R1bn SA pull-out in 50 days

Johnson Controls ($1,5m).

Only Kodak and Stamler have cut all ties with SA. The remaining 34 US companies to leave SA have opted for management buyouts or acquisitions by SA and foreign companies.

The consular official says: "It's a means of protecting empoloyees and market share, especially for companies such as GM and IBM who have a heavy after-service chain.

● From Page 1

"Frankly, no-one thinks that disinvestment is going to bring down the apartheid system or measurably accelerate the pace of reform."

And the backlog in the financial rand means that it could take some companies up to ten years to repatriate sales of their SA investments.

Strong demand for SA's 'cheap coal' despite sanctions

By Neil Behrmann

LONDON — Aggressive sales by South African mining companies have kept international steam coal prices depressed.

But analysts such as Phil Rogers, head of research at Simpson Spence and Young shipbrokers contend that the volume of world coal trade is surging and it is only a matter of time before the depression in the market ends

The total volume of international coal trade is higher, says Mr Rogers

"In their pessimism about prices, the industry tends to forget about the level of trade," he says.

Even though the Common Market has decided against sanctions, the South African coal mining industry continues to undercut Australian, United States and Canadian producers, says Bill Fischer a coal consultant to Robertson International. They are wary of a change in future political policies and are worried that they could lose future market share.

Two South African coal suppliers, British Petroleum and Gencor sold coal to Enel, the Italian power company at prices below $27 — inclusive of freight and insurance charges — says the *Financial Times* international coal report, a newsletter.

South African prices "Free on board" — exclusive of freight and insurance — have traded near $20 a ton estimates the report.

The slump pulled down free on board (fob) Australian prices to around $23 a ton.

Greater impact

The South African factor has had a greater impact on the market than the decline in alternative energy costs.

So much so that the overhang from South Africa caused prices in Rotterdam to fall by around a quarter over the past year.

Before the EEC decided against coal sanctions the market thought that a short slump would be followed by a recovery. South African mines would be forced to dump stocks, but would then have to withdraw from the market leaving producers such as Australia, Canada and the United States a window to gain market share.

But so far this year only Denmark, France and the United States joined Scandanavian nations in banning South African coal.

Even though statistics showed that South African coal exports fell 18 percent in September, anti-South African purchasing policies have so far hardly affected annual sales. Mr Rogers estimates that total South African exports in 1986 fell to only 42,5 million tons from 44 million tons last year.

"South Africa's best defence is reliability of supplies, consistent quality and aggressive marketing, says the *Financial Times* international coal report.

The buyers market has been abetted by growing supplies from Colombia and China.

Mr Fischer of Robertson Research contends that the coal market will revive in the 1990sbecause supply and demand will come into balance.

Daniel Roling, an analyst of Merrill Lynch believes that a price recovery could be earlier. World coal production slowed by 7,3 percent in the 12 months to July this year, he says. The sharpest fall was experienced in Canada.

Mr Roling believes that demand will pick up next year as industry raises inventories ahead of 1988 United States coal industry labour negotiations.

A study by Professor Don Barnett of Macquarie University in Australia and ocean shipping consultants in the UK estimates that South African costs on a free on board basis range from $14 for open mine output to $21 on an fob basis. South African mines have been helped by the collapse of the rand.

Freight charges to Europe are much lower for South Africa. The mines' total costs including shipping to Amsterdam, Rotterdam and Antwerp range between $21 to $28,5 a ton.

The fob costs of Colombian coal, however are a high $50 and are $41 for United States mines.

Australian costs, free on board (fob) range between $22 for Queensland opencast mines to around $31 for New South Wales mines. Including delivery overheads to Rotterdam the total cost ranges between $34 to $43 Sales prices of this coal are well below cost of production.

"Only South African and Queensland producers are operating profitably on a fob basis," says International Coal report.

"But even Queensland coal — for the combined mining and shipping operation — is arriving in Europe at a loss.

"Results throw into doubt the future operating feasibility of both underground and open cast mines in New South Wales.

"There is even a greater question mark overhanging the El Cerrejon coal mine in Colombia," the report says.

Grey New York reduces SA stake

GREY NEW YORK has sold 33% of its shareholding in the Grey group in SA to company chairman Darryl Phillips, a spokesman said yesterday.

This brings the total shareholding of the US company down to 41%.

Phillips said: "In view of the current pressure being put on US companies to relinquish their SA interests, we felt we'd rather have majority control in SA hands."

Grey Phillips confirmed in October it would no longer handle direct government advertising accounts. The decision came after Grey New York came under

PETER WALLINGTON

pressure to review its SA interests.

Stanford University threatened Grey New York with a R1,3m stock sell-off unless it provided "solid evidence of anti-apartheid commitment or terminates its investments in SA".

It is believed unlikely that Grey New York would consider disinvesting totally as the SA operation is apparently one of the most profitable of its worldwide offices.

☐ Squibb Corporation, which is based in Princeton, New Jersey, is to spin off its medical systems business Westmark International Incorporated, as a tax-free dividend to its sharekholders next year.

The spin-off will result in a separation of activities of Squibb Laboratories and Squibb Medical Systems.

Squibb Medical Systems in SA is to be renamed Scientific Medical Systems (SMS) and GM Herman Kluever will become MD.

The spin-off is unrelated to any sanctions pressure. Squibb is, in fact, increasing investment in SA and will retain a 4% common stock interest in Westmark.

A cross board cut in rates

Critics take a deeper look at the problems

(280 N/11/11/12/8

THE NIGHTLY scenes of violence from South Africa's black townships have disappeared from British television screens and have been replaced by longer and more thoughtful comment on the situation in southern Africa generally.

Stanley Uys LONDON

There is less moralising in the media here these days about the iniquities of apartheid, because the realisation has dawned that Pretoria is not listening — that it has passed beyond the reach of moral arguments and diplomatic pressures — and that reading homilies to President Botha is about as time-wasting an exercise as could be imagined.

So the media are looking deeper into the South African condition and are asking more basic questions, like what makes the Afrikaner tick, where is it all going to end, and how much of southern Africa will be devastated before a settlement is found.

The problem is being seen more in its regional rather than in its specifically South African context, and the scenario that is being written runs something like this:

Sanctions

The immediate, overriding issue is international sanctions against South Africa, and Pretoria's best defence against sanctions is to make its black neighbours pay for them, and pay visibly and painfully.

The black neighbours, in turn, know that if they are to escape this fate they must lessen their economic dependence on South Africa as quickly as possible, and principally this means finding alternative transport routes to the sea (most of South Africa's neighbours are landlocked). This in turn means giving priority to expanding the facilities of the Beira Corridor and keeping the corridor open at all costs against MNR sabotage.

This is where the battle over sanctions is expected to be fought: along the corridor. Pretoria, as the analysts see it, will move heaven and earth to retain its transport stranglehold on its black neighbours, and the MNR can be expected now to redouble their efforts both to cut the corridor and destabilise the Frelimo government

If the Beira Corridor Project goes according to schedule (which some sceptics doubt) the front-line states will be free of their transport dependence on South Africa by mid-1989. Pretoria will still be able to apply other pressures — e g it supplies Mozambique with electricity and it has Botswana, Lesotho and Swaziland locked into unbreakable relationships — but the most important stranglehold, transport, will have been lost.

Completion of the Beira Corridor Project, therefore, has become a race against time and that is why some southern-Africa-watchers here expect Pretoria (and the Heritage Foundation in Washington, the MNR's next biggest backer) really to take the leash off the MNR this time. For *delenda est Carthago* substitute *delenda est Beira.*

The front-line states have six possible routes to the sea, of which only one is to the Atlantic Ocean — the railway line that connects Zaire and Zambia to Benguela on the Angolan coast. This line has been under attack from Unita since independence in 1975 and much of the permanent way and other installations have not been maintained over this period.

Six months

Full rehabilitation of the line will take several years and will be costly, but the railway management estimate that under 'peaceful conditions' limited international traffic can be restored on the line in three to six months. Management says rehabilitation would benefit Zaire, Zambia and even Zimbabwe and 'substantially reduce the dependence of the Central African states on South Africa'.

Unita, which is supported by South Africa and others, of course has no intention of allowing the 'peaceful conditions' in which the line could be

It is a combined rail, road and oil-pipeline route. It is sabotaged repeatedly, but repairs are effected reasonably speedily No one underestimates, though, the scale of rehabilitation. Beira itself is a stricken city with, as a correspondent wrote recently, 'no electricity, water, telephones, food or goods in the shops'.

One of the most significant recent developments in southern Africa has been the way in which the front-line states have pulled together to resist what they see as the threat from South Africa.

Zimbabwe, for example, sees its fate as inextricably linked with that of Mozambique's — if Mozambique goes under, so does Zimbabwe. This is why Mugabe supported Machel when the Frelimo leader went to see Malawi's leader, President Banda, and threatened to close Mozambique's border unless Malawi ceased to harbour MNR guerillas (the guerillas then poured out of Malawi, overrunning large sections of adjacent Mozambique).

Zimbabwe troops, too, for some time now have been helping Frelimo against the MNR, and some 7 000 Zimbabwe troops are responsible principally for guarding the Beira Corridor Tanzania may also send in troops against the MNR, and Frelimo itself, whose troops are pathetically ill-equipped and ill-trained, is trying to recover its morale.

The involvement of the private sector in the SADCC countries in the Beira Corridor Project is particularly interesting Various business interests will sponsor a number of joint-venture companies that will try to provide Beira with utilities, general services, hotel and office accommodation, road transport, crop terminals and shipping, clearing and forwarding facilities.

For these companies this is a clear signal that they have chosen sides in the looming sanctions struggle — and an investment, as they see it, in Africa's future. The Standard Chartered Merchant Bank of Zimbabwe, for example, is inviting investors to take up shares in BCG Ltd, which is registered in Harare and represents the business sector in Zimbabwe, Malawi, Zambia and Botswana.

The front line of the battle over sanctions is, therefore, the bush war the MNR is waging against Frelimo It is principally an economic war to bring Mozambique to its knees.

Tens of thousands of refugees already are in flight in Mozambique and casualties are mounting. A television film shown here interviewed Mozambicans who had suffered mutilation at the hands of the MNR — noses and ears had been cut off. In Beira hospital a ward has been set aside exclusively for victims of MNR

So the battle has been joined — and a fierce and deadly battle it will be, too. As the front-line states see it, if they lose this battle their countries will be devastated for years to come

It will take at least three long years for them to decouple themselves from the damage international sanctions will inflict on South Africa — and South Africa has it in its power to deny them these critical years

NM 280

11/12/86

Moving fast

The front-line states have taken a long time to get their act together, but now they are moving at speed. The Beira Corridor Project — to upgrade the rail and road routes between Zimbabwe and Beira and the port facilities in Beira itself — has been launched under the coordinating control of the nine SADCC states and with international funding and substantial involvement of the private sector. The plan was that by December this year upgrading would have proceeded so far that Beira would have been able to handle 60% of the trade of countries like Zimbabwe and Zambia. This first phase of the project, however, is now three months behind schedule.

The second phase was due to be completed by mid-1989 when Beira would be ready to handle all the traffic of its neighbours. The final cost was estimated at 3 billion dollars.

tion is an exact replica of the MNR attacks on the Beira Corridor.

The Tazara railway line linking Zambia to the Tanzanian port of Dar-es-Salaam has not lived up to expectations and the port itself is congested and inefficient, but rehabilitation work has started here, too. The Chinese, who built the line, are helping again, West German locomotives have been bought, and gradually the line is expected to expand its capacity.

Best chance

The line in fact is said to be in better condition than some reports indicate.

The railway line linking Malawi to the Mozambique port of Nacala (East Africa's best deep-water port) is not functioning, and neither are the lines linking Malawi to Beira and Harare to Maputo.

The Beira Corridor, therefore, is the best immediate chance of establishing a route to the sea.

D & B pull-out catches SA interests off guard

DUN & Bradstreet (D & B) in the US announced its total disinvestment from SA a week earlier than planned, catching its three local subsidiaries off guard.

It became apparent yesterday that D & B's New York office confirmed the move to *Business Day* before informing its executives in SA of this action.

Employees of A C Nielsen worked around the clock on Tuesday night to warn clients of the pull-out before the story appeared in yesterday's newspaper.

The local management of Nielsen, SA's largest market research firm, is to buy the US parent company's shareholding.

Likewise, a management buy-out of D & B (Pty) is expected to be finalised within six weeks.

The third subsidiary, McCormack & Dodge SA, has entered into discussions with Comcon, an SA-owned computer management consultant company.

Industrial Staff

A team from D & B will arrive in Johannesburg from the US early next week for discussions with local managers.

The three subsidiaries and their 900 employees will continue to operate in SA as before, and all contracts will be fulfilled under the management structures.

Together, they account for less than 1% of D & B's turnover, and sources in the US say the move is motivated solely by political concerns.

D & B's SA MD Marc Olsen says the firm's name will be changed and strategic priorities reviewed. D & B management will buy the firm under very favourable terms, he says.

SA trade finds a loophole

MICK COLLINS

AN Israeli-US free trade agreement is providing the perfect conduit for beleaguered SA manufacturers.

The agreement, which allows the duty free re-export of SA goods to the US, has sent Israeli-SA trade figures rocketing.

Statistics published by the SA-Israel Chamber of Commerce support the theory and indicate a 70% across-the-board upswing in export values by local manufacturers.

Chamber president Joe Hallis says in his annual report that by entering into joint ventures with Israeli firms, an opportunity awaits to create a potential market for certain products in the US.

"The free trade agreement gives SA entrepreneurs the opportunity to ship finished products for 35% completion in Israel."

Hallis says the same opportunity is also open to other countries.

Categories which show major improvements include vehicles and aircraft (up 85%), and machinery and electrical parts (up 200%).

Mineral products and base metals continue to dominate trade, comprising 42% and 23% respectively of total exports.

Both categories show strong growth with base metals and products (where steel is a major component) increasing by 95% over the previous year.

Hallis says: "While the chamber is a trade promotion organisation involved primarily in commercial activities, we cannot divorce ourselves from the multiplicity of problems both politically and economically with which SA is currently confronted."

He says the chamber is aware of the negative impact sanctions will have on the quality of life of all South Africans.

"To this end we, as a chamber of commerce, will be prepared to participate in any forum which will assist in the continuation of SA's normal trade relations with its trading partners."

The export value of SA goods to Israel for the period ended April 1986 improved to R125,5m from R73,5 for the previous year.

Prepared foodstuffs rose 143% from R4,8m in 1985 to R11,7m and paper-making materials and paper products rose 200% from R1,7m to R5,3m.

UK chemical company to withdraw

280
DD 11/12/86

Dispatch Bureau

LONDON — Allied Colloids, the R950-million British-based industrial chemicals group, is to withdraw from South Africa.

Allied announced yesterday that it had begun negotiations to sell its wholly-owned South African subsidiary — Allied Colloids SA (Pty) Ltd — to Chemical Services Ltd, a SA company engaged in speciality chemicals.

The pending disinvestment by Allied was confirmed yesterday by a director, Mr K. M. Waite, who said that the SA operation represented less than 5 per cent of total group pre-tax profits of R62-million.

Mr Waite said that the "time was right" and added that both political and commercial factors had been taken into consideration.

"But we have made this announcement early on in the negotiations and I do not wish to comment further on the reasons at this stage," Mr Waite said.

There was no movement on the Allied share price on the London Stock Exchange yesterday.

The Allied finance director, Mr Gordon Senior, conceded that the political situation in South Africa had been a contributing factor in the decision to sell.

"We had an offer from Chemical Services and, bearing in mind the ramifications, we thought that it was an opportune time," he said.

● Sapa reports that the South African subsidiaries of at least two more US companies are to be sold to SA interests, and a further three will almost certainly follow.

The management of AC Nielsen, the country's largest research company, is to buy the shareholding of the US parent company, Dun and Bradstreet, in Nielsen South Africa.

In addition, Dun and Bradstreet US is working on plans to sell its other two SA subsidiaries, McCormack and Dodge SA and D&B, to the SA management if suitable deals can be arranged, or to other SA interests if this is not possible.

Revealing that his company will "continue its full operations" under South African control, the managing director of Nielsen in SA, Mr Patrick McHarry, said yesterday: "In the face of the political pressure, the involvement of local management is the best guarantee that our customers could have that their interests will be paramount.

"We will also retain full access to the latest technology and are guaranteed that we will be able to keep our services abreast of the latest developments in the industry."

Regarding Dun and Bradstreet's other SA subsidiaries, the New York based parent company says it will also sell its interests in these operations, if possible to the SA managements.

The disinvestment is expected to be completed within six weeks, it says, and is a response to "the direct and indirect effects of South African Government apartheid policies, which have affected the corporation's ability to serve its customers worldwide.

"The corporation does not intend to liquidate the South African companies, but rather to sell them to South African owners. Efforts are being made to sell the companies to current managers where appropriate".

Collectively, the three subsidiaries employ about 900 people.

THE ECONOMY

An eager rush to fill South Africa's shoes

Countries reliant on South African minerals are already looking for other suppliers to keep their steel and auto industries going in the event of metal sanctions. RACHEL SMITH reports.

AS sanctions mount, overseas producers are queuing eagerly to step into markets once dominated by South Africa.

According to Pretoria's Department of Mineral and Energy Affairs, the country holds 47 percent of world vanadium reserves. In 1983, exports represented 59 percent of the world total, according to the same source. It is used principally as a steel hardener.

But there is spare production capacity worldwide, and China, the second-largest producer, could take over any shortfall. The *Financial Times* of London writes that Chinese sales would almost certainly resume in response to higher Western demand.

Large stockpiles of vanadium also exist, and US reserves are estimated at about one-eighth of the world total.

According to EEC experts, Europe could cope with a shortage because the metal can easily be substituted with molybdenum, columbium, titanium and tungsten.

If world prices were to rocket, the Finnish company Rautaruurki says its Mustavaara mine, closed since 1985, could resume activity again overnight. It was shut because of excessive production costs, but better prices would increase profitability, and the mine could offer a yearly production of 5 000 tonnes. This is one-third of South Africa's announced 1983 exports.

South Africa's reserves of chrome ore account for 84 percent of worldwide stores, according to the Department of Mineral and Energy Affairs.

But even so, chrome is counted as another mineral in which South African domination is largely determined by price and choice of steel-making, according to economics writer Richard Moorsom. Minor changes in process may be required, but adequate higher-grade chrome is available from other parts of the world — especially Zimbabwe.

Plenty of spare capacity could come on stream again if the South African competition were eliminated. The EEC has already urged member-states to look for alternative sources of supply in countries such as Turkey, the Philippines, Brazil and Iran.

Manganese is another mineral integral to steel-making, but again there is ample world capacity and reserves, especially because of current low world prices.

Some steel-makers insist they need the particular qualities of South African manganese. Even so, Moorsom contends that it can be substituted for by technological changes in the production processes.



Sanctions ... trapping exports in a corner

Platinum is generally taken to be the least substitutable of major strategic minerals, and South Africa produces over 80 percent of the world's exports. It is used in certain industrial processes, like catalytic converters, which reduce the pollution from car exhausts, and is not easily replaced by other platinum-group metals like palladium. A cut-off of South African supplies, then, is bound to lead to a rocketing of prices.

But this in turn would encourage recovery of waste platinum and the search for new alternatives, Moorsom points out.

The stimulation of scrap recovery, combined with the release of stockpiled material, would ensure that countries outside South Africa would survive, maintains international metals dealer and consultant Peter Robbins, but only if sanctions were to last less than a year. However, this period could be greatly extended if the West were prepared to rely on the USSR, the second-largest supplier.

Uranium mined in South Africa and Namibia (50 percent from each country) accounts for 25 percent of production in the Western world. Stocks are high, particularly in the US, and countries like Canada and Niger could increase output, given new incentive.

The impact of effective gold sanctions would be devastating for South Africa, adds Robbins. Gold accounts for 50 percent of South Africa's foreign sales, contributes 11 percent of its GNP, employs six percent of the population and thus represents the potential Achilles heel of the economy. About 48 percent of the world's gold production comes from South Africa. But only five percent is used industrially, and stocks are available to cover industrial and medical activities should a ban be imposed.

Certainly, short-term logistical problems would plague some specialised industrial processes in the absence of South Africa's strategic minerals, and would cause the odd problem in car-making and steel-manufacturing, concedes Moorsom. But he maintains that they could be offset by government action to protect supplies, prevent speculation and prioritise uses of the minerals.

Both Moorsom and Robbins agree that the idea that industry outside South Africa would grind to a halt without South African "strategic" minerals is a myth. — African Business

Pull-out continues

14/12/86 By ZB MOLEFE (280) (C)

DUN and Bradstreet this week became the latest American corporation to pull out of South Africa, CITY PRESS

A spokesman for the 900-employee group of three companies said the decision to disinvest had been taken in response to "direct and indirect effects of the SA government's apartheid policies". These had affected the corporation's ability to serve its customers worldwide.

Dun's South African subsidiaries of the information services, publishing and marketing services group are McCormack and Dodge SA, AC Nielsen Company (Pty) Ltd and Dun and Bradstreet.

● British-based industrial chemicals group Allied Colloids is also pulling out. The company this week announced that it had begun negotiations to sell Allied Colloids SA (Pty) to Chemical Services.

Israeli loophole in sanctions net is denied

STAR 15/12/86.

By Chris Moerdyk

Suggestions that South African manufacturers have found a loophole in the sanctions net by taking advantage of the United States/Israel free trade agreement concluded in August last year, have been denied by Israel's economic and commercial counsellor in Johannesburg.

Mr Daniel Golan was reacting to speculation that the agreement allowed for the duty-free export of South African goods through Israel to the United States and that this was the reason for a 70 percent increase in South African exports to Israel.

He said the agreement made provision for any country to send products for 35 percent completion in Israel and subsequent export to America. However while Israel's anti-sanctions stance did not prevent South Africa from taking advantage of this, it was unlikely to prove to be a practical proposition.

On face value the agreement might appear to be an ideal opportunity for South African companies wishing to break sanctions but in practise it was much more complicated and would prove to be more expensive than using accepted sanctions-busting routes through other countries, he said.

"In percentage terms South African exports to Israel appear dramatic but in monetary value the amounts are still relatively small. Certainly the increase in exports from this country to Israel does not have anything to do with Israel being a conduit to the American market. Very simply the depreciation in the value of the rand has made South Africa an extremely attractive buying market for Israel," Mr Golan said.

He said the newspaper report speculating on the use of the agreement as a conduit for beleaguered South African manufacturers and which related these to South African/Israeli trade increases was "exaggerated and out of date".

The former president of the South African/Israeli Chamber of Commerce, Mr Joe Hallis, said that speculation was based on an annual trade publication of the chamber published three months ago.

The intention was not to promote a sanctions loophole but simply to bring to the notice of any South African company trading with Israel that in terms of the agreement any product that was 35 percent completed in Israel was deemed to be an Israeli product.

"The Press report simply consisted of extracts from an article I produced for our annual trade publication and the reporter drew his own conclusions," he said.

Meanwhile, American sources have said it was not likely the United States would take action against Israel in spite of clauses in the Anti-Apartheid Act allowing for countries to be penalised for helping South Africa break sanctions.

The irony of the situation, observers said, was that those who formed the anti-apartheid and sanctions lobbies were the same people who had been promoting improved trade relations between the United States and Israel.

In a recent landmine inci- derground infrastructure based plunge t

'Marshall Plan for SA' says Shell boss

15/12/86.

The Star Bureau

LONDON — The outside world should pour money into South Africa in the manner of the Marshall Plan rather than weakening the country with disinvestment, the chairman of Shell, Mr John Holmes, has said.

His attack on disinvestment on Friday was in sharp contrast to warnings in October by Mr John Wilson, the company's executive chairman in South Africa, that it may be forced to pull out of the country unless President Botha pushed ahead faster with reforms.

Anti-apartheid campaigners have switched their attention to Shell in recent weeks following Barclays Bank's decision to sell its stake.

Mr Wilson's warning that the parent company may have to consider disinvestment if worldwide pressure against Shell's involvement in South Africa adversely affected its profits drew fierce criticism in a letter from President Botha which was leaked. But Mr Wilson's warning appears to sit equally uneasily with the views of Mr Holmes.

At a lunch for financial journalists, Mr Holmes said: "I find the logic of the anti-apartheid movement so wrong. If you really applied the logic you would pour money into the country. I really think disinvestment is the last thing you do."

He said he had suggested the idea of stepping up investment to governments "but they are under their own pressures".

Asked whether Shell itself would supply the investment, he said: "It is difficult to pour money in, given the economic situation. You only invest if there is something to invest in."

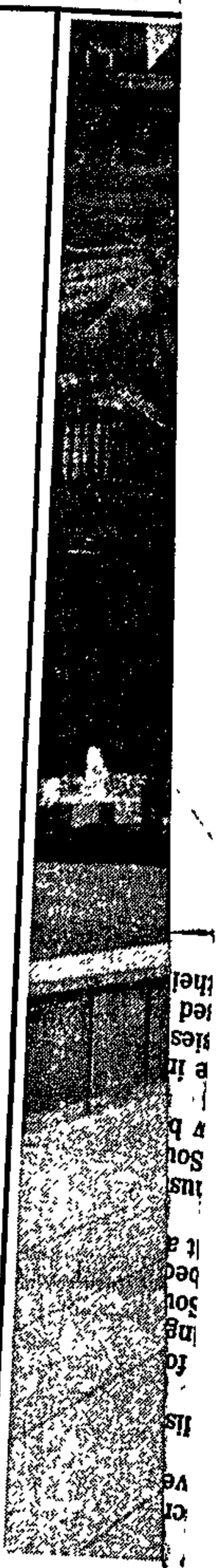
He said he meant a more general scheme, a "Marshall Plan thing". But reforms by the Government would have to be a *quid pro quo* for pouring in the money.

He added: "We are asking for reforms without being able to offer very much ourselves."

The South African authorities were pleased, he believed, because through disinvestment they were getting assets at knock-down prices.

If an oil company disinvested, it would change nothing.

Mr Holmes described the anti-apartheid campaigners' decision to put Shell at the top of their consumer boycott list as "more noise than heat".



A w
out

SA is heading for 'multiracia fascism' — ed

The Star

280 BUSDAY 17/12/86

US broker cornered over SA stock recommendations

WASHINGTON — Recommending an SA stock in the current atmosphere can ruin your day, Baltimore-based brokerage Legg Mason discovered.

Last month the firm committed what seems to have become the cardinal sin of listing De Beers Consolidated Mines as one of 12 stocks its clients should consider.

The faux pas rapidly came to the attention of the New Orleans City Council, where Legg Mason is acquiring Howard, Weil, Labousse, Friedrichs, a local investment bank that underwrites many of the city's public finance issues.

New Orleans was one of 19 US cities and municipalities with laws restricting dealings with firms that have SA ties. So the council demanded Legg Mason change its mind about De Beers or its new acquisition could forget about the $1bn worth of municipal bond business it did with the city.

Black brokers, some of whom reportedly had an interest in acquiring Howard, Weil, leapt on the bandwagon.

Harold Doley — president of Doley Securities, a black investment firm — said:

SIMON BARBER

"Legg Mason is going to have to step forward and say someone in our organsation made a mistake."

For good measure, Doley wrote to the mayors of Baltimore and Philadephia asking that they too think again about retaining Legg Mason.

The firm's research director, David Nelson, compounded matters by telling the Wall Street Journal frankly why it was pushing De Beers.

"How in the world can we recommend an SA stock? The fact is, it's a cheap stock."

Legg Mason finally gave in and took De Beers off its recommended list. Chairman Raymond said this was so there could be "no question as to Legg Mason's position regarding apartheid or concerning its sensitivity on this issue".

Meanwhile in Houston, a new anti-apartheid law denying contracts to firms selling products to SA has backfired, causing a serious headache for the City Health department.

Health director Dr James Haughton said: "We're running short of everything from contraceptive foam to lab supplies because of this."

Major suppliers, including Johnson & Johnson and Dupont — who have operations in SA — have declined to sign affidavits that they would not do business with the SA military or any apartheid-administering goverment agency.

City lawyers are scrambling to amend the law to exempt medical supplies, while the Health Department still has stock on hand. The city council will study their recommendations next week.

STAR 18/11/86

'166 list' is a guide for US customs men

By Chris Moerdyk

One of the most confusing elements of the sanctions saga has been Washington's announcement of the "166 list" because, according to American Government sources, it has been seen to be a boycott list instead of a foundation upon which to base sanctions.

The difference is perhaps subtle but does go some way to explain why, for example, the Rand Water Board was even mentioned in the context of sanctions when the whole idea of exporting water, particularly from the Transvaal, was received with wry amusement.

The whole point of the list, said American sources, was to establish a foundation which would facilitate the implementation of the Anti-Apartheid Act passed by Congress recently.

Since President Reagan's veto was overruled about a month ago, all South African export products have been impounded by American customs until what could or could not be let into the country was clarified.

Going back to the Anti-Apartheid Act, the object was not to apply total sanctions to South African exports but those from government or parastatal organisations.

So in order to avoid delays and confusion among "legal" SA exporters, and more partcularly US importers, the first step was to define clearly "parastatal" and give US customs something definite to work on.

AVOIDING CONFUSION

The list simply covered all government and parastatal organisations in an effort to avoid and not create confusion.

The term "parastal", according to the US government, meant any corporation, company or partnership owned, controlled or subsidised by the SA Government.

Hence the inclusion of the Rand Water Board, the executive of which was appointed by the Government.

What threw more light on the subject was the definition, according to the Anti-Apartheid Act, of government control. This did not necessarily mean direct control of an organisation by the Government but included private companies that might have certain operations "directed or influenced" by the Government.

Clearly this could include companies that manufactured equipment for Government departments

There was undoubtedly a thin red line involved in terms of direction or influence by government over private companies and the only assumption that could be made was that those companies included on the list manufactured on contract while any companies involved only in tendering for Government purchases had been left off.

The same situation applied to subsidies. US government spokesmen were quick to point out that if the term "subsidy" was simply applied in a general sense this would include almost every SA exporter because of the SA Government's export incentive programme.

What the US government was talking about was something specific in subsidies or what it called an "industry-specific" subsidy.

An example given was where a pencil manufacturer received a subsidy from the Government, but where a pen manufacturer was denied a similar subsidy.

A lot depended on the objective of the subsidy. In the case of Putco, the company reacted to its inclusion on the list by insisting that the Government subsidy it received was passed on directly to passengers.

CONSIDER ADDITIONS

This being the case, US sources said, Putco should have no problem getting off the list.

The US State Department has said the list was "flexible" and it would be reviewed every three months. It has also said it would not add to the list on its own initiative but would "consider" additions from anti-apartheid groups.

There was undoubtedly a degree of overkill in the "166 list" with the US Government patently wanting to ensnare all government or parastatal subsidiaries or associate companies.

However, there was every reason to believe any private company that should not be on the list would receive a reasonably fair hearing.

Firms are facing 'tremendous anti-apartheid pressures' in America

26 US firms ready to pull out

STAR 18/12/86

By Chris Moerdyk

Another 26 United States corporations are on the verge of withdrawing from South Africa in the face of increasing disinvestment pressure, according to the American Chamber of Commerce (AmCham) in Johannesburg.

President Mr Frank Lubke told The Star that since promulgation of the American Anti-Apartheid Act in October, South Africa-linked high-profile consumer goods corporations and others dependent on state and municipal contracts had been singled out by disinvestment lobbyists in America.

"We believe that most of the 259 US companies still operating in South Africa will remain, but 26 — representing consumer companies and those dependent on state or municipal contracts — will very likely not be able to withstand the tremendous pressure."

He added that while the Anti-Apartheid Act prohibited this kind of discrimination against companies with South African subsidiaries, it was unlikely that any of the affected corporations would take legal action.

"For example, who is going to take the City of San Francisco to court? Especially when the act on would be seen by many in the US to be pro-apartheid."

Mr Lubke said the "tragedy of the disinvestment situation" was that US industry support groups and corporate head offices were "doing an abysmal job" in getting across to American legislators and the public the successful achievements of US companies in South Africa.

"Two years ago AmCham and the Sullivan Signatories Association here took policy decisions not to get involved in anti-disinvestment campaigning in the US, but to leave this to organisations like the Sullivan Industry Support Group and our members' principals.

"As far as we can see, they have done little with regard to informing anyone in America about the tremendous strides made by US companies in this country in terms of social responsibility and equal opportunity programmes."

'Silence' directives

He said most AmCham members were wholly owned subsidiaries of US firms, which made it inappropriate for local managements to carry out any form of campaign on "head office turf". In addition, most head offices have forbidden local managements to make public statements on disinvestment.

When AmCham tried to get a message across in the US, some members received communications from their head offices insisting that if the chamber persisted in this form of lobbying, they were to resign.

"We hear of groups from South Africa visiting the US and expressing concern at the lack of understanding among Senators and Congressmen on just what US subsidiaries have done in South Africa. We believe we are a considerable force for good in this country."

US companies quitting SA accused of 'smoke-screening'

By Neil Lurssen,
The Star Bureau

WASHINGTON — Some of the large American companies that have announced pull-outs from South Africa seem to be pulling the wool over the American public's eyes, claims Mr Harrison Goldin, financial comptroller of New York City.

Mr Goldin has accused General Motors, IBM and General Electric of being less than sincere about cutting ties with South Africa.

"Those companies now virtually admit that their announced departures are little more than a subterfuge to enable them to escape economic sanctions in the United States," he claimed in a New York Times article.

As the manager of $26,5-billion in New York's pension assets, Mr Goldin is in charge of implementing the fund's five-year anti-apartheid selective disinvestment programme.

Mr Goldin noted that after saying it would not sell its vehicles to SA security forces, GM had said its prospective licensee in South Africa would not preclude selling vehicles to the police and military

This, he said, was a demonstration of GM's cynicism.

"Other companies seem intent on trying the same con-game," he charged.

"Even as US firms claim to be leaving, franchise and license agreements are proliferating. About the only thing the companies have really said goodbye to are the sanctions the US Government and various anti-apartheid programmes have imposed on them"

Mr Goldin claimed some 70 companies — among them Honeywell, Pahland Oil, Transamerica, General Signal Corporation, Engelhard Corporation and Navistar International — still profited from involvement in South Africa.

Not all American companies were playing the same game, he said Eastman Kodak would not ship its products to South Africa after April 30, he noted.

About 50 US firms consider pull-out

AS MANY as 50 US firms are considering withdrawing from SA, and of those 25 to 30 are already "poised" to withdraw.

This has been estimated by informed sources within the American Chamber of Commerce (Amcham) in Johannesburg — and by Pretoria sources.

However, the withdrawals will not necessarily mean a sizeable net outflow of capital from SA, or much change in the management and operations of the companies, says Amcham president Frank Lubke.

Nor will it mean as large a reduction in Amcham's membership as might have been expected, as the chamber is still signing up new members. Current membership is about300, and has shrunk by only one since withdrawals gathered momentum.

The capital outflow from the repatriation to the US of [illegible] disinvestment is bei[illegible] supp[illegible]

offset by money coming into the country to help buy-outs by SA managements — or similar arrangements.

Also, management is remaining largely the same in the case of many withdrawals of direct US ownership of the companies concerned, says Lubke.

Thus, apart from the obvious psychological shock of the withdrawals, the net effect on the SA business sector and economy is being substantial[illegible] cushioned. — Sapa.

Common shop steward training course supplied by affiliates.

Current Programmes:

Periodicals

Affiliates publish seperate journals such as "Power", "Crucible", "Metalworker", "Indicator" etc.

Sanctions could boost economy, says Horwood

JOHANNESBURG — Sanctions could strengthen the economy. But not only is the psychological impact creating uncertainty. Counter-strategies are proving expensive and efforts to widen the scope and intensity of the trade war will follow.

This is the assessment of the former Minister of Finance, Professor Owen Horwood, spelt out in the latest annual report of the Nedbank group, of which he is chairman.

Professor Horwood explains: "The South African economy will survive sanctions. It might even emerge stronger in important respects. But along the way a good many people, both here and elsewhere in Africa, will suffer. The disadvantaged millions will suffer most.

"If past experience is any guide, the sanctions imposed by the European Community, the US and the Commonwealth, directed at perhaps between R1 billion and R1,5 billion of South Africa's exports, will not be particularly effective as alternative markets will be found."

"We can brace ourselves against the escalation of sanctions and their damage to confidence," says Professor Horwood.

"But we must not turn our backs on the rest of the world nor relax our efforts towards political reform."

"Financially, the disengagement is less damaging to South Africa than may be perceived as productive assets are disposed of at written down values, and outward capital tranfers from this country can only work through the financial rand, which does not affect the country's reserves." — Sapa

FIGHTING SANCTIONS

Sowetan 19/12/85 250

Lekoa Council asks for fund to go abroad

By JOSHUA RABOROKO

THE Lekoa Town Council has asked the Minister of Constitutional Development and Planning, Mr Chris Heunis, to fund their trip overseas to lobby against disinvestment.

The council's secretary, Mr Ben Scott, yesterday said they were still waiting for a reply from the Minister. The trip is due to be taken by the council's executive early next year.

The council has also resolved to ask the State President, Mr P W Botha, to visit Vaal triangle townships and to address councillors at a meeting before their departure overseas.

Mr Scott said the council took that decision because they wanted to explain the position of most blacks if sanctions were to be imposed on South Africa.

"Various people have voiced their feelings about disinvestment elsewhere and we also want to make our point clear on this controversial issue," Mr Scott said.

The council has asked the Minister to sponsor the trip because "we do not want to use our own resources as most opposition groups might make political mileage if the council used its own funds," he said.

The Minister has not yet replied to their request.

Magazines reject anti-SA ads

LONDON — Leading UK women's magazines are refusing to accept advertisements calling for a consumer boycott of SA products. The Trade Union Council, which is leading the campaign, has denounced their policy as shocking.

Cosmopolitan, Family Circle, Woman's World, Living, Good Housekeeping and *She* have rejected the advertisements.

The only magazines which have accepted them are *TV Times* and *Chat*.

Trade Union Council general secretary Norman Willis complained that SA authorities seized copies of a TUC report entitled *Beating Apartheid* and the TUC anti-apartheid campaign broadsheet, copies of which were sent to SA.

"The banning of our material in SA is all too predictable," he said.

Mike Matthew, MD of the International Thomson Organisation's women's magazine group, said its policy was not to accept political advertising. — Sapa.

19/12/86 STAR 280

British magazines reject SA boycott ads

LONDON — Leading women's magazines in Britain are refusing to accept advertisements calling for a consumer boycott of South African products, and the powerful Trades Union Congress, which is leading the campaign, has denounced their policy as "shocking".

***Cosmopolitan, Family Circle, Woman's World, Living, Good Housekeeping* and *She* have all rejected the adverts.**

The only magazines that have accepted them are *TV Times*, a programme guide for independent TV stations, and a publication called *Chat*.

The *Radio Times*, the BBC's equivalent of *TV Times*, has turned them down.

Trade Union Council general secretary, Mr Norman Willis, said: "The refusal of so many British publishers to carry a paid-for advertisement is offensive and genuinely shocking."

He also said South African authorities had seized copies of the special TUC report "Beating Apartheid" and its anti-apartheid campaign broadsheet which were sent to the Republic. "The banning of our material in South Africa is all too predictable," he remarked. — Sapa.



Real loss on charity

"It started off as an non-polit-

Victory soon says MNR

WASHINGTON — Rebel leader Mr Afonso Dlakama is predicting victory for his forces over the government of Mozambique in less than a year, *The Washington Times* reported yesterday.

"We can take Maputo within five or six months," the leader of the Mozambican Resistance Movement (MNR) said in an interview.

"If the West would stop supporting Maputo, the government would fall in two months."

The newspaper said its foreign editor, Mr Holger Jensen, interviewed Mr Dlakama on Wednesday in Gorongosa, a mountainous area in the south-central part of Mozambique, near the border with Zimbabwe.

It is reported from Lisbon that the MNR said it had attacked targets in Beira yesterday, destroying military installations and supply warehouses and killing 39 government troops.

An MNR spokesman also said, in a statement, that on Wednesday MNR forces attacked and destroyed a supply train travelling on the Beira Corridor line to Zimbabwe. He said 41 government troops and 19 Zimbabwean soldiers were killed.

● A second group of foreign captives held by the MNR will be handed over to the International Red Cross today following yesterday's release of 57 captives, a rebel spokesman said yesterday. — Sapa-Reuter-Associated Press.

New York to expand SA ban

NEW YORK — The City Council voted overwhelmingly on Thursday to expand its anti-apartheid ban, refusing to give contracts to companies that do business with South Africa.

The Bill, which still has to be signed by the Mayor, Mr Edward Koch, goes beyond the present law requiring contractors to certify that they do not sell goods or services directly to the South African police, military, prison system or the agency that enforces pass laws.

It also would forbid the city from dealing with contractors who do business with several South African governmental agencies which provide support for that nation's apartheid system. These include the Bureau for Information, Ministry of Law and Order, Ministry of Education and Development Aid and energy-producing agencies.

City Council Majority Leader Peter Vallone predicted the proposed law would prompt similar action in other US cities. — Sapa-Associated Press.

Child detainees listed

The Star's Foreign News Service

NEW YORK — American human rights groups have compiled a list of 390 names of children detained in South Africa under the emergency decree. Four on the list are 11 years old Several are 12 or 13.

The document is distributed by Episcopal Churchpeople for a Free Southern Africa

A Christmas campaign asks Americans to write to President Botha, urging the immediate release of the children.

Mine faction fighting

Botswana to

Ask

er, Barclays National Bank, which is owed an estimated R5m-R6m. In addition, Nedbank is owed about R1m and Trust Bank about R800 000.

There is also a further amount of about R2,5m owing on a loan made earlier this year, but there is a dispute over whether this involves Brandt Holdings or Brandt Contracting.

Heavy liabilities

Westrust's Les Cohen confirms that the companies are seriously illiquid with liabilities in excess of R15m. And it appears that the heavy engineering side of the company was mainly responsible for the drain on group resources over the past few years. Cohen says he hopes successful negotiations will be completed by the end of January. The return date for the provisional liquidation is January 27.

"Several local parties are interested in taking over the engineering contracts . . . and there are potential offers for the heavy engineering side."

The future for most of the company's 700 employees looks bleak. Only some can expect to be kept on by the new companies, and prospects for new jobs in engineering are not good.

There will be little, if anything left of the group built up by the Brandt family over several generations once the contracts and buildings have been parcelled out. ■

COMPUTERS

Dodging boycotts

The computer industry is engaged in much fast footwork these days to counter sanctions and the worst effects of disinvestment by foreign parent companies.

The latest deal on the cards is between McCormack & Dodge SA (M & D) and the Comcon group. M & D is the subsidiary of US-based McCormack and Dodge Corporation, a subsidiary of Dun & Bradstreet, which decided to shed its operations in SA last week.

The local company is the market leader in the supply and support of financial software systems and fourth-generation packages. It has installed more than 140 systems, mostly for large mining houses and insurance and oil companies.

The difficulty for M & D now is that all the software it sells is sourced from the US. A condition of any deal with Comcon is that M & D acquires ownership of the software in SA. This is already being negotiated with the US parent.

Liberty Life has a significant shareholding in the SA-based Comcon group. The Comcon consultancy company specialises in advising business on computer management. This involves analysing the information technology needs of an organisation, the hardware and software requirements, and the number and type of staff necessary to implement the systems.

The *FM* understands that a tie-up between M & D and Comcon consultancy would be an arm's-length deal through the Comcon holding company, with each retaining its areas of specialisation. MD Mike Parry says M & D's skills and resources will be complemented by Comcon's technical expertise and "excellent consulting track record."

Parry says the primary objective of any deal will be to ensure continued support to clients: "Dun & Bradstreet's decision to disinvest, coupled with the continuing threat that faces all organisations with foreign-sourced software, led us to take preventative measures. We need to ensure the continued support and enhancement potential of software for existing and potential clients."

Comcon MD Pierre Biebuyck says discussions have identified ways Comcon's professional staff and skills can help M & D to continue to support and develop its products. "Both companies have achieved market leadership and we believe the alliance reflects a joint interest in ensuring proper support for South African clients," he says.

LATE IN THE SHOP

There's no doubt that buyers of microcomputers are becoming more discerning. They're demanding higher standards of service from retailers.

One company which is cashing in on the trend is Microness, which recently opened a late trading store in Hillbrow. MD Bernhard Leibhammer says that 60% of business done in the first week of trading was generated between 5 pm and 8 pm.

The store trades from 9 am to 9.30 pm Monday to Saturday, and is open on Sundays from 9 am to 1 pm, when computer books and manuals are available. Says Leibhammer: "The businessman quite clearly wants the chance to shop around outside of business hours, when there is time for demonstrations and he can consider his options at leisure."

Microness is on the expansion trail, with a new Johannesburg store for corporate clients opening in January, and two more in the Transvaal in the first quarter of next year.

The chain is expected to consist of 10 stores by the end of 1987. And turnover, standing at R1,5m in 1984, is expected to reach R12m by the end of 1986.

Leibhammer also says the company is exploring a franchise scheme and has already established a local manufacturing strategy to overcome tightening of sanctions on computer equipment.

He has plans for a sturdy micro-computer for industrial use and a point-of-sale system which he hopes wil have export potential.

ers in New York last week.

Sampson, speaking at a symposium on free markets and strategic resources management, said he believed this proposition could become increasingly unattractive.

"It is more and more a military government, engaged in a kind of civil war," he said. He added that it was very easy for military governments to implement laws and enforce their policies when crises arose.

In the short term, interests would be best served by trading with Pretoria "on a week-by-week, day-by-day basis." However, he pointed out to the symposium — which marked 13 years of platinum futures trading at the New York mercantile exchange — that there was a difference between short and long term.

Talking about the effects of the current conflict on trading and business, Sampson said there would be bad news — riots, strikes and stoppages — and good news, the deals which would please traders. But the classic dilemma for business and trading interests would be whether they could face the likelihood, or certainty, of a major shift in government.

Beyond the crisis management of the short term, traders and business interests would have to cross the breach into the hazier longer term, he suggested.

Sampson said he believed SA offered long-term opportunities, contrary to what many people said. "I believe there is a possibility that all interests will be able to reach an accommodation with future black governments," he said.

Sampson is the author of several books on SA and an expert on the British power structure. He is currently writing a book on the role of multinationals in SA.

He told the traders he believed that long-term prospects in SA had to be borne in mind all the time. Black interests would be looking to see who would be standing by them. He pointed out that seeking to make contact with outlawed political interests in SA, and establishing confidence, required some courage and far-sightedness. Black political groups had been virtually cut out of the race for the past 25 years.

Speaking with some authority, Sampson said he had arranged meetings between major business interests — including oil companies and Barclays Bank — and black political figures.

"This has convinced me that a growing relationship is possible in the future for foreign traders and business interests," he concluded.

Senator James McClure told the symposium that he believed it would be highly unlikely that SA would place an embargo on platinum sales to the US. The US was building up its stockpiles of strategic minerals to avert any possibility that a crisis would arise if there were supply bottlenecks from major supplier countries, such as SA. ■

FUN PLUS
SANCTIONS
19/12/80

Investing long-term

"US corporations which stay on in SA will be compelled to be on good terms with the Pretoria government," Anthony Sampson, British author and contributing editor of *Newsweek International* told platinum traders in New York last week.

20/12/86

280 69 STAR



Mr Harry Schwarz ... a fallacy that only US companies will pull out.

Effects of disinvestment will be felt in a year

By David Braun, Political Correspondent

Disinvestment by American companies from South Africa will start affecting the economy in about 12 to 18 months, says Mr Harry Schwarz.

Mr Schwarz, PFP spokesman on finance, said it was a fallacy to believe that only American companies would be pulling out of South Africa.

He predicted that the current wave of disinvestment would soon be followed by the withdrawal of European and Japanese companies.

Mr Schwarz said many of the American pull-outs would have no immediate impact on the economy because business was continuing and the same people were being employed.

It was further evident that there had been no large-scale withdrawal of funds from South Africa because the financial rand had not been under excessive pressure, he said.

"The real problem is going to come in the medium to long-term when South Africa starts experiencing difficulties with the availability of technology and new concepts.

"In many cases there will be problems with product substitution.

"There is a sort of euphoria in South Africa at the moment that we can deal with this disinvestment, but that is going to start disappearing within the next 12 to 18 months when the real impact of disinvestment will be felt," Mr Schwarz said.

Cape Times 20/12/86

Swiss still oppose 'all sanctions'

280

BERNE. — The Swiss government said yesterday it still opposed economic sanctions against Pretoria even after two Swiss were kidnapped in Swaziland and taken to South Africa.

The Foreign Minister, Mr Pierre Aubert, told Parliament the government condemned apartheid but was sticking by its principle of not joining economic boycotts against any country.

"We are trying every way to change the mentality of those in power," he said. Switzerland was not, however, interested in publicity without action. "We want results," Mr Aubert said.

The debate was called after two Swiss, Mr Daniel Schneider and Ms Corinne Bischof, were seized by gunmen a week ago in their home in Mbabane and taken across the border.

In South Africa, they were questioned about alleged links to the African National Congress. After two days and a sharp diplomatic protest by Switzerland, Pretoria released the couple and allowed them to return to Swaziland.

Mr Aubert said the incident showed that using its current policy Switzerland still had substantial influence with the South African authorities. — Sapa-Reuter

Campus pressure is what scared Barclays

By BENJAMIN POGRUND, London

ONLY last month, Barclays Bank was telling its student customers in Britain it was the anti-apartheid bank.

In leaflets sent to its thousands of graduate and undergraduate account holders, Barclays sought to justify its presence in South Africa and laud its work in promoting black interests there.

Barclays has a sizeable chunk of Britain's student market. More significantly, the students are prime markets because they are the big business customers of the future

But — alarmingly for the bank — students have been refusing to open accounts. According to reports, during the past two years the bank's share of the student market has dropped from about 25 percent to 17 percent.

Nor has that been the only area of pressure. For the past 17 years, it has faced an unremitting campaign led by the National Union of Students and the Anti-Apartheid Movement, with their boycott calls drawing ever-widening support from local authorities, trade unions, churches and charities.

The loss of business — estimated at £6-billion (about R19-billion) by anti-apartheid sources here — has even extended to respectably high-profile customers such as Oxford University's Balliol College and Oxfam.

Barclays used to treat the issue with contempt, but they didn't realise how quickly a campaign can gather momentum, the Anti-Apartheid Movement is quoted as saying. They're being hit on all sides now, and the hassle factor has proved too strong.

The withdrawal from South Africa could have far-reaching effects in Britain. This is the grand-daddy of them all, a company whose name is closely identified with South Africa, with links going back many years and with vast and profitable investments.

The loss of confidence among other British investors could well trigger off a chain of disinvestment. That will be aided by the obvious lessons offered by Barclays: it is prepared to walk away from its South African profits — admittedly, at about two percent of total profits, they are only a fifth of what they used to be — and is so eager to get out that it is willing to be bought out cheaply.

The lessons will in any event be rammed home by a triumphant disinvestment lobby: watch out now for a tidal wave of pressure on British business to get out of South Africa.

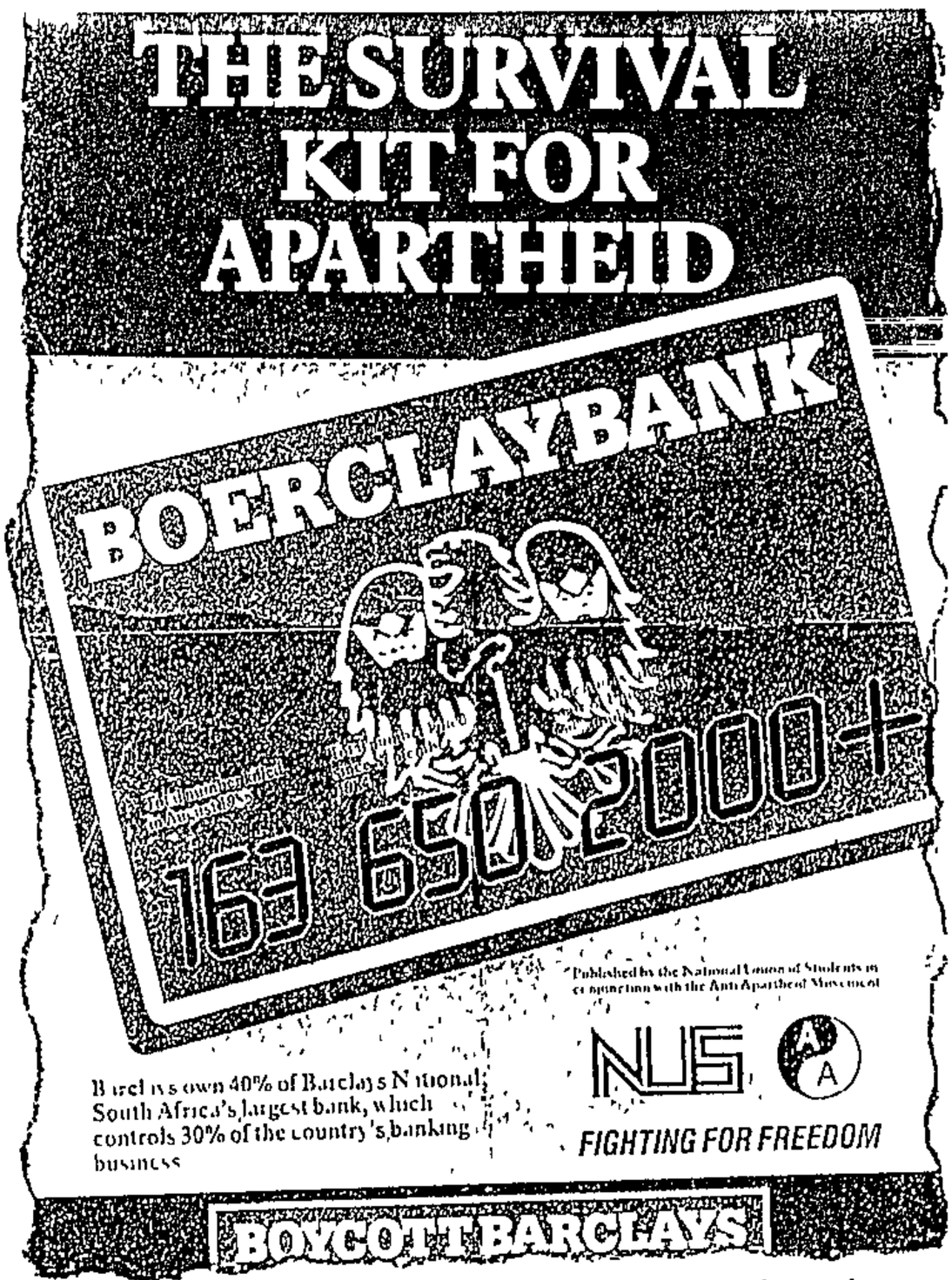
The Barclays action is also likely to give impetus to a scheme which some people in American banking circles are quietly discussing: entirely cutting South Africa off from its financial connections with the world

The idea grew out of the refusal by American banks in August last year to roll over loans to South Africa The catastrophic effects in and on the Republic were watched with interest

Now attention is being given to the transfer of money, whereby South Africa pays for its imports and is paid for exports, and to travellers' cheques and bank drafts which make foreign travel possible

South African businessmen are already having to contend with increasing difficulty in obtaining letters of credit for their purchases abroad. Such letters opened by South African banks are no longer always accepted unquestioningly abroad but have to be confirmed by a foreign bank.

There is, as yet, no problem in getting foreign banks to confirm the letters of credit. But if a giant bank like Barclays can be harassed out of South Africa, what other anti-apartheid pressures might now succeed in the world of finance?



A 'Boycott Barclays' poster ... first sneers, then alarm

Seminars for local businessmen

'All-out' bid for SA investment

By AUDREY D'ANGELO
Deputy Financial Editor

MAURITIUS is making an all-out effort to attract SA investment and tourists to bolster its economy.

While the sanctions lobby persuades US companies to disinvest from this country and campaigns against SA exports, the Mauritius Trade Office is organizing seminars in Cape Town and Johannesburg for local businessmen.

It has opened a SA desk to help firms opening up in Mauritius and is organizing investment and trade missions to the island.

Mauritius trade representative Jean-Michel de Senneville has sent circulars to firms all over SA listing the advantages his country has to offer the entrepreneur.

'Heaven'

He says that in 1986 SA exports to Mauritius rose by 32,2% "and a large number of factories and businesses were established in our 'business Heaven'.

"The expanding SA contribution to the rapid development of Mauritius' economy is of mutual benefit."

Urging firms to book for the next trade mission, De Senneville says Mauritius offers "a very generous package of incentives".

Other advantages he mentions include an infrastructure for business, and government development projects.

"There is much scope for contracting and the supply of equipment in the various fields of agriculture, fisheries, agricultural diversification, irrigation, health and hospitals, water supply and sewerage, housing, tourism, harbour and shipping, post and telecommunications, energy, roads, construction and education," he says.

Discussing SA exports to Mauritius, he continues: "Apart from an increased volume and a wider range of general SA products exported to Mauritius, the latter requires more machinery, equipment and raw materials for the rapid development of its manufacturing sector.

"Instead of enumerating a long list of products that can be manufactured or assembled on the island, I would rather simply confirm that Mauritius would welcome the manufacture or assembly of virtually any product."

He also points out that "the development of the manufacturing industry is progressively creating new business opportunities for service industries such as computer science, the repair and maintenance of containers and packaging."

'Controls relaxed'

● Sapa reports that Mauritius has also begun phasing out exchange controls in a move aimed at turning it into an important financial centre.

It has increased personal travel allowances and the amount of duty-free goods Mauritians returning from abroad may bring into the country.

"If the first step gives the anticipated results, the others will follow until control is totally removed," the Deputy Finance Minister, Vishnu Lutchmeenaraidoo, said at the weekend.

Black education: A year of caning

22/12/86.
BUSDAY.

280

Senators slate embargo of SA uranium

SIMON BARBER

WASHINGTON — Congress's ban on SA uranium imports, due to go into effect at the end of the month, is threatening thousands of US jobs and US security.

So say two senators who voted for the sanctions Bill and now wish they had not.

Mitch McConnell and Wendell Ford, both of Kentucky, fear the ban will force a major enrichment plant in their state to lay off workers or even close down.

The Paducah gaseous diffusion plant, operated by the Department of Energy, is contracted to enrich SA uranium for various overseas customers, chiefly Japan and Taiwan.

As written, the ban appears to prohibit all SA uranium, even if re-exported after processing, and would thus automatically nullify Paducah's contracts with any customer using SA material.

The Reagan administration has looked in vain for an alternative interpretation since the Bill was passed on October 2.

Ford, a Democrat, and McConnell, a Republican, are pleading with the administration to grant an exemption for trans-shipped uranium when they publish the final regulations implementing the ban.

The fear is that although only 10% of uranium enriched for export at Paducah, and a similar facility at Portsmouth, Ohio, is of SA origin, clients who buy their uranium from various sources would consider the discrimination against SA material a breach of contract and take their business elsewhere, including to the Soviet Union.

CHR Times 22/10/86

EC doesn't plan tougher sanctions

STRASBOURG, France. — A high-ranking British official said yesterday the European Community had no plans to toughen economic sanctions against the South African government.

Legal problems were holding up full implementation of EC sanctions against South Africa, Lynda Chalker, Minister of State at the Foreign Office, told the European Parliament.

The problems were delaying a ban on the import of gold coins from South Africa and an embargo on new investment there.

Peaceful solution

Answering questions on behalf of the EC Council of Ministers chaired by Britain, she said the issue would be discussed by EC foreign ministers in Luxembourg on Monday.

Chalker said the 12-nation trade group remained "totally committed to the abolition of apartheid" in South Africa but added that "general economic sanctions are not going to bring about the change we all want".

In the debate she said the EC was "committed to promoting a peaceful solution through an internal dialogue" within South Africa.

L. Sygada — 62%
S. Badenhorst — 58
B. Hewett — 80
T. Duncan — 72
B. Train — 70
C. Kessler — 65
M. Fine — 65
R. Edwards — 68
D de Waal. — 66
M. de Kock — 64
J Sadie — 70
L. Alves — 66.
B. Cullingworth — 70
S. Belikoff — 65
L Anne Dry — 65

Barclays takeover sum paid

HAROLD FRIDJHON

MOST of the R526-million due to Barclays Bank plc, London, for the outstanding shares in Barclays National Bank (Barnat) was paid last week by Anglo American Corporation, De Beers and Southern Life Association.

The foreign exchange reserves, however, will be unaffected by the transaction which makes Barnat wholely SA-owned. Barclays plc can repatriate its capital only through the financial rand mechanism, and since the supply of financial rands is limited because few foreign investors are interested in South Africa, it could take years before all the funds are finally transferred.

Meanwhile the "frozen" balances may be invested in marketable securities, the interest on which can be paid in commercial rands.

Putting the cash together caused some ripples in the money market last week but dealers said that the transaction was not responsible for the upward movement in interest rates.

● See Page 5

Sanctions threat to US

The Star Bureau

WASHINGTON — The American uranium industry is facing a serious backlash from anti-South Africa sanctions with enrichment plants fearing a crippling loss of business to foreign competitors.

Senators — including some who voted for sanctions — have urged President Reagan to tell officials not to be over-zealous in implementing the regulations banning importation of South African uranium.

They are also worried the sanctions will result in loss of US control of processed uranium — allowing it to fall in the hands of countries like Libya.

The senators expressed their concerns in a letter to the President last week. Among those who signed it was Senator Richard Lugar, chairman of the Foreign Relations Committee, who led the sanctions drive on behalf of Republicans.

Anti-S A pickets starkly racist

23/12 NM (280)

THERE COMES a moment in every revolution when the revolution starts to feed on itself, and this is what is happening to the Anti-Apartheid Movement here.

We are familiar with the cultural-academic boycott of South Africa — nobody must perform or teach there. We are also familiar with the boycott of cultural, sports and other productions emanating from South Africa, which in any way favour or condone apartheid.

But what we are not familiar with is the anti-apartheid boycott here in Britain of anti-apartheid academics and performers from South Africa, like the archaeologists who were prevented from attending the world archaeological conference in England and the two actors who are performing Robert Kirby's *The Bijers Sunbird* at the Lyric in Hammersmith.

The boycott of Kirby's play is so manifestly ludicrous that perhaps it will serve the purpose of concentrating the Anti-Apartheid Movement's mind on exactly what it hopes to achieve.

Even the theatre critics became confused. Reviewers from two black papers, Voice and Caribbean Times (according to one report), strode past the pickets and so did Militant and Labour Weekly, but the communist Morning Star critic was so self-righteous that he wouldn't even review *Alice in Wonderland* because it was at the theatre next door, under the same roof.

smith and Shepherds Bush Anti-Apartheid Movement, but this is how extremism always begins — some purer-than-thou individuals step up the pace.

It does not take long for the poison to spread, either. Time magazine, for example, reported on *Woza Afrika!*, the four-week festival of South African theatre that opened in New York's Lincoln Centre in September. According to the report Mbongeni Ngema (author and director of *Asinamali)* and other black playwrights were 'startlingly outspoken in their resentment of white South African artists such as Athol Fugard, Nadine Gordimer and Andre Brink'. The report quoted Duma Ndlovu, the festival's executive director and a former associate of Steve Biko, as saying: 'Athol Fugard has taken all the credit for black theatre in South Africa. The West looks on him as the representative of black aspirations in South Africa through theatre, a role that was not bestowed on him by black people, a role that black people say is not true ...

'We have to stop putting ourselves in a position where the (Barney) Simons and Fugards get credit for work that we do. The only way experience teaches us is for blacks to stop working with whites inside South Africa under present conditions.'

Playwright Maishe Maponya, Time magazine's report continued, 'speaks with visible anger of such white writers as André Brink, who, he contends, exploits black

Revolution in concept

There are no limits actually to which a revolution will not go if it is unchecked — for that is what the anti-apartheid campaign has become, a revolution in concept. The 'purification' process simply devours everything in its path.

The two actors who are performing *The Bijers Sunbird*, Sean Taylor and Jon Maytham, are white, and therein no doubt lies their problem. The Anti-Apartheid Movement has not boycotted plays in which the actors are black.

For example, when *The*

next week, begs to differ from his fellow-playwrights. 'I believe in human beings for humanity's sake,' he told Time magazine. 'It's not white South Africa or black South Africa, but South Africa. My next play is going to have a white cast. I don't care who tells me I musn't work with white people. I believe that if we come together we can change the colour of the world.'

The Anti-Apartheid Movement might ponder

Stanley Uys LONDON

on these words. Is it doing the ANC, for example, a service by picketing a play with a white cast? The ANC itself campaigns for South Africa's total isolation, because this is the strategy by which it hopes to render the country untouchable not only in the unimportant field of culture, but also in the critically important fields of the economy, diplomacy and defence. But, as I understand the ANC's position, it has never rejected the contribution of whites who have taken an anti-apartheid stand.

Once the idea gains ground that the struggle in South Africa is solely a black struggle and not an anti-apartheid one in which whites can also share, then I cannot see how the ANC, with its traditions of non-racism, can remain the dominant actor in the South African struggle. There is a thin dividing line between enforcing a strategy of isolation to crack the apartheid nut as quickly as possible, and purifying the ranks of the combatants to a point where the struggle is progressively fragmented.

Five years ago, in the Canadian Journal of African Studies, Professor Heribert Adam wrote these wise and prophetic words: 'In the vast academic literature on South Africa one crucial conclusion has recently gained wider acceptance: meaningful change is likely to emerge only with the collaboration of decisive sections of the white ruling group.

'In anticipation of imminent challenges, the apartheid state has strengthened itself economically and militarily — buttressed by control over strategic resources and aided by foreign allies — to such an extent that no revolutionary movement on its own is able to defeat this powerful state machinery, except by its own propaganda.'

To pretend otherwise is to prepare the way, first, for the polarisation of blacks and whites, and then for the unending fragmentation of both communities. It is a thought the whites in the Anti-Apartheid Movement might ponder on. Come the revolution, they might find that they have worked themselves out of the victory.

NM
23/12/86

280

ends two other South African plays will open in London, *Woza Albert* and *Bhopa*. But the actors in these plays are black, so there has been no talk of picketing them. Nor have there been boycotts of the various other predominantly black South African plays that have been staged here, and even proudly presented on television.

Inexcusable racism

The picketing of *The Bijers Sunbird* therefore is an inexcusable act of racism, as was the rather feeble attempt to boycott Pieter-Dirk Uys's performances in London last year. When the pickets were interviewed outside the Lyric Theatre and asked why they were boycotting an anti-apartheid play they could not give a coherent answer, except to mumble something about the need for a 'total boycott'.

The Anti-Apartheid Movement has had the grace to look sheepish and has tried to explain that the picket was a local effort by the Hammer-

creating his own work'.

This is racist rubbish. White writers blazed a trail when black writers were not ready to do it, and to describe this as 'exploitation' or 'white cultural imperialism' is to deny whites the right to write about blacks. I would call this black cultural chauvinism. I haven't heard this kind of language since the up-

surge of black consciousness in the 1960s. Somebody's caught in a time warp.

The desire of black playwrights and directors to do their own thing without white help is understandable and acceptable. It's their way of finding their own feet and expressing their own feelings. But does it have to be accompanied by racist rhetoric? Surely, credit can be given to the Fugards, Gordimers and Brinks for the contribution they have made?

Percy Mtwa, whose *Bhopa* was seen at the New York festival and which opens in London

Charity groups concerned

Aid to blacks is threatened by US pullouts

NEW YORK — The future of millions of dollars in assistance for SA blacks has been placed in doubt by the withdrawal of US corporations from the country, corporation officials say.

US groups raising funds to help blacks in SA say disinvestment campaigns have cut the flow of much-needed aid for community projects and education.

"The big chunks of money we need can come only from the corporations, and I don't detect any real interest from them," said Kaye Donely, president of the American Committee for the Children of Soweto.

"Divestment is discouraging corporation efforts ... they're caught up in politics and are not hearing our message," she said.

Donely said her committee was trying to raise $3m over five years for the Johannesburg Child Welfare Society (JCWS), whose projects include a home for abandoned children in Soweto.

A spokesman for TransAfrica, a Washington-based group which has lobbied for disinvestment, said it was unfortunate that social responsibility programmes run by corporations could end with their withdrawal from SA.

"But what we're working for is complete change in SA, and that's worth much more than the loss of the programmes," she said.

Groups which announced plans to leave SA this year include GM, IBM, Coca Cola, Honeywell and Kodak.

A GM spokesman said the corporation had spent "many, many millions" of dollars on such projects as black education, housing and scholarships.

He said GM would fulfil commitments which continue until 1988. "I can't say what will happen after that."

IBM committed $15m last year to a five-year programme aimed mainly at improving black education and working for legal reform.

Asked if the corporation would continue charitable support after 1990, a spokesman said: "That's speculation. It's quite a few years down the road."

A Coca Cola spokesman said the company put $10m last year into a five-year programme to support black housing, education and business development. No decision had been taken on whether such support would continue. — Sapa-Reuter.

SA-US relations hit new low

Govt stops plane, visits

Cape Times 24/12/86

SOUTH AFRICA yesterday refused landing and over-flying rights to a routine United States military aircraft due in South Africa early next month, bringing relations with the US to a new low.

And last night the US ambassador to Pretoria, Mr Edward Perkins, had a special meeting with the Foreign Minister, Mr Pik Botha, to discuss Pretoria's new belligerent attitude towards the US.

Mr Perkins urged Mr Botha to reconsider his decision to refuse visas to two groups of US Congressmen due to visit South Africa next month

A spokeswoman for the Department of Foreign Affairs said last night that the US State Department had requested landing and over-flying rights for a US Air Force cargo aircraft

She said Mr Botha's position was that permission would be granted on condition that the US gave permission for landing and over-flying rights for a SA Air Force aircraft in the US

By MAX DU PREEZ Political Staff and Sapa-AP

The US has been sending a military aircraft — containing non-military resupplies such as Nasa equipment used at satellite stations — to Jan Smuts Airport six times a year for several years and landing rights have never been refused.

Mr Botha was quoted as saying yesterday· "If the US starts realizing that our airspace and our territory is not that accessible to them any more, particularly in the power struggle with the Soviet Union, I believe it can serve a very good purpose."

There is consensus in political circles that Pretoria's new aggressive stance towards the US is a result of the two top-level meetings with ANC officials recently and the planned meeting between the Secretary of State, Mr George Shultz, and the ANC president, Mr Oliver Tambo, next month, as well as the US sanctions campaign against SA.

The government clearly intends to use the anti-US feelings as an election issue, as it did in 1977 with the Carter administration.

Mr Botha said the two US congressional groups wanted to come to South Africa from January 8 to 12 on an American military plane

He said South Africa could not be expected to invite people who had hurt the country to come and see its wounds Neither, he said, could South Africa be expected to allow an American aircraft to land in South Africa when SAA had been refused landing rights in the United States

One of the groups was to be led by Mr Harold Wolpe, chairman of the House of Representatives Foreign Affairs subcommittee, who helped push the sanctions package through Congress.

Mr Botha said of him: "I cannot think of a greater enemy of South Africa, even in the Kremlin."

The second group was to be headed by Mr Dave McCurdy, an Oklahoma Democrat.

Reagan risks wrath of Democrats

Sanctions loophole for SA uranium

24/12/86 BUSDAY 28

WASHINGTON — Risking the wrath of pro-sanctions Democrats, the Reagan administration has decided to allow certain SA uranium oxide imports to continue for six months despite a Congressional ban due to go into effect on December 31.

The delay, which covers SA uranium purchased by third countries and sent to the US for processing, is in response to urgent warnings by six senators, four Republicans and two Democrats, all of whom voted for sanctions, that the ban could cost "thousands of jobs" in their states.

The move is expected to trigger howls of protest from other members of Congress who are already complaining that the Administration is dragging its feet on implementing the comprehensive Anti-Apartheid Act passed on October 2.

The six concerned legislators, led by Kentucky senators Mitch McConnell, a Republican, and Wendell Ford, a Democrat, and joined by Senate foreign relations committee chairman Richard Lugar, wrote to President Reagan last

SIMON BARBER

week pleading to have non-US-owned SA uranium exempted when the regulations putting the bill into effect were issued.

A number of foreign customers buy SA uranium oxide and send it to be processed in the US.

The oxide is converted into uranium hexafluoride by two US firms in Illinois and Oklahoma, and then enriched at government facilities in Kentucky and Ohio. The enriched material is fabricated into fuel rods by a third set of entities and finally delivered to the overseas customer.

The senators, who also included Oklahoma Democrat David Boren, told the President they believed they had reached a legally-binding agreement during the sanctions debate last August that would have permitted this cycle to continue.

They fear that even though only between 10% and 13% of the uranium enriched for foreign clients is of SA origin,

● To Page 2

Loophole for SA uranium

● From Page 1

28 BUSDAY 24/12/86

customers would be entitled to consider the ban on material they had already agreed to buy from SA a breach of contract and thus take all their business elsewhere.

This could mean heavy layoffs at the two plants, which employ more than 3 200 people, as well at the conversion and fabrication companies.

McConnell yesterday informed voters in Kentucky that the Administration had agreed to withhold a final decision for six months in order to give Congress time to clarify its "intent" on the issue.

"Foreign uranium bought from SA and sent for enrichment and then immediately sent out of the country was not meant to be covered by the bill," he said.

Senator Edward Kennedy, one of the driving forces behind the sanctions, has strenuously objected to this "loophole", arguing that Senate specifically rejected the exemption by a 56 to 40 margin when it was offered by Ford and McConnell as an amendment.

Sanctions hit coin exports

STAR
280
24/12/86

By Claire Robertson

South African gold coin exports bear the brunt of sanctions against this country, a "Sanctions Scoreboard" compiled by the Indicator SA, a quarterly report from the University of Natal, shows.

Twenty-one countries have a total statutory ban on the import of Krugerrands and it is discouraged in Japan. Only Argentina and Brazil still allow their import, the survey shows.

The survey traces a "countdown to sanctions" from a warning by the French Minister of External Relations warning to the United Nations in October 1984 that anti-South African sanctions would be counter-productive, to the passage of the Comprehensive Anti-Apartheid Act of 1986 in the United States in October this year.

Statutory bans

That sanctions package severely curtailed trade ties between the US and South Africa.

But New Zealand and Australia lead the field with total statutory bans on the following:

New investment; loans to the SA Government and parastatals; loans to the SA private sector; the import of SA gold coins; the import of steel, iron, uranium and coal from South Africa; the import of SA agricultural produce and wine; the export of crude oil and petroleum products, computers and computer technology, nuclear equipment and technology; the export and import of military equipment; a discouraging of sporting, cultural and scientific links; landing rights for SAA; and the promotion of tourism to SA.

New Zealand has also severed diplomatic relations with South Africa.

After the two island nations, France has taken the toughest line on anti-South African sanctions.

France differs from New Zealand and Australia in that it still has diplomatic ties with South Africa; allows the import of agricultural products and wines; allows SAA landing rights; and sanctions the export of computer technology to South Africa.

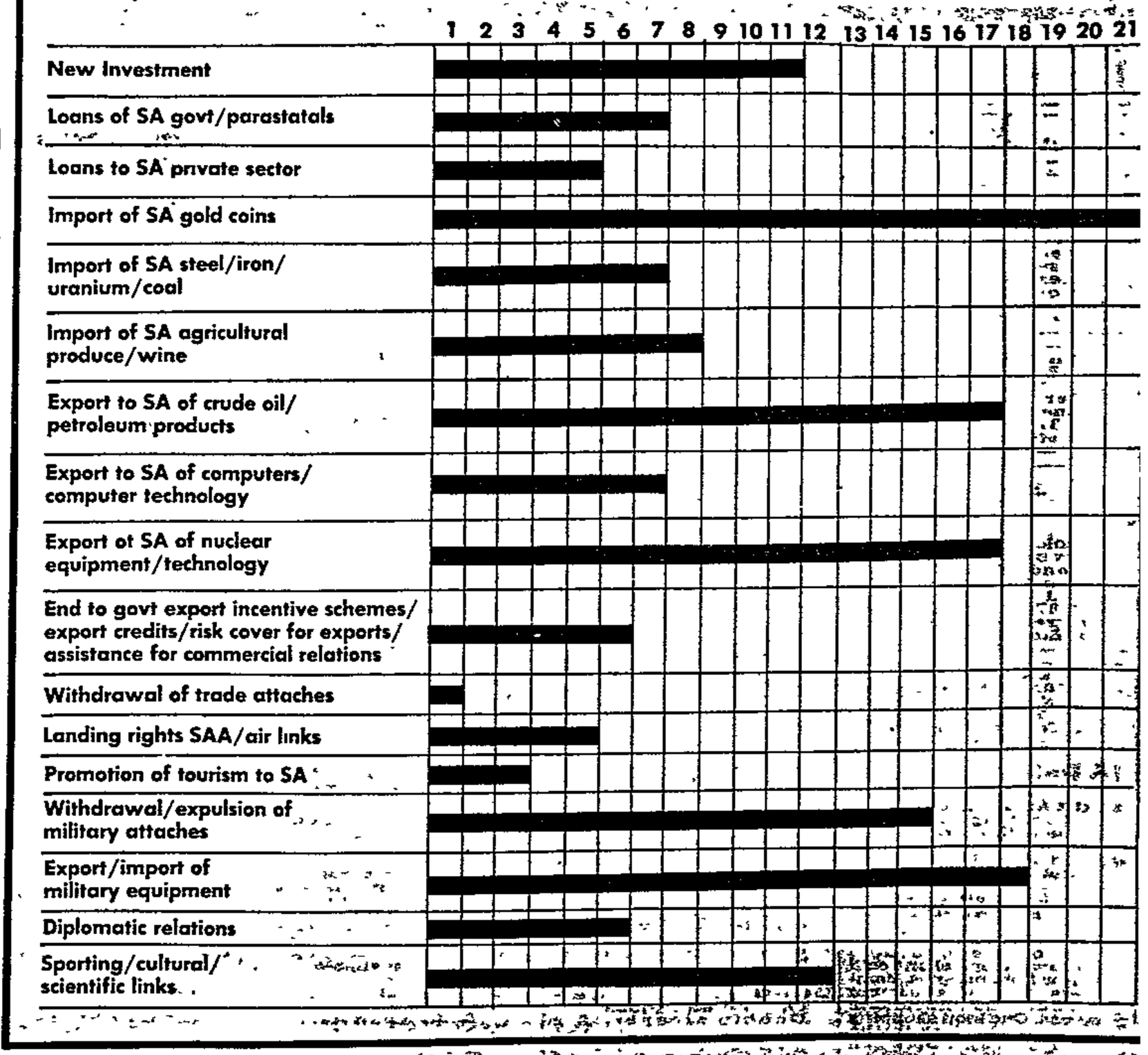
But that country's total ban on SA coal sets it apart from its European Community partners in the sphere of imports.

France also will not sanction loans to Government or parastatal organisations in South Africa, nor to the private sector and it has a total ban on new investment. These measures have also been adopted by the United States.

Bans on new investment have also been adopted by Canada, Iceland, Finland, Sweden, Norway, Denmark and Japan.

The export to South Africa of crude oil and petroleum products is banned by 18 countries, as is the export or import of military equipment.

NUMBER OF COUNTRIES WHICH HAVE INTRODUCED A TOTAL STATUTORY BAN OR SEVERANCE OF CONTACT WITH SOUTH AFRICA



Fin Mail 26/12/86

FRONTLINE STATES

Balking at sanctions

The Frontline states' sanctions package against SA, due to be announced by the new year, now seems likely to be less comprehensive than the Commonwealth package agreed last August. Two recent events have underlined the irony of the whole sanctions programme.

First was the Zimbabwean request for 34 000 t of fuel from SA, which served to underscore yet again Zimbabwe's dependence on Pretoria and the very real limitations to its capacity to impose effective sanctions.

The fuel request was apparently made because the National Railways of Zimbabwe, with an estimated 33% of its locomotive fleet off the rails due to a shortage of spares, is simply unable to move petrol, diesel and gas from Feruka near the Mozambique border to the west of the country.

Direct imports from SA by road and rail via Beit Bridge or Botswana would ease the domestic transport problem considerably

The second and more dramatic development was this month's serious food riots on the Zambian copperbelt, which brought home to Lusaka policymakers just how little room they have for manoeuvre. President Kenneth Kaunda's decision to rescind the steep increase in food prices will give him no more than a temporary respite, since his creditors and lenders will want to know how he proposes to finance the huge subsidies that will now be necessary.

While Kaunda, along with Zimbabwe Prime Minister Robert Mugabe and Foreign Minister Witness Mangwende, has continued to press publicly for a tough sanctions package, Western diplomats say that economic ministers in both countries are pleading for a more pragmatic and cautious stance.

The compromise solution may yet turn out to be the severing of air links — a highly visible act which will attract widespread international publicity — along with selective sanctions on items such as fruit (a very minor import), while leaving the bulk of trade between SA and its Frontline neighbours largely unaffected.

The big question is what form Pretoria's retaliation against such selective sanctions might take. Those preaching moderation argue that SA might ignore selective sanctions on the grounds that it earns valuable foreign exchange from its transactions with Zambia and Zimbabwe — two key actors in the Frontline sanctions campaign. Others predict that selective sanctions will generate a selective response from Pretoria. Once this happens the door would open to sanctions escalation as each side adopts a tit-for-tat strategy.

On the more positive side, this month's summit meeting of Preferential Trade Area (PTA) ministers highlighted the need for those states with close trading ties to Pretoria to diversify into increased intra-regional trade.

PTA Secretary General Bax Nomvete says his organisation will help the Frontline states to find alternative sources of supply to replace SA, while also making transport facilities available.

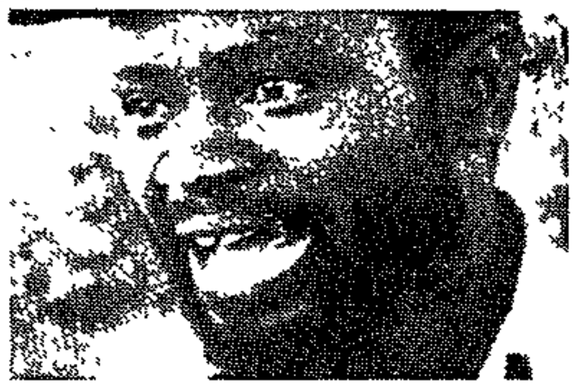
Just how practical such transport assistance is likely to be is questionable, while the only PTA suppliers likely to be able to replace SA to any significant extent are Kenya and Zimbabwe. And even these two countries cannot provide much in the way of capital and producer goods.

Nonetheless, it is possible that sanctions will have a positive impact on trade between the Frontline states and other PTA member countries.

Money talks, and the sanctions heat is off



Robert Mugabe



Samora Machel



Kenneth Kaunda

HARARE. — Amid the seasonal expressions of goodwill, a recurrent question being asked in Zimbabwe as 1986 draws to a close is: "What has happened to sanctions?"

For weeks, there has been a guessing game as to when Prime Minister Mr Robert Mugabe will announce implementation of promised measures to back anti-apartheid rhetoric with concrete action.

Last week, diplomats and regional analysts focused their attention on Sunday's summit of the frontline states in Lusaka, confidently predicting that at least nominal moves would finally be unveiled.

But the summit was disrupted by the death of a son of President Dr Kenneth Kaunda, causing the early departure of the group's leader, and ended without a communiqué or press conference.

The frontline states Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe, and the leaders of all but Angola, gathered in the Zambian capital for their first top-level meeting since the death of Mozambican President Samora Machel in a plane crash in October.

The frontline group spearheads regional efforts to force racial reform in South Africa. Zambia and Zimbabwe, in particular, also have been in the forefront of a Commonwealth drive to speed change through punitive economic sanctions despite Pretoria's warnings it would pass on the effects of such action to its weaker black neighbours.

Zimbabwean Prime Minister Mr Robert Mugabe returned to Harare from a Commonwealth mini-summit in London in August vowing that a newly adopted sanctions package would be implemented to the full and be in place by the end of the year.

The Commonwealth package, which was not agreed to by Britain, calls for the cutting of air links, withdrawal of most consular facilities and a ban on imports of South African goods, such as steel and vegetables.

But most of Southern Africa depends economically on the region's white supremacist superpower. The ardour for sanctions has cooled noticeably since August as cold statistics are assessed while contingency plans are studied, Western diplomats noted.

Mr Mugabe, and some of his ministers, have since repeated the end-of-year target date, raising expectations of imminent action.

But the Zimbabwean leader noted even at his August press conference that for this country to act alone would have little effect and, for sanctions to be meaningful, they must be co-ordinated.

Other frontline states such as Mozambique and Botswana say they are in no position to act, a situation accepted by the group. But, Zambia as well as Zimbabwe have publicly committed themselves to the Commonwealth sanctions package.

After Sunday's meeting, diplomats and regional-affairs experts here have been asking "What happened?"

One development noted by some of the analysts is this month's food price riots that rocked Zambia, forcing it to briefly close its borders and leaving several dea

Dr Kaunda quickly reversed the increases, part of an austerity programme designed to right the country's battered economy, which included doubling the retail cost of staple maize meal

"The riots showed just how brittle Zambia's economy is," a European diplomat said. "Kaunda has been through this before and is in no position to be bringing hardship through political gestures against South Africa when he has to cut back on domestic development programmes to ensure his people can afford to eat."

Zambia closed its borders with the then Rhodesia during that country's 15-year period of breakaway white rule as part of an international sanctions campaign, but was forced to reopen them when the move threatened its own economy with collapse.

The next question being asked here is whether Zimbabwe, after all, will go it alone? No one in the government is saying and the sanctions issue is so sensitive that any moves will only be announced by Mr Mugabe.

The major stumbling block for Zimbabwe to take any action against Pretoria is its dependency on South Africa for trade routes.

Diplomatic sources said Mr Mugabe and Foreign Minister Mr Witness Mangwende have told recent visitors that rapid progress was being made to reduce this dependency and that as much as 40 percent of Zimbabwe's trade was now being routed through Mozambique.

But economists and businessmen question that figure, saying it is more like 10 percent, and that about 90 percent of imports and exports pass through South Africa.

Cutting steel imports also would badly hurt Zimbabwe's domestic steel industry and the loss of the lucrative Johannesburg-Harare route would plunge loss-making national carrier Air Zimbabwe further into the red, they added.

Western diplomats also question whether Mr Mugabe, while personally prepared to make sacrifices for such a noble cause as ending apartheid, has the whole-hearted support of his cabinet and party colleagues on the sanctions matter.

"The Zambian riots are a lesson for any African country," the European diplomat said, "after all, nobody wants that situation."

Meanwhile, the guessing game of if and when Mr Mugabe will act goes on, with attention now centres on whether he will say something about sanctions in his traditional New Year message.

"I'm sure there will be some action at some point, possibly only symbolic, as Mr Mugabe regards the South African issue so seriously. But the date is not important and an end-of-year target may be ignored as irrelevant," the diplomat added. — Sapa-Reuter

Boycott bite is having only a small effect

In Johannesburg, the Econometrix research and analysis unit has underlined the failure so far of the campaign of sanctions on South Africa.

Econometrix director and chief economist Dr Azar Jammine estimates that the absolute maximum export earnings that South Africa stands to lose from the existing type of sanctions measures is a mere R4 million a year when all items are counted.

"What is abundantly clear," he told The Saturday Star, "is that the international community is picking on those goods which are in surplus on world markets — especially iron and steel, agricultural products, and textiles.

"They are certainly not picking on essential minerals such as platinum and chromium. And they are too scared to tamper with gold.

"Sanctions of any form are not to be welcomed from a long-term point of view. The drawbacks of trade boycotts as they currently stand, however, are not considered to be as detrimental for South Africa's long-term future as are moves to disinvest — or, more important, the reluctance to invest."

Frontline sanctions have an ironic twist

N/M 27/12/86 280

JOHANNESBURG— The sanctions package against South Africa due to be detailed by the frontline states before the New Year now seems likely to be a pale reflection of the Commonwealth package agreed last August.

Observers say two recent events have underlined the irony of the whole sanctions situation.

First and most dramatic have been this month's serious food riots in Zambia. They has forced Lusaka policymakers to face the truth of just how little room they have to manoeuvre.

President Kenneth Kaunda's decision to rescind the steep increases in food prices will give him no more than temporary respite, say commentators.

His creditors and lenders will want to know how he proposes to finance the huge subsidies that will now be necessary.

Next, there is the Zimbabwean request for 34 000 tons of fuel from South Africa, which serves to underscore how dependent Zimbabwe remains on Pretoria and the 'very real limitations to its capacity to impose effective sanctions', according to sources close to Pretoria's contingency planners

The fuel request was seemingly made because the National Railways of Zimbabwe, with some 34 percent of its locomotives off the rails because of a spares shortage, is unable to move petrol, diesel and gas from near the Mozambique border to the west of the country.

While Mr Kaunda, together with Zimbabwean Prime Minister Robert Mugabe and Foreign Minister Witness Mangwende, have continued to press publicly for a tough sanctions package, Western diplomats say that economic ministers in both countries are pleading for 'a more pragmatic and cautious stance'.

Air links

A report this week said the severing of air links — a highly visible move which will attract widespread international publicity — may yet turn out to be the compromise solution, along with selective sanctions on items like fruit (a very minor import) while leaving the bulk of trade between South Africa and its frontline neighbours untouched.

A big question is what form Pretoria's retaliation against such selective sanctions might take. Those preaching moderation argue that South Africa might ignore selective sanctions on the grounds that it earns valuable foreign exchange from its business with Zambia and Zimbabwe — the two key actors in the Frontline campaign

Others predict that selective sanctions will bring a selective response from Pretoria.

If this happens the door will be open to an escalation of sanctions as both sides adopt a 'tit-for-tat' strategy.

Trading

More positively, this month's summit meeting of Preferential Trade Area ministers underscored the need for those states having close trading ties with South Africa to diversify into increased intra-regional trade

Preferential Trade Area secretary-general Mr Bax Nomvete says his organisation will help the frontline states find alternative sources of supply to replace South Africa, while also making transport facilities available.

Just how workable such transport assistance is likely to be remains questionable The only PTA suppliers likely to be able to displace South Africa to any significant extent are Kenya and Zimbabwe. And even these two countries cannot provide much by way of capital and goods.

However, it is possible that sanctions against South Africa will have a positive impact on trade between the frontline states and other PTA member countries, say Pretoria sources — (Sapa)

The irony of sanctions

The sanctions package against South Africa due to be detailed by the Frontline states before the New Year now seems likely to be a pale reflection of the Commonwealth package agreed last August.

Observers say two recent events have underlined the irony of the whole sanctions situation

First and most dramatic has been this month's serious food riots in Zambia.

This has forced Lusaka politicians to face the truth of just how little room they have for manoeuvre.

But President Kenneth Kaunda's decision to rescind the steep increases in food prices will give him no more than temporary respite, say commentators.

His creditors will want to know how he proposes to finance the huge subsidies that will now be necessary.

Then there is the Zimbabwean request for 34 000 tons of fuel from South Africa, which serves to underscore yet again how dependent Zimbabwe remains on Pretoria and the "very real limitations of its capacity to impose effective sanctions", according to sources close to Pretoria's contingency planners.

The fuel request was seemingly made, it is said, because the National Railways of Zimbabwe, with about 34 percent of its locomotive fleet off the rails because of a shortage of spares, is unable to move petrol, diesel and gas from Fruka near the Mozambique border to the west of the country.

Imports from SA would provide relief

Direct imports from South Africa by road and rail via Beit Bridge or Botswana would provide much relief to Zimbabwe's domestic transport problem.

While Mr Kaunda, the Zimbabwean Prime Minister, Mr Robert Mugabe, and the Zimbawean Foreign Minister, Mr Witness Mangwende, have continued to publicly press for a tough sanctions package, Western diplomats say that Economic Ministers in both countries are pleading for "a more pragmatic and cautious stance".

A report this week said the severing of air links — a highly visible move that would attract widespread international publicity — might still turn out to be the compromise solution, along with selective sanctions on items like fruit (a very minor import), while leaving the bulk of trade between South Africa and its Frontline neighbours largely untouched.

A big question is what form Pretoria's retaliation against such selective sanctions might take.

Those preaching moderation argue that South Africa might ignore selective sanctions on the grounds that it earns valuable foreign exchange from its business with Zambia and Zimbabwe.

Others predict that selective sanctions will bring a selective response from Pretoria.

If this happens the door will be open to an escalation of sanctions as both sides adopt a tit-for-tat strategy.

More positively, this month's summit meeting of Preferential Trade Area (PTA) Ministers underscored the need for those states with close trading ties with South Africa to diversify into increased intra-regional trade.

PTA secretary-general Mr Bax Nomvete says his organisation will help the Frontline states to find alternative sources of supply to replace South Africa, while also making transport facilities available.

Just how workable such transport assistance is likely to be remains questionable.

The only PTA suppliers likely to be able to displace South Africa to any significant extent are Kenya and Zimbabwe.

And even these two countries can not provide much by way of capital and producer goods.

However, it is still possible that sanctions against South Africa will have a positive impact on trade between the Frontline states and other PTA member countries, say Pretoria sources. — Sapa.

BUSINESS IN PROFILE

(280) (65) Weekly M 28/11/86.

CONRAD BAREND STRAUSS, managing director of Standard Bank group, did not make a fuss about the flight of banking capital from South Africa this week.

Speaking soon after one of his main rivals announced the sale of its South African interests, he said Standard Chartered Bank in London is likely to decrease its shareholding in the Standard Bank Investment Corporation of SA — from 38 percent to about 25 percent.

This approach is typical of the soft-spoken business figure who does not have a high political profile. He gives priority to what he can do internally in the group, with its 23 000 employees and assets of R20-billion, rather than what he can do on public platforms.

After earning his matric at Paarl Boys' High, this former academic did a string of degrees at Harvard, Cornell and Rhodes universities. It then took him 23 years to climb from management trainee at Standard to group MD.

He spoke this week to ANTON HARBER.

What role do you see for Standard Bank in the process of change in South Africa?

The Standard Bank has for quite a long time had a policy of non-differentiation in every facet of its life. I believe the level of consultation that we have with a cross-section of the community is such that at the moment I am not concerned at all about anybody pointing a finger at the Standard Bank about how it handles its affairs internally.

Having followed a policy of total non-differentiation, we seek to turn that into a living philosophy for the Standard Bank — something that must be practised by all our branches, all our personnel around the country. I view the Standard Bank, to some extent, as a kind of candle that is lit for the South Africa of tomorrow.

But in a direct political sense, I do not believe there is a significant influence that we can exercise. By using public platforms, by participating in discussions, we can point out that what we believe is desirable and in the interests of adding wealth to our society, of overcoming material misery, of facilitating economic development. But I do not believe that as a non-political organisation we can go beyond that.

What is your company's attitude to affirmative action?

There is no way you can administer an economy of 28-million people by drawing on the skills only of 4-million or 5-million. To the extent that we have had and still have an educational programme in the country that does not necessarily equip a large portion of our citizenry to participate in a highly competitive First World environment, I do believe that we should endeavour to make up for these deficiencies.

What is your view of the outcome of the summit meeting between PW Botha and businessmen?

In an economic sense, or even in a political sense, I have no doubt that it did no harm. In an economic sense, I believe there is relatively little difference between the strategy that the government had devised and what was tabled. There were nuances and some differences of emphasis, but to me the important thing relates to the fact that you cannot determine the economic future of this country without the participation of a broad section of the population. Secondly, you cannot develop an economic strategy without meaningful political change.

I cannot think that that conference would, in any way, have hindered the process of change, because it is my impression that the point was made very clearly by several people that you cannot deal with the economy in isolation; you've got to take the social-political factors into account. To the extent that that point was made, let's hope that it may have a positive consequence.



Conrad Strauss ... quiet man

What do you mean by meaningful political change?

There is no doubt in my mind that we have got to get to a stage when we have universal franchise in South Africa. Whether it is expressed in a unitary, federal or confederal state, I am not a constitutional lawyer, I can't tell you. But there must be a broader political participation where the citizens of South Africa have a free opportunity to exercise their civic rights in the form of a franchise.

Are you optimistic about the economic prospects in South Africa?

South Africa is extraordinarily well-endowed. But I think examples around the world, such as Japan, show that you need not have any raw materials, provided you have the people who have a work ethic and who are motivated. To me the future economic success of South Africa depends overwhelmingly on our ability to motivate our people and create an environment where there is contentment, stability and an atmosphere that is conducive to the development of the work ethic. Under those circumstances, yes, I am optimistic about the future of the economy.

I would like to add one rider. My greatest concern about the future of the South African economy relates not so much to the political dispensation as it relates to the economic ideology that will prevail. If we confuse political participation with the need for state ownership on an extensive scale, and deprive the individual of initiative, then I feel pessimistic.

The Barclays Bank withdrawal from South Africa has created speculation about Standard's future. What are the prospects?

That is really a question that you must ask London. It is not a decision taken by us in South Africa. The managing director is on record as saying that they may consider at an appropriate time decreasing their shareholding further. He thought 25 percent might be an appropriate level for them; at the moment they control 38 percent (of Standard SA). But exactly if and when (they will reduce their holding, I have no idea.

NEWS FOCUS

280 BUSDAY 29/12/86

Sanctions have little effect on economy

GERALD PROSALENDIS
Economics Editor

INTERNATIONAL sanctions imposed on SA have not provided the quick fix expected by many. They have not brought the economy to its knees, nor have they forced a change of heart on government. Instead, they have provided government with a means of deflecting moral responsibility for many of the ills of its own making on to the proponents of sanctions.

ALTHOUGH attempts to unravel the impact of sanctions on SA's economy are riddled with unknowns, those imposed this year are so far having little effect.

But as the year draws to a close, some conclusions can be drawn.

Firstly, sanctions have not been the quick fix that many thought — so far they have failed to force a change of heart on government.

They have not brought the SA economy to its knees and are unlikely to do so.

Rather, they have provided government with a means of deflecting moral responsibility for many of the ills of its own making onto the proponents of sanctions themselves.

Sanctions have also weakened Western, and particularly US, influence in Southern Africa.

In addition, there are broader issues which have been raised by the sanctions campaign against SA. US and UK bankers have been seen to capitulate to political pressure.

The outcome of this is not yet fully understood, but some international bankers have suggested this might have set a dangerous precedent in a world riddled with ethnic, political and social division.

What other political grouping may now put pressure on bankers to exercise their considerable influence?

Also, by cutting SA — a large trader and supplier of raw materials — out of legitimate world markets, opportunities for arbitrage proliferate.

International trade with SA is being driven into a nether world of black market dealing where statistics are unreliable and control impossible.

And where there is demand, there will be supply.

It was in late September and early October that a broad range of mandatory sanctions was finally imposed on SA.

These followed the failure of the Eminent Persons Group (EPG) initiative to bring about negotiations between government and the African National Congress, and the humiliation of Sir Geoffrey Howe by all and sundry.

The European Community led the way, followed by Japan. The EC package included a ban on new investment in SA, on imports of iron and steel from SA and Krugerrands.

Both the UK and Germany were reported to have vehemently opposed a ban on SA coal.

But it was the US sanctions package, which came into force in mid-November, that took mandatory sanctions against SA a step further.

The US measures included a ban on new investment in SA; no new loans to the SA government or agencies of the government; a ban on SA coal, iron, steel and sugar; no further imports of Krugerrands; a prohibition on imports or exports of military equipment; withdrawing landing rights for SAA in the US; and the termination of the double tax agreement between the two countries.

Although serious, it is estimated these measures will result in a 5% drop in export earnings for SA.

But, many of the recent sanctions have merely written into law what already exists.

For example, the US ban on new investment in SA, and loans to the SA government and agencies controlled by it, has been a fact of life for some time.

Foreign banks — and not just those in the US — have been withdrawing, rather than investing capital from SA for nearly two years.

A local banker says: "No US loans or investment have flowed into SA because bankers and companies feel the risk is too high, and it is unlikely that they will change their minds soon."

But, it is these "financial sanctions", rather than trade sanctions, which have done damage to the SA economy, and jeopardised chances for long-term growth.

The pressure they have exerted on the capital account has resulted in a lower exchange rate, higher inflation and a lower rate of real economic growth. And while the capital outflow continues, SA will have little choice but to run a large surplus on the current account, forcing the monetary authorities to apply a more restrictive monetary and fiscal policy than they would otherwise have done.

Far from being an excuse for fiscal excess and a permissive monetary policy, then, sanctions will discipline SA's economy.

One of the real threats of sanctions to SA's economy, and an already over-regulated free market system, is inherent in government's response to sanctions. Should government perceive sanctions merely as an opportunity to increase its control over the economy, and be misled into believing that interest rates can be kept low, the exchange rate high and growth increased merely by bureaucratic decree, the results could be disastrous.

Yes, the need to trade in a hostile world will make it necessary for international relationships to be concealed, statistics hidden and trading partners obscured. But this should not be confused with those calling for blanket controls both on information and economic activity.

So far, the monetary authorities have reacted with circumspection. Finance Director General Chris Stals says: "Careful management of the economy is essential. In future we will be unable to afford unnecessary expenditure in both the public and private sector.

"Sanctions make it important that we determine spending priorities and get it moving in these directions.

Sapa-Reuter reports from Harare on the delicacy of the position of the Frontline states, particularly Zimbabwe, over action against South Africa.

Whatever happened to Commonwealth sanctions?

ARGUS 29/12/86 280

A recurrent question being asked in Zimbabwe as 1986 draws to a close is: "What has happened to sanctions?"

For weeks, there has been a guessing game as to when Prime Minister Robert Mugabe will announce implementation of promised measures to back anti-apartheid rhetoric with concrete action.

Last week, diplomats and regional analysts focused their attention on last week's summit of the Frontline states in Lusaka, confidently predicting that at least nominal moves would finally be unveiled.

But the summit was disrupted by the death of a son of President Kenneth Kaunda, causing the early departure of the group's leader, and it ended unusually without a communique or press conference

Leaders of the Frontline states — Botswana, Mozambique, Tanzania, Zambia, Zimbabwe but not Angola — gathered in the Zambian capital for their first top-level meeting since the death of Mozambican President Samora Machel in a plane crash in October

The Frontline group spearheads regional efforts to force racial reform in South Africa. Zambia and Zimbabwe, in particular, have been in the forefront of a Commonwealth drive to speed change through punitive economic sanctions despite Pretoria's warnings it will pass on the effects of such action to its weaker black neighbours

Zimbabwean Prime Minister Robert Mugabe returned to Harare from a Commonwealth mini-summit in London in August vowing that a newly adopted sanctions package would be implemented to the full and in place by the end of the year.

The Commonwealth package, which Britain did not agree to, calls for the cutting of air links, withdrawal of most consular facilities and a ban on imports of South African goods such as steel and vegetables.

But most of southern Africa depends economically on South Africa and the ardour for sanctions has cooled noticeably since August as cold statistics are assessed while contingency plans are studied, Western diplomats noted.

Mugabe, and some of his ministers, have since repeated the end-of-year target date, raising expectations of imminent action.

But the Zimbabwean leader noted even at his August Press conference that for this country to act alone would have little effect and, for sanctions to be worthwhile, they must be co-ordinated

Other Frontline states such as Mozambique and Botswana say they are in no position to act, a situation accepted by the group, but Zambia, with Zimbabwe, has publicly committed itself to the Commonwealth sanctions package

After Sunday's meeting, diplomats and regional affairs experts here have been asking: "What happened?"

One development noted by some of the analysts is this month's food price riots in Zambia, forcing it to close its borders briefly and leaving several dead.

Kaunda quickly reversed the increases, part of an austerity programme designed to right the country's battered economy which included doubling the retail cost of staple maize meal

"The riots showed just how brittle Zambia's economy is," a European diplomat said. "Kaunda has been through this before and is in no position to bring hardship through political gestures against South Africa when he has to cut back on domestic development programmes to ensure his people can afford to eat."

Zambia closed its borders with what was then Rhodesia during that country's 15-year period of breakaway white rule as part of an international sanctions campaign, but was forced to re-open them when the move threatened its own economy with collapse.

The next question being asked here is will Zimbabwe, after all, go it alone? No one in the government is saying, and the sanctions issue is so sensitive that any moves will be announced by Mugabe himself.

The major stumbling block for Zimbabwe is its dependency on South Africa for trade routes.

Diplomatic sources said Mugabe and Foreign Minister Witness Mangwende have told visitors that rapid progress was being made to reduce this dependency and that as much as 40 percent of Zimbabwe's trade was now being sent through Mozambique

But economists and businessmen question that figure, saying it is more like 10 percent, and that about 90 percent of trade passes through South Africa

Cutting steel imports also would badly hurt Zimbabwe's domestic steel industry and the loss of the lucrative Johannesburg-Harare route would plunge loss-making national carrier Air Zimbabwe further into the red, they added

Western diplomats also question whether Mugabe, while personally prepared to make sacrifices for such a noble cause as ending apartheid, has the whole-hearted support of his cabinet and party colleagues on the sanctions matter

"The Zambian riots are a lesson for any African country," the European diplomat said. "After all, nobody wants that situation"

Meanwhile, the guessing game of if and when Mugabe will act continues, with attention now centring on whether he will say something about sanctions in his traditional New Year message.

The diplomat said: "I'm sure there will be some action at some point, possibly only symbolic, as Mugabe regards the South African issue so seriously. But the date is not important and an end-of-year target may be ignored."

Welfare: US won't fill gap

Business Day Reporter

THE US government is unlikely to fill the gap left by departing American companies by funding their social upliftment programmes.

United States Information Services (USIS) director Harvey Leifert said the US government funded projects of an entirely different nature to those undertaken by companies.

As the source of local funding for welfare programmes dries up, welfare organisations are apparently applying for tax exemption status in the US to facilitate their fund-raising efforts there.

A representative of one organisation which is in the process of applying said she had heard of more than 70 SA organisations making similar applications. Leifert could, however, neither confirm nor deny this at the time of going to Press.

The representative said: "Your ability to raise funds from companies in America depends on whether you have tax exemption status. Then it does not cost the company anything, as its contribution is tax-deductible. It is a hell of a business to apply, and also very expensive."

Leifert said the tax-exemption status normally did not apply to foreign organisations, though there could be a provision in US law which made it possible to apply to the Internal Revenue Service for it.

"One way is for an organisation to open an office in the US and for that organisation to be granted tax-exemption status. Money raised can then be channeled into its South African counterpart," Leifert said.

He added that such status for SA organisations would not overcome all obstacles to raising funds in the US where there were thousands of charitable organisations vying for donations.

They would, he believed, need publicity arms to make themselves known to US companies, and also specific fund-raising organisations inside the US to give them legitimacy.

Although an additional $40m was allocated by the US Anti-Apartheid Act for assisting the disadvantaged, Leifert believed it would be spent in terms of existing guidelines.

The US government now spends at least R100m on about 160 projects — of which 150 are considered human rights projects.

It did not allocate large sums to any one project as did companies, Leifert said, but spread its allocation broadly over a number of projects

Sanctions package a blow to U S firms

(280) W/M 29/12/86

Simon Barber

WASHINGTON—New regulations, belatedly issued by the U S Treasury Department to implement the congressional ban on new U S investment in South Africa, seem certain to further reduce the profitability and value of American subsidiaries in S A

The only blanket exemption is for U S investment in companies owned by the victims of apartheid', which must first be certified as such by the U S Government

The rules, which are to be published formally today, prohibit parent companies from injecting new resources into their S A operations, whose increasing obsolescence is thus virtually assured

Furthermore, if U S-owned plant is destroyed by accident or sabotage the parent will only be permitted to restore it to its original, often outdated condition if using outside funds

Many of the methods U S companies have used to pull out of S A while permitting their former subsidiaries to remain in business may now be illegal

General Motors agreement to pay off GMSA's debts could now run foul of the law, for example, as would transfers of assets to S A buyers made subject to an agreement to repurchase

Companies have been left dangling in confusion because even though the investment technically went into effect on November 16, bureaucratic delays prevented the administration issuing its official interpretation of the obscurely drafted law

New investment is defined in the rules to 'include a commitment or contribution of funds or other assets, and a loan or other extension of credit'

Rescheduling of existing debt is only permitted if 'no new funds or credits are transferred or extended' to S A borrowers

U S firms may not use their non-S A foreign affiliates to circumvent the ban, nor may they knowingly act through or participate with any other overseas party

Exceptions are made for

- Re-investment of profits earned by a U S-controlled entity in that or another S A entity
- Contributions required to enable a U S-controlled S A entity to operate in an economically sound manner, without expanding its operations
- The ownership or control of an interest in a S A entity, or of securities of the S A Government or an S A entity issued prior to October 2 1986
- The transfer or acquisition of such a pre-October 2 interest or security, where no payment contribution of funds or assets or credit to the entity or issuer results
- Expenses to comply with the Code of Conduct (Sullivan Principles) as mandated by the Sanctions Bill
- Market rate sales of goods, services and technology
- Purchase of a residence for personal use by the purchasing U S national
- Charitable contributions

U S residents and companies may also continue to hold and open bank accounts in S A, but such accounts may only be used 'strictly to pay for and clear transactions

In a meeting with business representatives on December 11, U S officials conceded the rules then being finalised left many specific questions unanswered and urged firms to seek guidance from the Treasury on a case by case basis

The regulations will substantially increase the paperwork required by the Government from firms operating in S A, and in any instance where the firm cannot obtain the necessary information from S A, the proposed loan or investment will be considered automatically prohibited

In accordance with another section of the Sanctions Bill the rules also bar 'depository institutions located in the U S from accepting, receiving, or holding deposit accounts of the S A Government and its controlled entities'

Exceptions are diplomatic and consular accounts 'authorised by specific license'

Xerox delays making disinvestment decision

The Star Bureau

WASHINGTON — The giant Xerox Corporation has postponed a decision on the future of its South African operations, citing uneasiness at the outcome of other United States companies disinvesting.

A Xerox spokesman said yesterday the corporation wanted to strike a "better balance" than other American companies had in withdrawing, to serve its employees, customers, shareholders and ideals

But the official, Mr Tom Abbott, noted that Xerox had not decided to disinvest

In May this year, Xerox chairman Mr David Kearns set December 31 as a deadline for progress in South Africa.

The corporation might pull out of South Africa if requirements were not met, he warned.

In October, Xerox said it was "discouraged" at the South African situation which had, in the company's view, "clearly deteriorated".

Mr Kearns said yesterday: "Any decision to leave South Africa would be irrevocable."

Claim of R700 000 fee for submarine blueprint deal

The Star's Foreign News Service

MUNICH — A former West German politician has been accused of receiving R700 000 for helping to arrange the sale of German submarine blueprints to South Africa.

The accusation was made in Bonn yesterday by the leading opposition Social Democratic Party member of a parliamentary committee of inquiry into the alleged deal.

The MP, Mr Norbert Gansel, said he had information proving that Mr Siegfried Zoglmann represented the Howaldtswerke firm of Kiel in arranging the deal, and was paid R700 000 for his services.

Mr Gansel charged that South Africa paid R53 million for the plans, and that a part of that sum — R4 million — was unaccounted for.

Sanctions may cripple US firms in SA

A HAMMER blow from new sanctions measures seem certain to hurt — and even devastate — the profitability of US subsidiary companies in South Africa, many of which have in any case been suffering hard times in terms of profits.

Long-delayed, new regulations, finally issued by the US Treasury Department to implement the ban on new US investment in SA, close all the major loopholes by which US subsidiaries in SA have been able to carry on "much as usual" even where there has been disinvestment by the American parent companies.

fined in the rules to: "Include a commitment or contribution of funds or other assets, and a loan or other extension of credit."

Rescheduling of existing debt is only permitted if "no new funds or credits are thereby transferred or extended" to an SA borrower, says a Johannesburg source.

"US companies can no longer use their foreign affiliates outside South Africa to get round the ban, nor may they knowingly act through to participate with another overseas party."

Exceptions include:

- Reinvestment of profit earned by a US-controlled organisation in that or another SA entity;
- Contributions required to enable a US-controlled SA organisation to operate in an economically sound manner, without expanding its operations;
- The ownership of control of an interest in a SA organisation, or of securities of the SA Government or an SA entity issued before October 2 this year;
- The transfer or acquisition of such a pre-October 2 interest or security where no payment, contribution of funds or assets, or credit to the entity or issuer results.
- Expenses to comply with the code of conduct (Sulivan principles) as mandated by the sanctions bill.
- Market rate sales of goods services and technology.
- The purchase of a residence for personal use by the purchasing US national.
- Charitable contributions.

US residents and companies may continue to hold and open bank accounts in SA, but such accounts may only be used "strictly to pay for and clear transactions."

It is reported that at a meeting with "business representatives on December 11, US officials conceded the rules then being finalised left many specific questions unanswered and urged firms to seek guidance from the treasury on a case-by-case basis. — Sapa.

The new US rules, published yesterday, prohibit parent companies from injecting new resources into their SA operations. it is reported that "their increasing obsolescence is thus assured."

Strategies

Moreover, if US-owned plant is destroyed or damaged by accident or sabotage, the parent is only allowed to restore it to its previous, often outdated, condition if it is using outside funds.

Many of the strategies which American companies have used to pull out of SA while permitting their former subsidiaries to remain in business may now be illegal, say experts.

"For instance, the General Motors agreement to pay off GMSA's debts could now run foul of the law. So could transfers of assets to SA buyers made subject to an agreement to repurchase.

Confusion

"The 50 US subsidiaries in SA known to be planning possible withdrawal from the country could now be joined by another 50 next year ..." says a Washington commentator.

Locally, it is reported that many companies have been left dangling in confusion because even though the investment ban technically went into effect on November 16, bureaucratic delays have prevented the administration issuing its official interpretation of the obscurely drafted law for more than a month.

New investment is de-

NEARLY 20 000 East Cor... in an after-tax ...

BUSDAY 31/12/86.

New US anti-apartheid regulations remain a mystery

Departing firms in dark

RICHARD BARTLETT

US COMPANIES quitting SA are still in the dark about the implementation of stringent US anti-apartheid regulations.

The regulations are intended to enforce the US congressional ban on investment in SA.

Copies of the regulations are not yet available and affected companies say they are not conversant with them.

"Until we see the regulations, it is very difficult to know what is and what is not illegal," says Leo Cecchini, the US consul for economic affairs.

"The law is designed to prevent expansion and new investment and not to stop payment of debts. The intention of the regulations is not for companies to go bankrupt.

"What will probably change is the buy-back option and the concept of share-selling to retain control of SA subsidiaries. This is at present a cloudy area," he says.

Outgoing MD of General Motors Bob White says that although he has not had an opportunity to see the regulations, he does not foresee any change in GM's plans to disinvest.

"The rulings have been in effect since the Senate veto and GM people in the US have worked with the Treasury concerning these regulations."

White does not believe GM would have gone this far if its actions were found to be illegal in US law.

"No funds will be transferred from the US to complete the change of ownership," he says.

A spokesman for Honeywell says the main transfer will be in technology and so no immediate impact is expected.

"There will be no import of funds and growth of the company is financed locally," says Honeywell's market development manager Duncan Todd.

Coca-Cola is not aware of the implications of the regulations, but a spokesman says he does not see any difficulties.

Other US multi-nationals, not dependent on US funds, do not expect repercussions. Many companies are waiting to see how stringent the regulations are and what they mean before reacting to them.

A spokesman for IBM had no comment to make.

But market sources say the company, despite a recent announcement of a buy-out by local employees, will not be affected.

Lyd Plat pushes earnings up 44%

CHRIS CAIRNCROSS

LYDENBURG PLATINUM (Lyd Plat), whose main income comes from dividends received from platinum producer Rustenburg Platinum, has benefited greatly from this investment in the year to October.

In its annual statement this investment company, in which SA Mutual has a 56% controlling interest, reports an earnings improvement of 44%, from 72,7c to 104,7c a share.

Pretax income amounted to R15,08m (R10,69m), reflecting growth of 42% as a result of the sustained strength of the platinum price/market over much of the year.

These results have enabled Lyd Plat to boost the total dividend pay-out to 104c (72c), the final dividend being lifted to 64c (44,5c).

Apart from its primary holding in Rusplat, Lyd Plat's other investments are in Genbel, Free State Consolidated Gold Mines, and Orange Free State Investments.

Market capitalisation of these investments at Lyd Plat's year-end amounted to R523,2m (R270,4m).

Tax gaps for mining

CHERILYN IRETON

THE mining industry can save money by interpreting exemptions to the General Sales Tax act liberally.

So says Ernst & Whinney tax consultant Ken Walton in the latest tax bulletin of the Transvaal Chamber of Industries.

"Many mines are dealing with the tax question of GST on an ad-hoc basis. In consequence there is not the uniformity which one would wish. Some mines are unquestionably paying too much GST while others may not be paying enough," says Walton.

An example is the exemption for parts and materials used to repair and maintain certain plant. Walton says the tax authorities have agreed that the plant specified in the act can be interpreted more widely than the list suggests.

He says companies supplying plant to the mines should examine the laws and then review what items have been taxed in the past.

19 December 1986

NATIONAL PROPERTIES LIMITED

("NATPROP")

Reg No 68/04109/06

ANNOUNCEMENT TO SHAREHOLDERS

Shareholders are advised, that in compliance with an extension of time granted by the Registrar of Companies, they were mailed Natprop Provisional Unaudited Financial Statements at 30 June 1986 on 30 November 1986 The audited financial statements for the year are still in the course of preparation. Recently settlement has been reached, in respect of disputed claims, with B&D Inny Teaters and Metropolitan Life Limited and the effect of these will be taken to account in the audited

AIRLINE MOVEMENTS

Sugar producers to appeal to US

MICK COLLINS

THE South African Sugar Association (Sasa) is to appeal to the US government to be taken off the list of 166 SA parastatals covered by terms of the Anti-Apartheid Act.

Sasa will join seven other organisations which have already appealed.

Reacting to Press reports that Sasa had withdrawn an appeal because of insufficient documentation, a spokesman said yesterday the reports were incorrect.

"Sasa has not yet appealed to be taken off the US government's list of SA parastatals, although such a submission is under discussion."

He said no definite time had been set for the plea, but stressed that Sasa was not a parastatal and "we wish to bring this to the attention of the US government as a matter of principle".

"Regarding the SA sugar quota, which has been transferred to the Philippines under a separate section of the US law, the association will obviously make representation to re-acquire this when the time is ripe."

The spokesman was referring to the sections of the law which has seen SA sugar imports banned outright, including the transfer of SA's US import quota to the Philippines.

Industry sources said yesterday the association was viewing the US ban as two seperate issues, the more important being the ban on SA sugar imports.

The other issue, which has direct implications for Sasa in its dealings with US suppliers, is the parastatal stigma, which the association hopes to eradicate.

The other seven appellants are Mercedes Datakor, Sasol, Putco, the CSIR, Siemens SA, Comtec and Technetics.

The US State Department's list of the 166 SA organisations was published on November 10 in compliance with the law banning imports from any corporation, partnership, or entity owned, controlled or subsidised by the SA government.

Kaunda and Mugabe in talks on limited sanctions against SA

Dispatch Correspondent

KARIBA — President Kenneth Kaunda of Zambia and Prime Minister Robert Mugabe of Zimbabwe met here yesterday for lengthy talks reported to have centred on a common approach to implementing limited sanctions against South Africa.

The leaders of the two land-locked states were accompanied by their trade ministers during the discussions, said by an official spokesman to have been a follow-up to the curtailed frontline leaders' summit in Lusaka on December 21.

The pre-Christmas talks were interrupted when President Kaunda was called away from the chair by news of the death of one of his sons.

Zambia and Zimbabwe were among the Commonwealth states at the London mini summit on August 2, committing themselves to a package of measures including a ban on all direct airlinks with South Africa and embargoes on the importation of South African coal and iron.

Mr Mugabe earlier this year predicted that the two states would enforce their sanctions measures by the latter half of November, but as the months have worn on observers in Harare reported discrete backpeddling by the Zimbabweans, who have recently asked South Africa to supply 34 000 tons of petrol, diesel and aviation fuel.

Zimbabwe's overloaded national railway system is unable to keep the country supplied as 30 per cent of locomotives are unserviceable.

It is thought likely that Mr Mugabe may clarify his government's position on sanctions in his new year message to the nation tonight, having co-ordinated his position with President Kaunda.

Zimbabwean manufacturers are reliant on Iscor for a wide range of sophisticated steel products to meet export orders, and until the new coking plant comes on stream at Hwange, Zimbabwe has to import South African coke to keep its state run steelworks operational.

Reservations have been expressed about cutting off the 50 scheduled flights a week between South African and Zimbabwean airports, fearing that the move will only serve to make Gaborone the hub of regional air communications at the expense of Harare and Lusaka.

'Now more firms will leave'

US oil giant decides to get out of SA

NORMAN SHEPHERD

EXXON, which boasts that it is the world's largest oil company, announced yesterday it was pulling out of SA.

The second-largest US company has sold the shares of its former SA affiliate — Esso — into a trust which will continue the SA operations.

A spokeswoman said the trust was a legal entity that would be run by trustees who could not be employees of Exxon or its affiliates. Exxon would not have ownership or control over the SA units. However, it would select the initial trustees, who in turn would choose those to follow.

She also said Exxon would loan the trust the money to buy the South African units, but that the trust would be required to repay the corporation out of future earnings. The spokeswoman did not disclose the price at which the units were sold to the trust.

Last May, Exxon shareholders rejected a proposal to withdraw from SA until the abolition of apartheid. The proposal was submitted by Catholic, Lutheran and Methodist Church organisations.

At the time, Exxon said its board believed it could contribute more to the future of blacks by remaining in SA.

The decision announced yesterday was made by the board and did not require shareholder approval, Exxon president Lawrence Rawl said.

The company, the second largest in the United States, said the South African units accounted for 0,2% of consolidated revenues in 1985, which totalled $91,62bn. Some industry spokesmen said that while Exxon had only about 5% of the SA market, its withdrawal would increase disinvestment pressure on other US oil companies.

Caltex public relations head Keith Bewick said that with the number of US companies which had already pulled out of SA, pressure to disinvest would be stronger on companies still in SA.

"Exxon has a high profile outside SA and, in the American context, their move will be very newsworthy. However, Caltex's position remains unchanged. We

● To Page 2

US oil giant to leave SA

● From Page 1

will stay in South Africa," he said.

Explaining the pullout, Rawl said: "The deterioration of the SA economic and business climate caused by the continuing internal and external constraints has affected our business and its potential for growth.

"We were not able to sell our operations but did not want to shut them down and abandon our employees. So the trust was established."

He said Exxon had relinquished all ownership and management control of Esso.

Esso employed only 200 people and had neither refining nor manufacturing plants. It had interests in more than 100 service stations, a small company which sold petroleum products and another which sold chemicals.

Rawl said it was decided to use a trust after Exxon was unable to reach agreement on the sale of its SA operations to local interests.

He said the trust provided for employee profit-sharing, continued support of SA social responsibility programmes and, after payment for the operations, profit distribution to social beneficiaries in SA.

Rawl did not reveal how much Exxon would receive for the SA operations or how payment was arranged.

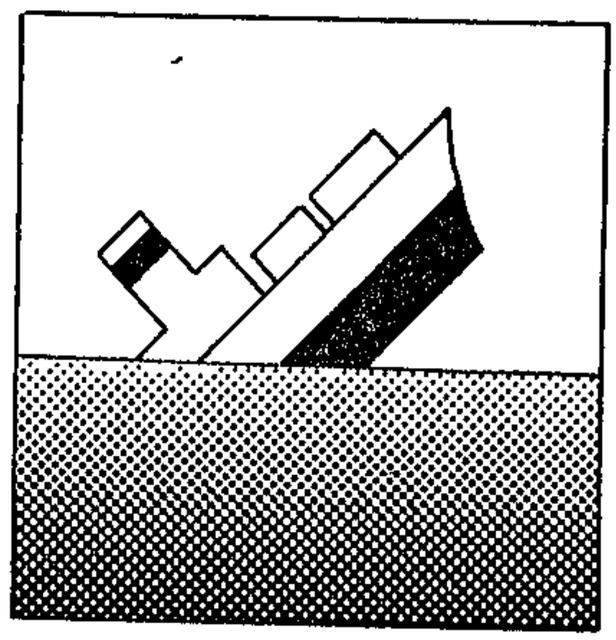
Esso headquarters in Sandton was not receiving any calls late yesterday afternoon when the news filtered through from the US. An Esso spokesman, who did not want to be named, confirmed staff had been told of the pullout but said he was not authorised to give details.

STAR 1/12/86.

280

Four in 10 blacks 'would sacrifice jobs to fight apartheid'

Research Surveys has completed a nation-wide Omnichek poll into black attitudes towards key issues, from sanctions and job threats to the degree of support for Mr Nelson Mandela if he were released from prison. MICHAEL CHESTER examines the findings.



More than four in every 10 black adults aware of international sanctions told the researchers they were willing to pay the sacrifice of losing their jobs as the price of the cause against apartheid. The figure was 43 percent.

The poll was run before the announcement of the Kodak withdrawal and the sale of South African assets by General Motors, IBM, Bata and Barclays Bank.

The level of awareness of the possibility of job losses as a result of sanctions was above 80 percent in all categories — highest among blacks between 18-24, especially females.

When asked if they were willing to lose their jobs in the struggle to end apartheid, 43 percent said they were, 21 percent said they were with reluctance and 14 percent said they would be resentful.

The remainder said they were not involved in the option or else "didn't know".

Willingness to sacrifice jobs was highest at 47 percent among the younger generation and fell to 32 percent among the men aged 50 or older.

Four out of every 10 urban males said they agreed with the African National Congress, Archbishop Desmond Tutu and the Rev Allan Boesak in calling for sanctions.

The most vociferous in their agreement were respondents in the 25-34 age group (45 percent of them). They were joined by only 29 percent of older blacks.

In all, only 16 percent disagreed with sanctions calls.

Mr Henry Barenblatt, joint managing director of the research survey unit said: "Most people are aware of the consequences of sanctions. Political support for these measures is by no means uniform, despite a strong viewpoint about the rightness of calling for sanctions.

"And if there is mass unemployment, the financial strain on extended families to support the jobless would be considerable. Indeed, such support may not even be forthcoming simply because the resources would not be there."

SANCTIONS- 1987

JANUARY Febmary

Hold-up in sending rules to SA

New regulations will force more US firms to quit

BUSDAY 6/1/87

280

HAMISH McINDOE

REGULATIONS issued by the US Treasury Department to activate the ban on new investment will force more US companies to leave SA and have far-reaching financial implications for those who elect to stay.

The American Chamber of Commerce (Amcham) in Johannesburg predicts the growth rate of US companies in SA will reach a plateau — and then fall sharply.

Amcham president Frank Lubke said yesterday: "It will lead to a shrinkage of a lot of US companies doing business here."

Released

The Treasury's regulations have still not been made available in SA, although they were released in the US a week ago.

No reason has been given for the delay, which is adding heavily to the frustrations of companies trying to stay — or planning to quit — SA.

But US trade officials reject suggestions that Washington has adopted a deliberate go-slow on clarifying the ban, which came into effect in November.

Economic affairs consul Leo Cecchini said he had "badgered Washington" yesterday for the regulations.

He also gave the strongest official indication that some of the Treasury's regulations may be unworkable.

"There are a still a couple of areas that are hard to understand," Cecchini said.

Specifically, these cover how US companies may continue to operate in SA, and the handling of stock ownership after disinvestment.

Cecchini made clear, however, that Washington "does not want to make mistakes. Legal questions are invloved which may have to hold up in court."

Many of the methods US companies have used to pull out of SA while allowing their former subsidiaries to remain in business may now be illegal.

Only three of the 65 companies that disinvested last year cut all ties with SA.

But expectations last month that General Motors' agreement to pay off GMSA's debt could run foul of the regulations have not materialised.

Materialised

And Exxon, which traded in SA under the name Esso until it disinvested last week, has also completed the sale of its assets for an undisclosed amount.

Said Esso MD Peter Delvalle: "To the best of our knowledge the sale of the company to the trust was in accordance with the sanctions Bill."

The new name of the company still has to be disclosed.

2/1/87

Mugabe to go ahead with SA sanctions

STAR

250

HARARE — The Zimbabwean Prime Minister, Mr Robert Mugabe, shrugging off possible reprisals on his landlocked nation, has vowed to impose sanctions on South Africa in support of global efforts to end apartheid.

Mr Mugabe, a vocal critic of South Africa's racial segregation laws, told his nation on Wednesday night that although he could not meet a self-imposed December 31 deadline to act against South Africa a trade embargo would be imposed "soon". He asked his countrymen to brace themselves for hard times ahead.

Mr Mugabe and Zambia's President Kenneth Kaunda had committed themselves to implementing, before the end of 1986, a limited Commonwealth embargo on South Africa agreed upon last August.

The measures included severing air links and trade on steel, fruit and vegetables with South Africa.

The two leaders had been expected to make simultaneous announcements on Wednesday night on what sanctions they planned to impose.

Dr Kaunda did not deliver his customary New Year address and some regional analysts speculated this indicated differences between the two men on the crucial sanctions issue.

In his 45-minute televised speech, delayed for more than two hours for unexplained reasons, Mr Mugabe said: "The sanctions will be implemented soon, but now obviously no longer at the end of December 1986 as earlier expected because our task force charged with the duty of co-ordinating various relevant aspects and areas still needs a little more time to complete its task.

"I shall, as soon as this is done, announce the sanctions commencement date."

Mr Mugabe was referring to a panel of Ministers which he appointed after the Commonwealth mini-summit in London in August to probe the effects of possible South African retaliation against his country.

Most neighbouring countries, including Zimbabwe and Zambia, are heavily dependent on South Africa economically.

Almost 90 percent of Zimbabwe's imports and exports go through South Africa, with the remaining 10 percent shipped through Mozambique.

About 60 percent of Zambia's goods are transported on South Africa's trade routes.

Political sources in Harare said by delaying sanctions Mr Mugabe had given his government "breathing space" to try to map out contingency measures, including soliciting international aid, to neutralise possible effects of South African retaliation.

Mr Mugabe and Dr Kaunda also seem to have been disappointed by countries such as Britain, West Germany, France and Japan, which have refused to impose wide-ranging sanctions on South Africa, where they have some of their largest foreign investments, the sources said.

The two leaders have stressed that their measures alone, without backing from the international community, could not force South Africa to abolish apartheid or end its disputed rule of Namibia.

South Africa imposed crippling border curbs on Lesotho last January

The civilian government of the Prime Minister, Chief Leabua Jonathan, was then overthrown by right-wing military chiefs.

"Mugabe has to have alternative measures to thwart a very similar situation happening to Zimbabwe," one source said.

"If there is anything South Africa wants now, it is the fall of Zimbabwe because it is the leader of the black States through its developed industrial and economic base." — Sapa-Reuter

4/1/87 CITYPRESS 280

Exxon on the off ramp

EXXON, the world's largest oil company, announced this week that it has pulled out of South Africa by selling the shares of its former South African affiliates to a trust established to continue their operations.

The company, the second largest in the United States, did not disclose what was received for the operations or their revenues.

Exxon said in a statement it had relinquished all ownership and management control of its former South African activities.

About 65 firms, nearly all from the United States, have pulled out of South Africa this year citing falling busines and dissatisfaction with the pace of change in the country's racial policies.

Exxon said a decision was made to use a trust arrangement after it was unable to reach agreement for the sale of its South African operations to local interests.

Exxon said the trust included provisions for employee profit-sharing, continued support of South African social responsibility programs and, after payment for the value of the operations to Exxon, profit distribution to social beneficiaries in South Africa.

Exxon president Lawrence Rawl said: "The deterioration of the South African economic and business climate caused by the continuing internal and external constraints has affected our business and its potential for growth"

Exxon said it had two small companies in South Africa, one selling petroleum products and the other chemicals. Neither had refining or chemical manufacturing plants and the total employee workforce for both companies was about 200 people.

The American Chamber of Commerce in Johannesburg has said it expected between 22 and 30 more US companies to withdraw by the middle of 1987.

Commenting on the Exxon withdrawal from South Africa, John Wilson, executive chairman of Shell SA, said US boycott action and the escalating number of withdrawals from South Africa by US business impoverished South African society.

He said trans-nationals could not be replaced by merely buying out their assets. Their contribution was not only capital but the most modern technology, business systems and world-class management and management philosophies.

California launches huge SA disinvestment campaign

The Star Bureau

WASHINGTON — California has launched the biggest disinvestment wave in America so far, but United States businesses have shown little interest in helping the billion-dollar stock-shedding process.

The state has embarked on a divestment schedule involving about $9,2 billion (about R21 billion) in terms of law passed last year ordering a severing of links between state institutions and firms operating in South Africa.

Two huge Californian pension funds have had scant response from US businesses to written demands for certain pledges involving South Africa.

According to the new law, the disinvestment process formally started last Thursday. This year, state pension funds cannot make any new investments in companies doing business in South Africa unless a firm supplies a board resolution not to expand its commitments or make any new ones.

The funds, the Public Employees' Retirement System and the State Teachers' Retirement System, have been pursuing these promises by letter.

The employees' fund, with assets of about R95 billion dispatched 243 letters to companies with South African links. Four resolutions were received, with few other replies.

"They appear to be ignoring us," said Mr Basil Schwan, assistant executive officer of the fund.

The teachers' fund has struck snags as well. It sent out 7 000 letters, receiving about 1 200 replies. Most were from firms with no South African connections.

There were few replies from America's top Fortune 500 companies, a fund spokesman said.

The University of California has said companies promising to comply with federal law are good enough for now. Sanctions legislation passed by Congress on October 2 forbids any new US investment in South Africa.

This could in part explain the silence of businesses to the pledge demands — they may consider resolutions redundant since new investment is illegal anyway.

Only 10 of the 200 companies the university reached have not so far replied. But a university spokesman said the outstanding responses were expected shortly.

Proposal to pay farmers not to crop their lands

WASHINGTON — Searching for ways to reduce mounting farm surpluses, the Reagan administration is considering payments to grain farmers to stop farming their land altogether.

Under the proposal, described widely as an attempt to de-couple agricultural subsidies from grain production, growers of subsidised crops such as wheat, maize and cotton would be given income-protection payments based on their historic harvest totals.

A wheat grower, for instance, could continue planting wheat but would not be paid more than he received for his total 1985 crop. Alternatively, he could decide to do no crop-farming, seeding only grass or planting trees.

But the farmer would not be allowed to plant other crops — either another government-subsidised crop such as maize or cotton, or any unsubsidised crop such as potatoes or dry beans.

The Agriculture Department, mindful

Anti-SA strikers leave their jobs

DUBLIN — Supermarket workers who struck for nearly two-and-a-half years rather than handle SA fruit left their jobs yesterday claiming they were unfairly required to sign a document promising to handle all produce.

The surprise move came a few hours after 11 cashiers returned to work.

The cashiers said that, unlike other employees, they were required to sign a document promising to handle whatever goods were brought to their checkout counters.

They then walked out and said they regarded themselves as fired and would fight the store before an industrial tribunal.

The pledge did not specify SA produce, said Karen Gearon, the shop steward who led the strikers.

She added: "I don't see why we should be victimized. We want to go back to work but if they get us to sign this what else will it mean?"

Earlier, the 11 returned to their jobs at two stores in the Dunne's chain in Dublin after a government ban on SA farm produce went into effect.

The dispute began on July 19, 1984 when cashier Mary Manning was suspended for refusing to check out SA grapefruit bought by a customer. Nine female employees joined her in a picket of the store that became a rallying point for the Irish anti-apartheid campaign.

A year ago another employee was suspended for refusing to handle SA produce.

The strikers said they were obeying their union's call for a boycott of SA products.

Anti-apartheid campaigners invited the strikers to send a delegation to SA, but the group was refused admission to the country.

An Irish labour court ruled that the matter was political and beyond its jurisdiction, but the government failed to get supermarkets to agree on a code of practice on SA goods.

Dunne's said it would stop stocking SA produce if its competitors did likewise. It said the strikers could have their jobs back provided they handled all customers' purchases regardless of the goods' origin. — Sapa-AP.

California bars two funds to 200 US firms

JOHN EMSHWILLER

LOS ANGELES — For the lack of a letter, the stocks of more than 200 of America's biggest companies can no longer be bought by two major California State pension funds.

The state's plan to divest itself of investments in companies doing business in SA formally took effect on New Year's Day. Covering about US$9 000m in assets, the divestment plan is the biggest of dozens of similar efforts undertaken by state, local governments and other US institutions.

The divestment plan already has caused the two most-affected funds to search for alternative investment opportunities, ranging from investments overseas to supplying venture capital.

Resolution

The law, enacted last year after a long and sometimes rancorous debate, requires California's pension and investment funds to divest themselves by the end of 1990 of securities in companies doing business with SA.

Actual sale of securities isn't required to begin until next year. During 1987, the funds can't make any new investments in a concern with South African ties unless the company provides a resolution from its board — made under penalty of perjury — not to expand existing commitments or make any new ones.

California's two biggest pension funds — the Public Employees' Retirement System and the State Teachers' Retirement System — have been seeking such promises in recent months from companies around the country, and have been having almost no success. The public employees' fund, America's biggest public pension fund with assets of about US$40 000m, sent out 243 letters to companies it identified as doing business in SA.

The fund got back four of the requested resolutions, and in most cases received no response at all, even after a follow-up letter. "They appear to be ignoring us," says Basil Schwan, assistant executive officer for the public employees' fund. "I guess they really don't care who owns their stock."

The teachers' fund was more ambitious, sending out 7 000 letters. It received about 1 200 responses, mostly from small companies with no ties to SA and thus involving no sworn statement.

Companies may be essentially complying with the California plan, even if they won't say so under oath. A recently-passed US Federal law bars companies from making new investments in SA and restricts expansion of current holdings.

The University of California has decided that a company promising to comply with the Federal law is good enough for now. Though the university adopted for its US$10 000m investment fund a divestment plan, of the nearly 200 companies contacted, all but 10 have sent assurances that they are complying with Federal law.— AP-DJ.

Congress likely to avoid sanctions issue

6/1/87 SOWL 280 223

The Star Bureau

WASHINGTON — The 100th Congress of the United States starts today with no signs that there will be a repeat of last year's debate over economic sanctions on South Africa.

Legislation aimed at toughening the existing sanctions is certain to be introduced soon in both the Senate and the House of Representatives.

But early indications are that the measures will probably not go to a floor vote.

And, even if they are approved, there appears to be a fair chance that a presidential veto of new sanctions could be sustained — although the opposition Democrats have a majority in both congressional chambers.

Analysts and congressional sources say that when dealing with Southern Africa, this year's session of Congress is much more likely to focus on controversial and costly plans to reduce the dependence of the Frontline states on South Africa's dominant economy.

This is a favourite project of liberal Democrats who want to break South Africa's economic stranglehold on her neighbours.

But they are confronted by a looming budget battle that will be one of the main features of the 1987 session.

TRANSPORT AND OTHER DEVELOPMENT

Yesterday the Secretary of State, Mr George Shultz, asked Congress to approve an extra $50 million (about R115 million) to be allocated to Southern Africa for 1987 — most of it for transport and other development needs in Southern Africa Development Co-ordination Conference countries.

This is a relatively paltry amount but it has to be seen against the background of President Reagan's mind-boggling thousand-billion-dollar budget, also submitted yesterday.

The budget includes a request for $600 million (about R1 400 million) for Africa in 1988 — $73 million (about R170 million) for Southern Africa).

Under American law, the federal budget deficit must be reduced from $160 billion to $108 billion this year (about R380 billion to R250 billion).

But many in the Congress reject President Reagan's proposed cutbacks which are based on policies the Democrats have opposed for years. The Democrats are determined that any cuts will be done their way.

Thus, plans to aid the economies of South Africa's black neighbours will be caught up in the larger battle over the Reagan budget.

REPUBLICANS NOT FACING RE-ELECTION

In this climate, arguments that further American sanctions on South Africa will weaken the economies of the Frontline states are likely to carry weight — especially among Republicans who are not facing re-elections this year and will not therefore be subject to pressure at the polls by anti-apartheid activists.

The same Republicans, unwilling to act against a president already damaged by the "Irangate" scandal, are also more likely to support a presidential veto of sanctions in the United States Senate, should Mr Reagan decide to do that again.

There are other reasons why the sanctions issue may not turn into a major debate this year. One is that the current sanctions, passed in 1986, are still going into effect and the argument will be made that they be given time to work.

A second, more political, reason is that 1988 would be more suitable from the Democrats' point of view to launch another major attack on President Reagan's policies in the region.

That is presidential election year, and the Democrats will go all out to recapture the White House from the Republicans.

However, if actions by the South African Government outrage the congressmen as much in 1987 as they did last year, a momentum for sanctions could build up again.

If not, the subject will be pushed to the back by taxes, the federal deficit, farm policies, trade — and the Iran-Nicaragua row.

SA uranium is pouring into US despite sanctions

The Star Bureau

WASHINGTON — Millions of tons of uranium ore from South Africa are being shipped to the United States in spite of stringent American sanctions laws that went into effect on January 1.

But the uranium is not intended for American industry. It is being re-exported to other countries after enrichment in US conversion plants.

A decision by the Reagan Administration to permit the importation of foreign-owned uranium oxide from South Africa follows pressure by United States Senators to allow this loophole in the sanctions laws which ban South African uranium.

The Senators — including Mr Richard Lugar, former Foreign Relations Committee chairman, who led the sanctions drive last year — warned President Reagan that banning all uranium, including stocks bought from South Africa by third countries, would cost the US thousands of jobs.

It would also injure the US conversion industry, lose business opportunities to foreign competitors including the Soviet Union and release millions of tons of uranium into the world market without US control, they warned.

KEEPS TRACK

In terms of the Nuclear Non-Proliferation Act, the US tracks all uranium processed in America for the rest of its life in the hopes of keeping it out of the hands of countries, such as Libya.

The uranium oxide from South Africa goes to plants in Kentucky, North and South Carolina, Virginia, Oklahoma, Ohio and Missouri where it is converted into uranium hexaflouride.

The United States dominates the uranium conversion industry with only France, Canada, Britain and the Soviet Union providing competition.

The Senators, all from areas where jobs were threatened, feared that an over-zealous interpretation of last year's sanctions laws would have had severe economic repercussions in their states.

However, in an telegram signed by Mr Gerald McManus, Assistant Commissioner of the US Customs Service, customs officers have been ordered to allow South African uranium to enter the US — as long as it is held in bond during enrichment and sent on afterwards to its original buyers.

The customs officers were told, however, that no South African uranium should be admitted in any circumstances without a specific licence issued by the US Nuclear Regulatory Commission.

Sanctions 'will boost MNR'

THE imposition of sanctions against South Africa has given the Pretoria government another reason to support the Mozambique National Resistance Movement, a researcher with the Georgetown University Centre for Strategic and International Studies, Ms Gillian Gunn, has said.

In an article published by the centre's magazine *African Notes*, Ms Gunn said that the Mozambican president, Joaquim Chissano, is aware that South Africa now has two reasons for aiding the MNR, "rather the one reason it had in 1984".

"It still wants to pressure Mozambique not to support the ANC, but sanctions are an added priority," she said.

"If, as seems increasingly evident, South Africa intends to use its neighbours as hostages in the sanctions game, there may be greater incentive to help the MNR keep regional transport routes to Africa's east coast closed, while also continuing to aid Angola's Unita guerillas in keeping the west coast route out of action."

Pretoria's willingness to use the transport weapon both as a deterrent and as retaliation against sanctions had already been demonstrated by its August 1986 slowdown of shipments across the South Africa-Zimbabwe border, she added.

"If South Africa were to cut off the MNR completely, this valuable lever would be eroded."

In her article, Ms Gunn said that even if an agreement was reached between the Frelimo Government and the MNR rebels, violence in the country would not end.

"The MNR is not an army with an authoritative central command," she wrote.

"Its recruits join up because that is the simplest way to survive. If a young man is on the verge of starvation, joining the MNR and thereby receiving a weapon with which to steal food is an attractive option . . . already, as occurred in Uganda, violence is becoming a way of life for significant portions of the population."

Ms Gunn said that in her efforts to solve Mozambique's dramatic problems, the country's president, Mr Chissano, is unlikely to do a new deal with South Africa, negotiate with the MNR or turn vigorously to the East or to the West.

He will probably encourage Zimbabwe to send more troops to Mozambique and at the same try to reorganise the army and implement economic reforms, she wrote.

"If Chissanos' strategy fails, and the military situation continues to deteriorate, Frelimo will not necessarily be ousted from power, but it could find itself in control only of the southern part of the country, and perhaps only in the urban areas of the south," she said.

280

Sowetan 6/1/87

Lesotho products to escape American sanctions

The Star's Africa News Service

MASERU — Goods made in Lesotho, even using private South African capital, will not be affected by American sanctions against South Africa.

Lesotho National Development Corporation director Mr Molapo Monyake said yesterday that the United States Government had assured the corporation that Lesotho's products would be protected.

Mr Monyake had sought clarification on the effects of sanctions against South Africa.

THIRD COUNTRIES

A statement from the American Embassy in Maseru said:

"As a general rule imports of products of third countries transshipped through South Africa will not be prohibited when such products were merely transported, packaged, repackaged, containerised, marked or otherwise serviced in transit in South Africa.

"Such products will be considered to be of a third country and not of South African origin. This includes goods produced in third countries with private South African capital."

The statement added: "Lesotho manufacturers' goods will be protected as long as export documentation, particularly the country of origin certification, show explicitly and conclusively that the goods were manufactured in Lesotho.

"Any documentation concerning goods manufactured in Lesotho must specifically state that the country of origin is Lesotho."

BUSDAY 7/1/87

Lesotho gets US assurances on sanctions

MASERU — The Lesotho National Development Corporation (LNDC) has received US assurances that goods manufactured in Lesotho will be protected from sanctions measures against SA, provided export documentation shows explicitly and conclusively the goods were made in Lesotho.

Managing director Moletsane Monyake said yesterday the assurances were given in a statement by the US Embassy in Maseru after inquiries by the LNDC.

The embassy said the US Treasury Department had recently issued guidance on the matter.

The statement said the regulations read: "Imports of products of third countries which were transshipped through South Africa will not be prohibited when such products were merely transported, graded, packaged, repackaged, containerised, marked or otherwise serviced in transit in South Africa."

Such products will be considered to be those of a third country, and not of South African origin.

This includes goods produced in third countries with private South African capital.

Two exceptions to this general rule are:

☐ Products of third countries which are substantially transformed in South Africa will be treated by customs officials as articles of South African origin.

☐ Imports of third-country products trans-shipped through South Africa will be prohibited under the provision of the Act banning imports of parastatal organisations if the products were grown, produced, manufactured or marketed by a South African parastatal organisation, or if the South African government or a parastatal organisation has any financial interest in the export sale of such products, beyond remuneration for the fair value of services performed in South Africa in connection with trans-shipment and exportation.

The US Department of Commerce has sent a message to t embassy in Maseru, saying that ensure that normal trade occu between the US and Lesotho, goo manufactured in Lesotho must properly certified and clearly belled to indicate their origin.

Lesotho industrialists have be assured that shipments to the will not be held up at US ports customs inspectors are satisf the goods are from Lesotho. Sapa.

7/1/87

STAR

Lesotho won't be hit by sanctions — US

MASERU — The United States Government has assured the Lesotho National Development Corporation (LNDC) that goods manufactured in Lesotho will be protected from sanctions measures directed against South Africa — as long as export documentation, particularly country of origin certification, shows explicitly that the goods were manufactured in Lesotho.

LNDC managing director Mr Moletsane Monyake announced today that this assurance was given in a statement released by the US Embassy in Maseru, after an inquiry by the LNDC.

The embassy said the United States Treasury Department had recently issued guidance on the matter.

REGULATIONS

The statement from the embassy said the department of treasury regulations read: "Imports of products of third countries which were transshipped through South Africa will not be prohibited when such products were merely transported, graded, packaged, repackaged, containerised, marked or otherwise serviced in transit in South Africa."

Such products will be considered to be of a third country, and not of South African origin.

This includes goods produced in third countries with private South African capital.

Two exceptions to this rule are:

- Products of third countries, which are substantially transformed in South Africa, will be treated by customs officials as articles of South African origin
- Imports of third-country products trans-shipped through South Africa will be prohibited under the provision of the act banning imports of parastatal organisations, if the products were grown, produced, manufactured or marketed by a South African parastatal organisation, or if the South African Government or a parastatal organisation has any financial interest in the export sale of such products.

SERVICES

This does not include remuneration for the fair value of services performed in South Africa in connection with the transhipment and exportation of third-country goods.

The US Department of Commerce has sent a message to its embassy in Maseru, saying that in order to ensure that normal trade will occur between the United States and Lesotho in future, goods manufactured in Lesotho must be certified properly and labelled clearly to indicate their origin.

Lesotho industrialists have been assured that shipments from Lesotho to the United States would not be held up at US ports.

Er, that boom you told us about, Dr De Kock?

Gerhard De Kock predicts a boom next year. But didn't he do the same this time last year? If he repeats himself often enough, reality is sure to fall in line. DUNCAN INNES reports



Trading on the Senate vote. Not everyone lost out over sanctions Picture AFP

TRY as one might at the end of 1986, it is difficult to recreate the image of sunny skies and Chevrolets

The sunny skies are here, but the Chevs have disinvested

Last year all the pundits were telling us the recession was over and 1986 would bring with it boom times Remember misty-eyed Gerhard de Kock, governor of the Reserve Bank, greeting 1986 by advising us to "prepare to meet thy boom"?

Well, it never materialised

Now he's saying the same thing for 1987, and this time there might even be a modest economic upswing ahead Which just goes to show that if you repeat yourself often enough, you'll be proved right in the end

Main highlights of the year were the rapid escalation in the sanctions-cum-disinvestment campaign, the rise in the gold price, the boom on the Johannesburg stock exchange, the tumble in interest and bond rates, the government's attempts to stimulate the economy in the face of the collapse of business confidence, and the government's attempts to stimulate business confidence in the face of the collapse of the economy.

To start with sanctions-cum-disinvestment, two of the government's staunchest allies abroad, Maggie Thatcher and Ronald Reagan, got mud in their respective eyes when the Commonwealth countries and the US Congress voted for sanctions against apartheid

This caused overseas companies to take a hard look at their South African holdings with many deciding to take immediate evasive action Over a 50-day period, foreign companies divested themselves of over R1-billion of their South African-held interests

Such companies included General Motors, IBM, Honeywell, Revlon, Playtex, Bata, Coca Cola, Fluor Corporation, Johnson Controls, Eastman Kodak, Barclays Bank and, more recently, Dun and Bradstreet

What was interesting, though, was that of the 37 American companies which pulled out this year, only two (Kodak and Stamler) did it properly by severing all links with this country and its markets

The other 35 all sold off their local operations to South African and other foreign interests, but remained committed to supplying the local market, in one way or another, with products and services

The advantages of this strategy to the foreign companies are that it retains access to our markets without any longer having to deal with anti-apartheid harassment back home

On the negative side, the foreign companies cannot really get the money realised from the sale of its subsidiary out of South Africa because this has to go through financial rands, currently worth peanuts. However, the companies can simply leave their money to grow here until the political situation changes for the better

For apartheid South Africa, such a massive scale of disinvestment clearly comes as a major psychological shock. The high level of panic within the corridors of power in Pretoria was perhaps best expressed by PW Botha's near-hysterical attack on the United States which, he claimed, was allying itself with the Soviet Union against South Africa Democracy, Botha seemed to imply, cannot exist without some form of communism.

Many Marxists would agree with him

But, apart from the psychological shock, what effect will the current form of disinvestment have on the economy?

Over the short term, it will strengthen the white business community financially The R520-million that Anglo American laid out for control of Barclays National gives Anglo a position of massive strength and influence over the whole economy As a result of this take-over, Anglo are laughing all the way to The Bank — because it's Their Bank now

But what of the longer term? At the moment, the money which is being used to buy up foreign-owned companies is not money lost to economic expansion because it wasn't going into expansion anyway

But should the economic upswing commence in earnest, then not only will there be no new injection of foreign capital, but there will also be a shortage of available local capital

Under these circumstances, local borrowing will have to increase substantially, which will put upward pressure on interest rates, thus



Reserve Bank's de Kock

prematurely choking off the upswing

Therefore, the current spate of divestment, which seems set to continue through 1987, will eventually begin to restrict the potential for economic growth

Of course, various factors might intervene to lessen the impact divestment will have

For one thing, the dollar price of gold might run up to $500 next year. This would mean a much larger surplus on the current account of the balance of payments, helping us in our debt repayments. It would also help the rand to strengthen, thus reducing inflationary pressures to an extent and, in general, would stimulate our economy

But will gold run up next year?

I believe it will Earlier this year, when gold headed up through $400, I argued that it had gone up too far and too fast to sustain itself above $400 for very long I argued then that it would pull back to between $380 and $385 — which it has now done

Although it might still pull back a bit further, the bulk of the correction is now over and gold should shortly resume its upward trend — first to $450 and then to $500 — which will in turn stimulate our economy, thereby reducing the impact of disinvestment.

And what about the impact of other factors, such as the dramatic fall in interest and bond rates? Will they not serve to stimulate growth and encourage a healthy reflation?

Before we all get too ecstatic about these falls, let's remember why they are occurring The answer is because businesses are not borrowing money to invest, consumers are not borrowing to purchase commodities and potential homeowners are not borrowing to buy houses

One of the main reasons for the lack of borrowing by businesses is the current political situation As Bobby Zylstra of the Building Industries Federation puts it "Government has been most unsuccessful in convincing the country and the businessman in particular that there is reason to have confidence in the future"

A Unisa survey carried out this year among the top 100 industrial companies in the country found that 75 percent of business executives expected strikes to increase during 1987, only 20 percent thought sanctions and disinvestment pressures would decrease, and 47 percent thought the overall political situation would deteriorate Small wonder, then, that businesses refuse to invest

Ironically, though, throughout 1986 business leaders themselves remained noticeably short on realistic ideas to solve these problems Despite much press enthusiasm at the launch of the Business Charter, since then we have heard very little from that quarter, of the Charter's guiding lights, the Federated Chamber of Industries' Arthur Hammond-Tooke went so far as to decide to take up a post in America Perhaps he knows something we don't

The lack of borrowing by private consumers seems to be less politically inspired and, instead, has more to do with government economic policy and the after-effects of the recession

Since 1980, the average disposable income per capita of whites has plunged by 22,5 percent and by blacks by 5,2 percent The massive fall for whites is mainly due to the fact that since 1980, the increase in direct personal taxes as a proporation of current income has almost doubled

In a word, then, private consumers have been so badly hit by the recession and tax increases that many are simply struggling to survive

This poses a serious problem for the government's growth strategy, which involves two phases First, a phase of improved export volumes and prices which we have been experiencing during 1986 Then, in addition to the above, a phase of higher consumer spending which is financed by rising incomes and bank credit

It is this second phase — so essential if growth is to be sustained — which the government is trying to ignite through lower interest rates So far, they have had not much success

In the face of consumer resistance, the government will either have to ease the load on private consumers by cutting personal taxes and/or GST or it may have to forego the upswing

While the government is reluctant to cut taxes because it needs the revenue, my bet is that next year will bring some tax cuts, particularly as it will be at least a mini-election year

What all this means is that the government is encountering major problems in moving the economy out of the trough of recession

Looking at the situation on a sector by sector basis, we can therefore expect some improvement from agriculture next year, following this November and December's rains

We can also expect continued improvement from the mining sector as gold and other metal prices improve This in turn should produce another bull run on the stock exchange

But as far as the rest is concerned, the prospects are not very encouraging Most of the money available in manufacturing, commerce and finance will probably go onto the stock exchange and into financing take-overs — both of which serve to redistribute existing wealth instead of creating new wealth

Overall, projections for next year's growth rate range from a modest two percent to an over-optimistic six percent My own prediction is for a two or possibly three percent increase — which is, of course, wholly useless in terms of resolving social problems, such as poverty, the housing shortage and massive unemployment

But in order to tackle these problems, we would first have to rid ourselves of apartheid and the government which upholds it

How's that for a New Year's resolution for 1987?

SPACE TO LET

Braamfontein Centre

- Single offices and two roomed office suites
- Rental from R200 p m
- On-site parking for tenants and visitors

Total House

- Suites of 60m², 105m² and 230m² available
- Landlord will undertake modest alterations
- Adjoining Braamfontein Hotel
- Basement parking for tenants

American International House

- A suite of 435m² available. Subdivisible into units of 150m² and 285m²
- Landlord will undertake reasonable alterations
- Basement parking for tenants

line State coffers with R10,3bn from

Fears of job losses in ailing nuclear industry

Loophole lets SA uranium into the US

WASHINGTON — Fearing that the congressional ban on SA uranium imports will prove highly damaging to the already ailing US nuclear industry and increase risks of nuclear proliferation, President Ronald Reagan's administration has punched a giant loophole through the law.

Regulations implementing the ban, due to be published towardsthe end of the month, will permit US companies and the Department of Energy to continue processing SA-origin uranium for non-US customers, a Treasury Department spokesman confirmed yesterday.



● REAGAN

The only change will be that the customers will have to obtain special licences for every shipment of SA nuclear material from the Nuclear Regulatory Commission (NRC), the independent agency that oversees all US nuclear commerce, rather than operating under blanket licences, as has previously been the case.

SIMON BARBER

The decision is expected to trigger a storm of protest from Senator Edward Kennedy and other Democrats who insist that the intent of the comprehensive anti-apartheid Act was to block all SA uranium and derivatives from reaching American shores.

Treasury spokesman Sam Richardson said the department's Assistant Secretary for Enforcement Francis Keating — who has the chief responsibility for approving the regulations — had decided that processing SA uranium for third parties "does not directly benefit SA and will therefore be permitted".

The administration had earlier sought to delay implementation of the ban for six months pending what the NRC called "final clarification of the scope of the Act" in hopes of persuading the legislators to enact the loophole of their own accord.

The chances of this happening were apparently so slim — and the stakes so high — that the Treasury decided to take

● To Page 2 ⇨

US will still process SA uranium

⇦ ● From Page 1

matters into its own hands and face the outcry.

And the stakes are high.

According to an analysis prepared by the NRC, the ban as interpreted by Kennedy and his allies would have "a substantial economic impact on those private US industries that convert SA-origin uranium oxide to uranium hexafluoride for enrichment purposes for use by both domestic and foreign utilities".

The conversion companies — Allied Chemical and Kerr McGee — "represent a $100m industry employing over 1 000 persons, and, with respect to just their foreign customers, over 20% of the industry's throughput of uranium hexafluoride is SA-origin material", the NRC maintained.

"There also could be a substantial impact on Department of Energy enrichment services performed for foreign customers should the foreign users divert their conversion and enrichment contract to other suppliers."

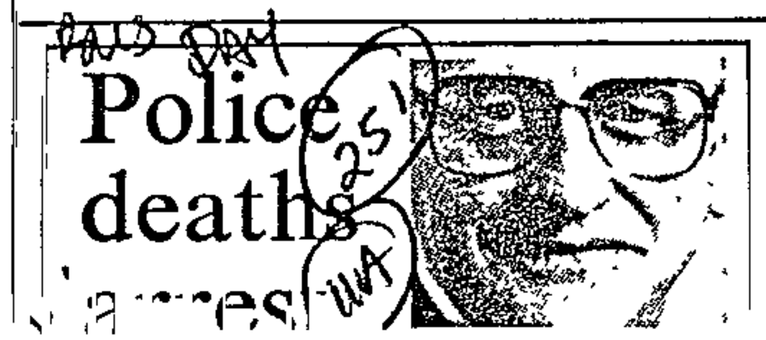
"In the past year, the Department of Energy's enrichment contracts involving SA uranium were valued at approximately $200m. The foreign users most likely to divert their services to other suppliers would be in Japan, Taiwan and Spain."

Emphasising the importance of foreign-owned SA uranium to US processors, the NRC added that the ban would have "minimal impact on the domestic power industry which imports almost no SA uranium for domestic use".

As the law is written, uranium hexafluoride produced from SA material is not banned, so foreign customers could theoretically have their SA uranium converted elsewhere before sending it on to the Department of Energy's Paducah, Kentucky, and Portsmouth, Ohio, enrichment facilities.

While this would only hurt the conversion firms, the expectation has been that the foreign customers would use it as a justification to break their enrichment contracts and seek cheaper services in Europe or the Soviet Union.

The prospect so alarmed two Senators from Kentucky, Republican Mitch McConnell and Democrat Wendell Ford, that they wrote to Reagan warning that unless foreign-owned SA uranium was exempted "thousands of American jobs" would be lost.



Police deaths

LONDON — Britain is stepping up its efforts to help wean the Frontline states away from economic dependence on SA.

This has emerged

UK

Fror

SANCTIONS

Sparring up north

The conclusion, based on Zimbabwe Prime Minister Robert Mugabe's new year address, that Zimbabwe is backing away from imposing sanctions on SA is likely to prove false. Admittedly, the Zimbabwean leader's self-imposed December 31 deadline has passed, but there is no hard evidence to suggest that Zimbabwe has changed its stance.

Mugabe himself explained the delay in terms of the failure of his sanctions task force to complete its report in time, and promised that sanctions will be "implemented soon." He did not disclose any details of the actual sanctions package, thereby reviving speculation that Zimbabwe's measures are likely to fall short of the Commonwealth proposals.

If Zimbabwe and Zambia were to implement the full Commonwealth package, they would have to ban imports of coal, coke, steel and fresh fruit, sever all air links with SA, and ban all trade and tourist promotion. Taken literally, this would seem to imply terminating the Zimbabwe-SA trade agreement — itself a vehicle for trade promotion.

The indefinite postponement of the long-planned Botswana railway takeover was seen as a warning shot across Mugabe's bows. In this case, Bophuthatswana would agree to the change only if Botswana formally recognised its homeland government. Botswana was supposed to take over responsibility for operating the 642 km railway line from Plumtree in Zimbabwe to Mafikeng from January 1. But Bophuthatswana's refusal to accept Botswana's authority without reciprocal diplomatic recognition forced Gaborone and Harare to abandon the project for the time being.

The underlying importance of the incident is that it provided further indication of possible retaliation by Pretoria in the event of sanctions. The Botswana railway affair and President P W Botha's announcement of an early election are a sharp reminder to those who expect Pretoria to turn the other cheek when some of the Frontline states — Zimbabwe and Zambia — announce their sanctions in the first few months of 1987. Forceful retaliation, it seems, is more likely.

The constraints on SA have been progressively relaxed since the imposition of sanctions by the US government and the collapse of constructive engagement. It means Pretoria will be less inclined to worry about Western reactions to its policies towards the Frontline states.

More important, however, is the election. If, as seems likely, Zimbabwe and Zambia announce their sanctions before SA goes to the polls, the Botha government, goaded by its rightwing opposition, will have little choice but to respond, since a lack of retaliation would be a surefire vote-loser. On the Frontline side, constraints are, if anything, tending to multiply.



Mugabe ... still promising sanctions against SA

It's clear that Mugabe is being urged by some of his ministerial colleagues and officials to go for a diluted sanctions package, though there would seem to be a clear majority in the politburo for a tough line. Mugabe himself, conscious of his international exposure as leader of the Non-aligned Movement, and a vocal critic of apartheid, is siding with the hardliners. But Zambia's Kenneth Kaunda, increasingly preoccupied by his fast deteriorating domestic economic situation, is reluctant to do anything that would weaken his own position further.

The net result could well be a compromise sanctions package in February or March that falls short of the Commonwealth measures, but goes for high profile sanctions such as the severing of air links and a ban on tourism. The nature of Pretoria's response will then determine the extent to which the confrontation will escalate.

FINANCIAL MAIL JANUARY 9 1987

US sends back SA sugar

DURBAN — A 50 000 ton cargo of sugar has been returned to Durban after being barred from entering the United States.

This was confirmed yesterday by Mr Peter Sale, general manager of the South African Sugar Association.

He said the cargo had been refused entry in terms of recent US laws withdrawing the South African sugar quota.

The sugar would be sold elsewhere, Mr Sale said. He would not comment further. — Sapa.

Scholl-Plough quits quietly

US COSMETICS manufacturer Scholl-Plough quietly left SA this week and followed Eastman Kodak's example of severing all links with the country.

Operations will not be allowed to continue under local management, and Scholl-Plough's 104 overseas offices have been ordered not to supply SA.

According to the Investor Responsibility Research Centre, New Jersey-based Schering-Plough Corp, Scholl's parent, has two SA subsidiaries, Scherag Pty and Scholl-Plough Pty.

Total SA sales in 1984, the latest figure available, were below $18.7m and represent less than 1% of the group's world total.

The pull-out is thought to be politically motivated and not prompted by SA's poor economic and business climate, ostensibly the major divestment consideration of many US companies last year.

HAMISH McINDOE

It is believed, however, that local management is urging head office to allow it to continue handling some Scholl-Plough products here.

Scholl-Plough, which has no manufacturing facilities in SA, retrenched 45 staff at its Isando office on Wednesday.

Financial director Nick Wallace said yesterday:

"Our New Jersey head office intends to meet all its SA liabilities and all employees have received generous severance packages."

Scholl-Plough distributed Coppertone suntan lotion, Scholl footware products and Rimmel and Maybellin cosmetics in SA.

itch R850m of JSE shares

HAROLD FRIDJHON

said yesterday that in the first four months of 1985, offshore investors were heavy buyers of these shares and it was only later in the year that they turned sellers to the tune of R650m.

A study done by brokers Davis Borkum in 1985 showed that US investors then held about R16,9bn worth of SA mining and mining financial equities. Adjusting this figure for the sharp increase in share prices and making allowance for net sales over the past 18 months, it is reasonable to assume that the current value of the US holding of SA equities is about R30bn.

A GLANCE

REUTERS

MOVEMENTS — JANUARY 7 to JANUARY 8

Previous			Latest		Johannesburg Stock Exchange		
$/R Comm	$/R Fin	DM/$	£/R	3 months BA	All Gold BD Index	BD Indust Index	JSE Ov'all Index

Aussie insurance group to sever all ties with SA

Dispatch Correspondent

JOHANNESBURG — The Australian-based international insurance group, Colonial Mutual, is about to sever all ties with its South African operation.

In a carefully-worded announcement yesterday, in which the word "disinvestment" was not mentioned, Colonial Mutual's general manager in South Africa, Mr Doug Cleland, said it was "in the process of becoming an independent South African operation".

Answering questions, Mr Cleland said that Colonial Mutual, which has its South African head office in Cape Town, was having exploratory talks with several other "established South African organizations offering complementary strengths" with a view to a possible merger.

Possible partners would not necessarily be Cape Town-based

Asked if the link-up could be with a building society, Mr Cleland said: "At this stage we don't know."

He said that any merger or other relationship would be considered as an opportunity for expansion rather than rationalisation.

Colonial Mutual is South Africa's second oldest life assurer. It employs 800 people in this country, where it has total assets of more than R500 million and branch offices in every major city.

Although it is at present still part of an international group it is officially recognised in this country as a South African assurer controlled by a local board.

All funds from South African policy holders are retained here and secured by investments in this country.

Border post chaos

BATHO — Chaos reigned at the Ramatlabama border post yesterday, the first day of new visa requirements imposed on Botswana citizens entering Bophuthatswana.

Large crowds gathered at the border gates, but by mid-morning only 11 people had been allowed into Bophuthatswana. — Sapa

Shell is next AAM target

The Star Bureau

LONDON — British motorists will be urged to boycott Shell petrol stations as the Anti-apartheid Movement (AAM) steps up its campaign to get all British companies out of South Africa.

The movement decided on Shell as its next target at its annual meeting in London on Sunday. The decision comes just two months after banking giant Barclays bowed to pressure and sold its South African interests.

An AAM official, the Reverend David Haslam, said: "1986 was the year of Barclays. 1987 will be the year of Shell."

Shell say they have no intention of pulling out at this stage.

13/1/87 Bus Day 280

AAM agrees to meet Barclays over boycott

JOHN BATTERSBY

LONDON — Barclays Bank and the London-based Anti-Apartheid Movement (AAM) have agreed to hold talks soon about the continued boycott of Barclays since its withdrawal from SA.

A Barclays spokesman said yesterday the bank welcomed the AAM's acceptance of the invitation to talk.

He said Barclays wanted to put its case for having the boycott called off.

The AAM also announced at the weekend it had earmarked Shell as the next major target of its SA boycott campaign in 1987 and it would soon begin picketing Shell petrol stations in Britain.

An AAM spokesman said, however, the Barclays boycott would continue although active campaigning had effectively been suspended for six months.

The AAM is demanding that Barclays sever all its credit lines to SA and the repayment of its frozen loans, thus forcing Pretoria to default formally on its foreign debt.

AAM secretary Mike Terry said unless Barclays cut its remaining links the AAM would resume active campaigning against Barclays in the second half of the year.

Barclays defended past contacts with the ANC and said such contacts would continue.

"As a major bank in black Africa Barclays would expect to continue to have contact with the ANC as with other leaders of opinion," the spokesman said.

A Barclays spokesman said, however, there was no question of discussing "financial matters" with the ANC and insisted the repayment of R2 300m in outstanding loans to SA was strictly a matter between Barclays and the SA Government.

The first meeting between Barclays directors and ANC leaders took place in 1985.

The last publicly acknowledged meeting took place in London in July last year during a visit by ANC president Oliver Tambo.

The meeting included Barclays' chairman Sir Timothy Bevan and two directors — Sir Martin Jacomb and Sir James Spooner — and Chris Ball, MD of Barnat and Tony Bloom, a director of Barnat.

Tambo was accompanied by senior ANC executive members including ANC secretary of information Thabo Mbeki, Jacob Zuma (former chief representative in Maputo), Mac Maharaj and Aziz Pahad.

The Barclays spokesman said he was not aware of further contacts between Barclays directors and the ANC since the decision to withdraw from SA was announced last month.

He also denied the contacts with the ANC had influenced the bank's decision to withdraw or that the ANC had been informed in advance of the decision.

Although Barclays was not prepared to confirm that it is expanding its business in the Frontline states, it is clear Britain's largest bank is out to improve its image in black Africa generally by capitalising on its decision to quit SA.

A spokesman for Shell said yesterday there would be no change in policy as a result of the intensified anti-apartheid campaign.

"We believe that Shell is a positive force in bringing about the end of apartheid," a Shell spokeswoman said.

"We do not disagree with the AAM in its objective of dismantling apartheid but merely on the means of how this can best be achieved," she said.

Verdict on US flights in 3 weeks

The Star Bureau

WASHINGTON — South African Airways should know within three weeks whether an American court will permit it to resume its twice-weekly service to the United States.

This was the expectation of lawyers yesterday after they argued before three judges in the District of Columbia Appeal Court.

The airline is trying to reverse a decision by the Reagan administration to close the direct Johannesburg-New York air route in terms of sanctions passed by Congress on October 2. The flights stopped in November.

SAA argues that it should be allowed the balance of the one year's notice terminating the service, as set out in an aviation agreement between the countries.

If successful, SAA will have about nine months to fly the route.

SAA chief Mr Gert van der Veer says the resumption of flights will cost about R15-million.

O'Brien incident: UCT mum on report

13/1/87
Cape Times
280

Staff Reporter

UNIVERSITY of Cape Town authorities put the lid on the report of the commission of inquiry into the Dr Conor Cruise O'Brien controversy after the university council discussed it yesterday.

The visit of the Irish academic and politician at UCT in September last year was cut short by continued disruptions and agitation by students.

The inquiry followed student objections to Dr O'Brien's presence at the UCT campus on grounds that he had deliberately broken the academic boycott.

However, it was reliably learnt that the report does not make any particular finding on the academic boycott and offers minimum comment on student discipline.

Dr Stuart Saunders, the UCT principal and vice-chancellor, yesterday declined to disclose or comment on the commission's findings.

"The university council will be issuing a press release in due course and the findings of the report will also be made known," he said.

Dr Saunders declined to specify a time.

The commission was headed by Dr DJ du Plessis, former principal of Wits University, Mr George Bizos, SC, and Mr Ismael Mohamed, SC.

Buy-out of IBM nears conclusion

BUSDAY 280 (12) 13/1/87.

DAVID FURLONGER
Industrial Editor

FINAL agreement on the local management buy-out of IBM in SA is expected within two weeks.

MD of IBM (SA) and head of the buy-out team Jack Clarke is likely to sign the deal when he visits IBM headquarters in Armonk, New York, in the week starting January 26.

When IBM announced in October it was pulling out of SA, it set March 1 this year as deadline for an agreement. A local company spokesman said yesterday the deal was "pretty much on schedule".

"We're near the end of negotiations. Agreement has been reached on the main principles. What we are looking at now is equity participation and how we are going to communicate the deal to our staff."

In terms of the deal, the existing IBM (SA) board will remain on the board of the new company. The company's 1 550 employees will keep their jobs and participate in a profit-sharing scheme.

The company will retain exclusive access to IBM products and technology but will also be able to market other products.

The spokesman said a name for the company would probably be announced on February 27.

IBM officials have declined to put a value on the sale, which is likely to be financed through profits generated by the new company.

US redirecting SA produce

13/11/85

STAFF 280

By Alan Dunn, The Star Bureau

WASHINGTON — South African goods and produce worth millions of dollars are being redirected to other countries after lying on quaysides and in warehouses in the UNited States while officials here discussed the application of sanctions.

Containers of South African merchandise, much of it agricultural produce, has been reloaded and reshipped to ports elsewhere.

One trade official said the cost of reshipping was being footed by South African businesses if the goods had been shipped without payment.

American importers who had already paid for their consignments were responsible for finding alternative markets.

Neither officials nor businessmen could provide statistics and costs of implementing this aspect of sanctions contained in the Comprehensive Anti-Apartheid Act of 1986 passed by Congress on October 2.

It was also learned yesterday that the State Department is due this week, possibly today, to issue its decisions on six South African interests which applied to be struck off a list of 166 "parastatal" organisations.

Produce manufactured by, exported or marketed by South African Government-controlled "parastatals" is banned in terms of the sanctions.

A five-person inter-agency US Government panel has decided on six appeals from interests declared "parastatals" on November 10. They are: Putco, Mercedes Datakor, Comtec, Siemens, Tecnetics and Klein Karoo Landboukooperasie. The judgments are awaiting final approval at top level in the State Department's Africa division.

Most of these appeals were submitted on December 15. The State Department has said it would try to reply to companies within 30 days.

An appeal by Sasol to be removed from the list has been held over.

United States officials have called for more details of its operations and shareholdings.

A second group, including the Council for Scientific and Industrial Research (CSIR), will be reviewed soon.

So far, at least two others including the Bophuthatswana National Development Corporation, will be included in that batch.

It is reliably understood that the SA Sugar Association has objected to being listed as a "parastatal".

United States officials are concerned that some firms contesting the parastatals list are viewing it as a blacklist, which judges them on moral and political grounds.

"We are aware that many of the companies on that list are progressive in employment and social policies," said one official.

This was not, however, the issue.

Congress had passed a law affecting "parastatals".

"We are not especially pleased by the sanctions," he added. "But we are committed to implementing them."

FOCUS ON SANCTIONS

SA's neighbours differ

THE 17th African-American Institute conference ends in Botswana today More than 100 business, political, community, church, media and labour representatives have attended the week-long indaba NKOPANE MAKOBANE and SEJAMOTHOPO MOTAU report.

SOWETAN Africa News Service

GABORONE — South Africa's black-ruled neighbours have reaffirmed their commitment to the imposition of comprehensive mandatory sanctions against this country, regardless of the consequences to themselves, according to the head of the Southern African Development Coordination Conference.

Dr Simba Makoni, executive secretary of the SADCC, claims these countries adopt the attitude that any suffering from sanctions or South African counter-measures will be worth it if the pain assured the elimination of apartheid and long-term peace and stability in Southern African

He made this claim at a news briefing at the African-American Institute conference here

Conflict

His remarks conflict, however, with the positions stated by the governments of Botswana, Lesotho and Swaziland who have made it clear they would not welcome sanctions because of the severe damage that could be done to their economies

Only Zimbabwe, among South Africa's immediate neighbours, has unreservedly supported sanctions.

Said Dr Makoni "The economic vulnerability of SADCC member states, which is recognised and acknowledged, should not be used as an excuse for those who are in a position to impose sanctions against South Africa not to impose them "

He dismissed the South African Government view that sanctions would hurt blacks in the country and the neighbouring states more than South Africa itself.

The economies of Southern Africa were interdependent and the SADCC countries and black South Africans were already suffering, he said Any "irrational actions threatened or already taken by South Africa" to counter sanctions would cost the country dearly," he added

Dr Makoni left no doubt that SADCC was gearing itself for such counter-measures but scoffed at the assertion that "SADCC cannot be viable without South Africa "

Strategies to counter any South African punitive action will most certainly top the agenda when the nine SADCC members meet here next month

The members are Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe

The conference was formed in 1980 to reduce the economic dependence of the member nations on South Africa.

Survive

Dr Makoni said with more aid to SADCC from the United States, presently at a disappointingly low level, and close co-operation among the members, SADCC would survive any counter-action from South Africa

Participants at the closed sessions also "deplored" US aid to Jonas Savimbi's Unita and expressed strong concern about the plight of South African journalists, particularly the blacks who were characterised as "underemployed, undertrained and overwatched "



SOME of the delegates at the conference were (from left): Mrs Reabonye Mpotokwane of the Botswana Government, Mrs Scholastica Kimaryo of the United Nations Children's Fund (Unicef), Mrs Kgopodiso Mokama, a housewife, and Mrs Fenela Raftary of the British High Commission's office in Gaborone.



PRESIDENT of the Soweto Civic Association, Dr Nthato Motlana (right) with Mr Elias Ntloedibe, a member of the 'Pan Africanist Congress' mission in exile.



THE Chairman of the Pan Africanist Congress, Mr Johnson Mlambo, addresses the African-American Institute conference.



BOTSWANA'S president Dr Quett Masire, with American Congressmen Mr Mickey Leyland. The African-American Institute conference was opened by Dr Masire in Gaborone this week. The indaba ends today.



Mr STEVE Tshwete, former Border preident of the United Democratic Front, addresses the conference He represented the ANC.

Pictures: By LEN KUMALO

line with expectations, given the state of the economy." But there's little doubt that many in the industry were expecting better.

It was felt that the R100m the city council is spending on improvements to the beachfront and pedestrianising the bottom end of West Street should at least have attracted a few more visitors curious to test Durban's proud boast that it has "the lot."

The fight for market share in the local tourist industry is now well and truly on. Durban is spending that kind of money only in a belated attempt to boost its sagging image as the country's premier tourist destination.

But with more people discovering the enchantments of the Cape, and Sol Kerzner's announcement that he is to float off the Transkei Sun and spend R130m on additional casino resort amenities across the border from Natal, Durban is going to be hard pressed to prove its point.

Captour MD John Robert remains convinced that given that South African tourists have it within their means to travel, Cape Town will top the list of preferred destinations.

It is not just Cape Town, he says, but the variety of attractions within striking distance, such as the Winelands, the West Coast, the mountain passes and the Garden Route which make the Cape such an attractive holiday package.

In Durban, meanwhile, despite some adverse reaction from traders, the city's first pedestrian mall in West Street appears to have gone down well with visitors According to Kiepiela, a spot survey showed most people favoured the change.

But while infrastructural improvements alone will not guarantee that Durban keeps a position of prominence in the tourist market, it certainly helps Durban and environs have about 40 000 holiday beds to offer, against Cape Town and the Peninsula's 18 000. Measured in sheer visitor volume, it should remain top dog for years to come. ■

COMPUTERS

Living with sanctions

16/1/87 FM 280

Somewhat suprisingly, South African computer software companies are little concerned about the effects of sanctions. Rather, they are looking to inward development of the industry and forecast a buoyant market with a volume growth of around 27% this year. Sales are expected to be worth some R200m.

It appears specialisation will be the key to success. In line with trends in the US (*Business* January 9), dealers are turning to vertical marketing — developing and modifying software for specific applications. What usually happens is that a dealer has expertise in a horizontal area, say general accounting, and then amends a skeleton package to suit particular clients.

Barry Schechter, MD of recently listed Punchline, says vertical markets will become increasingly important as dealers become leaders in their chosen areas of business.

He says this will dampen the effect of sanctions, particularly by the US, where much of the new software on offer is in the form of "me-too" packages. Punchline, for instance, will concentrate on enhancing locally developed software packages tailored to meet the demands of business sectors operating under specifically South African conditions.

The largest growth area is likely to be in networking as companies seek to improve productivity through more strategic use of computer systems. Sequel MD Adriaan Dubbelman says software needs are traditionally determined by hardware developments. As more companies install multiuser systems, dealers will have to allocate resources to become familiar with these requirements.

Both he and Computershop's Gideon Malherbe say the UNIX operating system is gaining ground, particularly in medium-sized companies. This trend is developing because UNIX makes the user hardware-independent as it operates on most microcomputers and offers opportunities to integrate accounting, production and manufacturing systems.

Lewis Folb, MD of SPL, says organisations are also responding well to the idea of distributing data through systems such as Diginet. He says there is an easier attitude to expenditure as companies appreciate the need to make more use of computer systems.

In the mainframe sector, Computersons corporate relations director Barrie Thomson says there is a growing market for good applications packages. The best among these, he says, use fourth generation development languages because they are easily modified to suit specific requirements

An exciting development for business is the entry into the market of "budget" software. Terry Knight, MD of new company Softcover, says this is obtained by reversed engineering — working backwards through a package and incorporating improvements. A general business package developed by this means sells for around R300, compared with something like R1 700 for the original.

The major problem facing the software sector, like others, is the loss of skilled staff.

Piracy is also a real concern. Punchline, in particular, is taking a hard line and even considering court action against both dealers who pirate packages and company DP personnel copying software for distribution.

TALKING COMPUTERS

Canadian computer consultant Art Benjamin, president of Online People Incorporated, will be one of the principal speakers at *Computer Mail's* first National Computer Conference to be held at the Carlton Hotel, Johannesburg, on March 17.

He is widely acknowledged in north America and Europe as an authority on the application of technology in the end-user environment.

Known as the father of the Information Centre concept, Benjamin was responsible for developing a management philosophy designed to move business computer resources from the information systems department into the end-user environment.

His address to the conference will look at positioning for future computer technologies. The talk will be aimed at top business executives as well as senior data processing staff.

Benjamin's stature as an international educator and consultant on computer software, data processing management and future directions in computer automation makes him well qualified to handle this vitally important topic.

Telephone Audry Golden at (011) 642-7262 for conference bookings. The cost is R300 a delegate, or R250 if more than three delegates attend from one company.

HIGHWAYS

Concrete decisions

The relative merits of asphalt and concrete for highway construction has come under the spotlight again after the recent decision to build 20 km of the Ben Schoeman Highway between the Buccleuch and Brakfontein interchanges with concrete.

The R40m contract has gone to Rand Roads, part of the LTA group, although rival companies claim they could have done the same job for less by using asphalt

Kees Lagaay, CE of the South African Federation of Civil Engineering Contractors, says there are pros and cons on both sides "A tar highway can be built for considerably less, but lasts a much shorter time. Asphalt surfaces need patching at least every seven years, but concrete roads can last up to 30 years with little maintenance."

He argues that concrete makes most sense when a road is very heavily used, as the Johannesburg-Pretoria road is. But, he says, there are also strategic reasons for choosing concrete.

"At times, government has been afraid that oil embargoes could mean difficulty in asphalt supply, while cement is readily available locally," he explains

Word is that the Department of Transport will divide its road building programme, with 20% going to concrete and 20% to asphalt,

SA goods in US rerouted

New markets needed for sanctions pile-up worth 'millions'

NATIONAL/INTERNATIONAL

Mercury 13/11/87

The Argus Foreign Service

WASHINGTON. — South African goods worth millions of rands, locked in United States warehouses after being barred from the United States by sanctions, are being sent to other countries.

The goods have been frozen and kept since the sanctions legislation was passed late last October.

One trade official said the cost of re-shipping was being footed by South African businesses if the goods had been sent without payment, but American importers who had already paid for consignments were responsible for finding alternative markets.

Neither officials nor businessmen could give statistics and costs of implementing this aspect of sanctions contained in the Comprehensive Anti-Apartheid Act of 1986 passed by Congress on October 2.

It was learnt yesterday that the State Department is due this week, possibly today, to make known its decisions on Putco, Mercedes Datakor, Comtec, Siemens, Tecnetics and Klein Karoo Landboukoöperasie, which applied to be struck off a list of 166 "parastatal" organisations.

Sasol appeal

In terms of the sanctions produce manufactured by, exported or marketed by SA Government-controlled "parastatals" is banned.

A five-person inter-agency US Government panel has decided on the six appeals. Judgments are awaiting final approval at top level in the State Department's Africa division.

Most of these appeals were submitted on December 15. The State Department has said it would try to reply to companies within 30 days.

An appeal by Sasol to be removed from the list has been held over. US officials have called for more details of its operations and shareholdings, which Sasol has apparently shown a willingness to supply.

A second batch of companies, including the Council for Scientific and Industrial Research (CSIR), will be reviewed soon. At least two others, including the Bophuthatswana National Development Corporation, will be included in that batch.

It is reliably understood that the SA Sugar Association has sent off its objections to inclusion as a "parastatal".

US officials are concerned that some firms contesting the parastatals list see it as a "blacklist", judging them on moral and political grounds.

"We are aware that many of the companies on that list are progressive in employment and social policies," said one official. "Some are run by blacks and employ primarily blacks."

This was not, however, the issue. Congress had passed a law affecting "parastatals" and although officials were "not especially pleased" by the sanctions, they were committed to implementing them.

US STAND IS CHANGING

A SPECIAL study on South Africa, commissioned by the American government recently concluded that the United States should embark on a diplomatic campaign to encourage Western governments to impose sanctions against Pretoria. The State Department (Foreign Ministry) in Washington immediately rejected that particular conclusion, and reiterated its policies towards the white government in South Africa. Our correspondent looks at what that policy is, and at how it is changing . . .



OLIVER Tambo



CHESTER Crocker.



GEORGE Shultz.

IN the frontline of US policy towards South Africa are Washington's own ambassadors in the region The US Embassy in Botswana's capital, Gaborone, recently protested against what it called "increasing pressure" from South Africa on President Quett Masire's government

Foreign Ministry officials in Pretoria had days before warned President Masire that action would be taken against two members of the ANC who were allegedly present in Gaborone during the annual summit in early February of SADCC (the Southern African Development Co-ordination Conference)

SOWETAN CORRESPONDENT

President Masire denied that either of the ANC activists mentioned by Pretoria was in Botswana, and pointed out that the ANC was represented at the SADCC meeting by its veteran National Executive member, Alfred Nzo

The American embassy in Gaborone told Pretoria that it was "deeply worried about increasing South African efforts to intimidate Botswana.

There has been no official suggestion about what action Pretoria might have contemplated, but the memory of South African commando raids on alleged ANC "safe houses" in Gaborone during 1985 and 1986, has hung ominously over the exchanges.

Activists

Although most anti-apartheid activists in South Africa, and most of the majority-ruled governments elsewhere in the region still regard the United States as Pretoria's principal foreign supporter, State Department policy towards South Africa has clearly gone through a number of important changes in recent months.

The most visible evidence of that change was the recent meeting between ANC President Oliver Tambo, and the US Secretary of State George Schultz. Those talks were described afterwards by officials in Washington as 'useful, serious' and substantive,' and although Washington remains critical of the ANC's use of 'violence, the State Department is known to be in favour of multi-party negotiations to end apartheid, which would include the ANC itself

But given the present divided atmosphere inside South Africa and Pretoria's new hostility towards Washington, in the wake of the Tambo meeting, and the recent much-publicised withdrawal of some American companies from South Africa, the prospect of such negotiations appears slim indeed.

The State Department has few illusions about their chances for success. Chester Crocker, head of the State Department's African Bureau, has described the present climate for negotiations as "gloomy and depressing," although he added that his office would do its utmost to help to encourage the right context to emerge.

As a sign of their good faith towards the region, American policy-makers have decided to support the efforts of the majority-ruled states to reduce their economic dependence on South Africa.

The SADCC summit saw American representatives pledge some R78-million to the regional body for transport projects, with a promise of much more to come during the next five years.

Money

On the other hand, it will probably take more than just money to persuade those countries that America could ever again be even-handed with the region

The Government in Angola, for example has explicity rejected Washington as a mediator in its war with South Africa and the Unita rebels

While in Pretoria, President Botha's Government appears to believe now that American has gone "over to the other side"

It would seem that State Department thinking may have to go through more changes yet before its acceptable to either side of the apartheid divide.

Young: protect frontline states from angry SA

HARARE — The United States has a continuing role in the overall development of Southern Africa and must strengthen its sanctions package against Pretoria to expedite change and avoid more suffering.

This was said at a press conference here yesterday by the Mayor of Atlanta, Georgia, Mr Andrew Young.

The semi-official news agency, Ziana, reported that Mr Young had said the recent visit to Southern Africa by US congressmen would enable them to use their assessment of the situation with a view to "fine tuning" the October sanctions package and helping to establish democracy in South Africa.

He said there was a need to expand the programme and work out measures to cushion the frontline states so that they were not left at "the mercy of a wounded and angry South Africa".

He said the withdrawal of companies from South Africa was a powerful means of enforcing change and would get Pretoria to talk to the leaders of the black majority.

Mr Young said he did not believe the armed struggle was a very effective way of bringing about change because the people did not have sufficient arms to confront the enemy.

"What you have now in South Africa is a violence out of frustration."

However, he was optimistic about the outcome of talks late this month between the US Secretary of State, Mr George Shultz, and the president of the African National Congress (ANC), Mr Oliver Tambo.

Africa was important to the Americans for their long range foreign policy.

"We can't stand by and see Southern Africa develop into chaos. The danger of the present sanctions is that they will string out the suffering for a much longer time. They are not enough," Mr Young said.

He said he would discourage the frontline states from implementing sanctions alone because apartheid was a matter for the international community to resolve. It was, therefore, worth taking more time to lobby for more support from the West.

"An intelligent description of sanctions must exempt the frontline states."

Mr Young said he would want the US to move unilaterally and formulate stand-by legislations, putting an embargo on all airlines landing at its airports if South Africa imposed reprisals on the frontline states.

The United Nations should also be approached to begin discussions on the airline restrictions. — Sapa

Disinvestment against SA takes a new turn in US

By SELLO RABOTHATA

FOCUS

THE disinvestment campaign against South Africa is taking a new turn in the United States and this time it is aimed at American individual.

Called "Socially Responsible Investment: An Investment Philosophy In World Peace and Positive Growth", the campaign is run under the auspices of the Waddell and Reed Inc., an American investment company.

Seminars are held at which the company's representatives, Mariko Yakubi, Susan Gutterud, Kurtis Inouye and others, explain socially responsible investment to the participants, and discuss its background. From the registration fee, a tax deductible donation payable to Portland's students against apartheid is made.

Selling pressure

At a recent seminar at Portland State University, Oregon, Mariko Yabuki said: "Though divestiture has meant a political and moral movement on the part of investors to bring about change in South Africa, the day has arrived that financially, one's investment in South Africa could cause a financial risk

"While investors have chosen to divest their funds from South African invested companies, they have historically been faced with justifying the move financially. Some are finding that South Africa-free invested companies are doing better."

She said stocks of South African invested companies may come under selling pressure as a result of liquidation by divesting investors. Secondly, the earning power of such companies may be adversely affected from consumer boycotts or further violence in South Africa.

Movement

For background, Yabuki gave this chronology of the growth of this movement:

- In 1960, some investors started selling stocks that were in South Africa;
- In 1976, disinvestment and/or selective purchase legislation were enacted in 19 states, 63 cities, nine countries, more than 119 universities and one US territory;
- In 1984, several corporate pension plans had South African-free investment options for their employees;
- This year, more companies are saying they are getting out of South Africa. It is estimated that more than $230 billion are affected by the South African debate

Explaining what socially responsible investing is, Yabuki said it meant different things to different investors

"There is an increasing awareness that is possible and desirable to seek social benefits as well as financial returns on investments.

The concerns Socially Responsible Investors have are World Peace, Human Rights, A Safe Environment, Positive Economic Development and Support For Women and Minorities in the Labour Force," she said.

Impact

Socially Responsible Investors are individuals, public interest groups, foundations, pension funds, religious organisations, and persons who share a desire to have the placement of their resources reflect their value.

Waddell and Reed said people may ask if their investments have an impact. The answer, according to the company, is yes In one year, Socially Responsible Investments increased from $40 billion to $100 billion. Although such funds are viewed as a relatively small element in the investing world, Waddell and Reed says companies are taking notice. Already, because of this economic pressure, 10 companies signed the Sullivan Principles for fair labour practices this year.

The main reasons why individuals are being attracted to Socially Responsible Investing is the issue of consistency according to Yabuki.

"It is simply putting money where your principles are On a personal level, acting in accordance with your beliefs is an important part of a whole person. The other reason is to change the behaviour of a company. It allows the individual to have an impact on an issue that one is concerned about," she said

She added that having an impact can be achieved in three ways by the individual, by making all the money one can and donate a percentage to charity or lobbyist group, donate hours of service to a community group, and investing in socially responsible companies

Securities

Waddell and Reed also recommends that individuals can have an impact by the divestiture of securities whose practices one disagrees with, selectively investing in companies that are doing a good job in which one feels are socially important, vote on proxies on resolutions of social reform — that is, voting against management issues where one feels they could improve; try to persuade management to change its practices by engaging them in dialogue or negotiation.

The company recommends certain steps the individual investor can take.

Define your criteria about what socially responsible means to you,



do research on the companies and get the facts to make fair and responsible judgments, make investments consistent with your portfolio positions, and monitor the progress on the investments regularly since things change over time.

Yabuki said the company, which looks at the South African situation closely, feels that once this message gets across to most Americans, many companies that still have dealings in South Africa will feel the pressure. In this way, the individual American can directly have a say in getting the companies to act responsibly in pursuit of world peace and human rights.

Israel to review anti-SA protest

JERUSALEM — Israel is considering a ban on visits by official delegations to South Africa as a protest against apartheid, a government official said yesterday.

But the Prime Minister, Mr Yitzhak Shamir, indicated that Israel's sanctions against South Africa would be limited in their scope.

"We're not enthused by the system of sanctions which the West wants to impose on South Africa. There is a big Jewish community there and that is a major consideration for us," Israel Radio quoted Prime Minister Shamir as telling a parliamentary committee debating the issue.

Mr Shamir expressed concern that any Israeli measures might trigger a backlash against South Africa's 120 000 Jews.

The government official, who spoke on condition of anonymity, said Israel's "whole relations with South Africa are now being reviewed by the Foreign Ministry" and by Mr Shamir.

He said the cabinet was expected to debate a series of proposals soon.

The suggestion to ban delegations follows talks held in Washington by Foreign Ministry Director-General, Mr Yossi Beilin, who said nearly everyone he met raised the issue of Israel's 38-year-old relations with South Africa. — Sapa-AP

DUTCH FIRM QUITS SA AFTER ARSON



JANE Matsombe from Emdeni likes swimming and dancing. But most of all she likes Giant Blackpool, just promoted to the first division of the National Soccer League. Looks like Blackpool just can't lose.

THE HAGUE — The Dutch-based multinational SHV, which has been plagued by a series of anti-Apartheid arson attacks in the Netherlands, announced yesterday that it would halt its business operations in South Africa.

SHV, which owns a 40 percent interest in five Makro department stores in South Africa and has a coal trading office in Johannesburg, is the first major Dutch company to pull out of South Africa

SHV chairman Paul Fentener van Vlissingen said "Distressed and forced by terrorist action, (SHV) will take steps toward a complete withdrawal of its investments in South Africa "

The pullout measure is "effective immediately", Fentener said

The SHV announcement followed Friday's refusal by the Dutch Government to underwrite the company's fire insurance, after a spate of anti-apartheid arson attacks had destroyed three of the company's six Makro stores in the Netherlands over an eighteen-month period

Responsibility for those attacks has been claimed by the Revolutionary Anti-Racist Action (Rara), which said in its communiques that the arson attacks were a protest against SHV's involvement in South Africa.

SHV claimed that the attacks, in which there have been no casualties, have caused at least 150 million guilders (R140 million) damage

In his announcement, Fentener said that "the executive board of directors very much regrets that it is necessary to concede to terror."

Profit from SHV operations in South Africa totalled approximately two million guilders (R1 6 million) last year

Fentener gave no immediate details on how the South African pullout would affect the jobs of approximately 2 000 people employed by the South African Makro stores and the Johannesburg coal trading office .

Keen on books?

THE Funda Centre library will accept applications for membership of the library until January 30 this year — and all interested are asked to apply before this date.

Previously applications for membership of the library were until April 30 for 12 calender months. From this year membership is from January 1 to December 30

Appeal

Funda Centre liaison officer, Mr Tony Ngwenya, said an appeal was being made to all would-be-users of the library to apply for membership before January 30 "After that date we will unfortunately not be able to accept new members

More details are available from 938-1485

Why there'll be no more sanctions

28/11/87 DD

WASHINGTON LETTER

From SIMON BARBER



In its open letter to the United States Secretary of State, Mr George Shultz last week, the United Democratic Front suggested that the absence of further Western sanctions would force it to reconsider its non-violent stance

The ANC president, Mr Oliver Tambo, also wants more sanctions and hopes to use his new access to the seventh floor of the State Department to push for them As far as America is concerned, both he and the UDF are going to be disappointed Sanctionswise, the US bolt has been shot.

This should be apparent to any reader of the comprehensive Anti-Apartheid Act passed last October over President Reagan's veto and of the "total" embargo, lets-put-South-Africa-on-Mars bill the House of Representatives approved on a voice vote before acceding to the Act. In terms of the real $4 billion a year business transacted between the US and South Africa, little more than symbolic because in the fine print both exempt any mineral judged by the president to be either economically sensitive (strategic) or militarily essential (critical).

In 1985, the top ten South Africa exports to the US were, in descending order platinum, gem diamonds, Krugerrands, ferrochrome, uranium oxide, other forms of uranium, returned US manufactured goods, natural industrial diamonds, coal and ferromanganese Total value $1,4 billion In 1987, only two of those items, coal and Krugerrands — worth under $150 million in 1985 — are subject to a complete boycott.

The Anti-Apartheid Act, it is true, bans South African uranium (value of 1985 US imports $140 million) in what appear to be no uncertain terms However, at the subsequent urging of senators, Republican and Democrat, who voted for the bill, the Reagan administration has driven a loophole through the prohibition a mile wide

Third countries who rely on American facilities to enrich uranium for their domestic power industries may still send South African-origin material to this country. Their custom accounts for a considerbale proportion of the South African uranium imported into the US at the time the ban went into effect because, as the department of energy noted in a recent analysis, American utilities "import almost no South African uranium for domestic use"

Though this loophole is certain to be challenged, its chances of survival are good No administration, whatever its partisan stripe, is going to risk driving away at least $200 million worth of business — the value of Department of Energy contracts to enrich South African-origin uranium last year — for the sake of maintaining a moralistic posture which provides not a single material benefit to the US electorate or exchequer and could well send extra business and hard currency to the Soviet Union

Besides, the US interest in maintaining its 40 plus per cent share of the worldwide enrichment market goes well beyond mere commercial gain If countries with nuclear power programmes conclude that the US is an unreliable supplier, their incentive to build their own enrichment facilities will grow Since such facilities can be used to produce the highly enriched uranium needed for weapons production, it makes no sense in an unstable world to encourage their construction. What does make sense is that a major power opposed to proliferation should control a large share of the market so that it can keep tabs, as the Department of Energy does, on where the fissionable material it produces is going

Also exempted from sanctions is a list of materials judged by the administration, on the express orders of congress, to be "essential for the economy or defence of the United States" and whose absence "would adversely affect the peacetime economy of the US, US competitiveness, or the defence of the US" The criteria, which (Tambo and the UDF please note) even the shrillest of congressional sanctioneers approve, are extremely straightforward The question is very simply what items must we not boycott if we don't want to hurt the interests of the poor ignorant slobs who elected us The answer is most, or more specifically, andalusite, antimony, chrysotile asbestos, chromium, cobalt, natural industrial diamonds, manganese, platinum group metals, rutile and vanadium

For the record, it might be worth going through the justifications the US Bureau of Mines prepared for including each commodity.

Andalusite. 1984-5 the US bought and consumed an average of 5 250 tons a year of the material, which is primarily used as a refractory in iron and steel blast furnace stoves, all from Soputh Africa. France is the main alternative supplier, but its material is of a different grade and particle size "US industry has informed the Bureau of Mines that they would lose market share of blast furnace stove production if they were denied supplies of South African andalusite"

Antimony. China is the largest US supplier of antimony metal, which is used in batteries, power transmission equipment, solder and ammunition Bolivia leads as a supplier of ores and concentrates However, South Africa is the chief source (36 per cent) of antimony oxide, a key component in flame retardent, paint and plastics manufacture Oxide imports are more than double those of all other forms, and while there are alternative suppliers and materials, they "generally entail cost disadvantages and lead to inconveniences such as the necessity to alter manufacturing processes"

Chrysotile asbestos. All from Zimbabwe, "its very high strength-to-weight and strength-under-high-temperature qualities are applicable to rocket and missile construction, its electrical and thermal conductivity qualities are applicable to submarine construction. There are no known substitutes which can meet the characteristics of this grade asbestos for these applications".

A tiny portion of this material, import figures for which have not been made public, is shipped via Mozambique, but the bulk through South Africa and therefore, if left unexempted, potentially embargoable under the ban on trade with South Africa parastatals

Chromium. Essential to stainless steel and superalloy construction, chrome and ferrochrome are "vitally important in the defence, aerospace, chemical, power generation and transportation industries" South Africa, with 34 per cent of world chromium production, supplies on average 60 per cent of US ferrochrome and chromium metal needs Taking into account recycling, the US, which has no chromite ore production, relies on import for 84 per cent of its consumption The second largest US supplier, Zimbabwe, ships most of its product through South Africa The principal alternative is the Soviet Union which in 1985 accounted for 29.6 per cent of world chromite production, and 15 per cent of ferrochrome production The Soviet Union is not regarded as a secure supplier

Cobalt. Essential as a binder in carbide steels and preferred for the production of superalloys and as a desulfurising catalyst in oil refining. 58 per cent of 1985 US cobalt imports were from Zaire and Zambia, and shipped via South Africa Even after recycling, the US remains 95 per cent import dependent. Other producers, Canada, Norway and Japan, between them have only 36 per cent the refining capacity of Zaire and Zambia

Natural industrial diamonds. The US is totally dependent on foreign sources for this product for which their is no efficient or cost-effective substitute in the mining and machine tool industries Though South Africa is only the world's fifth largest producer, it was the source of 42 per cent of US imports between 1983 and 1985 De Beers Central Selling Organisation controls 80-85 per cent of the world diamond market making it all but impossible to determine sources should a boycott be instituted

Manganese. Chiefly as ferromanganese and silicomanganese, but also in metal form, this commodity is essential to the production of virtually all steel and has no satisfactory substitute A quarter of US consumption of manganese ferroalloys is provided by South Africa and 38 per cent of US metal consumption. A cutoff in South African ore imports, while survivable, could lead to worlwide shortages and dramatic price increases The US does have excess ferroalloy production capacity but is not price competitive with imports. Furthermore "any price increase would have a negative impact on the US steel industry with is already in poor financial condition".

Platinum group metals. There are no known substitutes for PGMs as catalysts in the car, chemical and petroleum industries 90 per cent of US demand is supplied by imports, the rest by recycling. South Africa supplies 46 per cent of the imports

Limited US reserves are estimated to meet less that 3 per cent of the cumulative domestic demand between 1983 and 2000 The other major producer is the Soviet Union to whom the US would have to turn in the event of a South Africa ban

Even assuming the Soviet Union would be willing to sell, it would not have the capacity to meet needs Mines in Australia and Canada may alter the current tenuous balance by the end of the century

Rutile and substitutes including Richards Bay slag. These are the raw materials for titanium metal and titanium dioxide The former is irreplaceable in the aerospace industry, there is no economic alternative to the latter in the pigment buiness

In 1985 South African exports accounted for 26 per cent of total US consumption US domestic production is not published for proprietary reasons but is not insignificant.

Australia and Sierra Leone are the major alternative suppliers A cut-off of South African supplies would not affect metal production, since it only accounts for five per cent of total consumption but "would create severe shortages in the American pigment industry which has been operating at close to full capacity for the last three years to satisfy growing demand"

Vanadium. The US produces 54 per cent of its domestic needs of this commodity which is used mainly as an alloying agent in steel and iron production. As of 1984, the remaining 46 per cent was imported, 40 per cent of it from South Africa. With the closure supplies from Finland in 1985, that figure is now substantially higher

100 per cent of the ferrovandium, vanadium-bearing slags and chemicals the US imported last year were directly or indirectly of South African origin. Alternatives are available but all have technical and/or economic drawbacks.

There is no substitute for vanadium in titanium alloys Domestic production could be increased but would only be viable with significant price increases Japan, West Germany and France are even more heavily dependent on South Africa than the US

"Any extended cutback in supplies from South Africa would seriously upset the balance between supply and demand in the market economy countries" So, at any rate, says the Bureau of Mines, coldly and without ideological embellishment.

There is nothing here about that right wing shibboleth the "minerals war". No quotes from Leonid Brezhnev No dire prophecies or panic No call for a comprehensive minerals policy Just a simple explanation as requested by Congress, of the status quo and why,- on the whole, it's not worth shaking up with more sanctions.

For most legislators, there were solid, protectionist, *constituency* reasons to ban South Africa textiles, steel, coal and agricultural products in the Anti-Apartheid Act. Do Tambo and the UDF really think these people are so committed to the struggle that they will now actually punish their own voters to advance it?

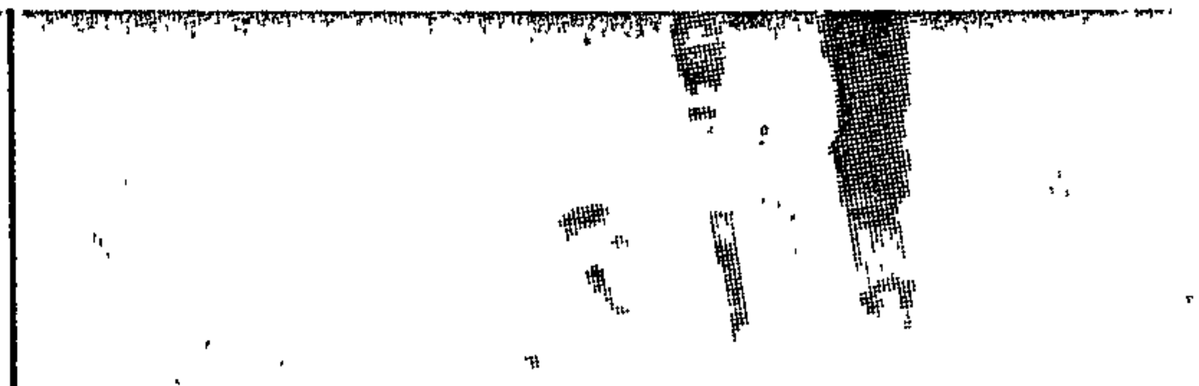
and Surpes sailed across the line to the deafening of thousands of spectators and the souund of dozens ' horns after a gripping race, which was only decid- n New Zealand botched the rounding of the seventh i the eight-leg course.

er rounded the last mark just nine seconds ahead New Zealanders lost half a minute by scraping the id having to go around again.

Kiwis, near-unbeatable in the preliminary races eir controversial fibre glass hull, showed they could e the pressure.

winning 37 of 38 races on their way to the final, the aland yacht was the first challenger in more than es to hit a marker buoy.

error cost 25 year-old skipper Chris Dickson any of closing on Conner. — (Sapa-Reuter)



French make the

Paris—Hundreds of skiers sweep thro long heavy snowfalls had allowed Pa

Terrorism cited as Dutch company disinvests

Mercury Correspondent

JOHANNESBURG—Two foreign companies confirmed yesterday that they were about to leave South Africa and a third said it would sell two of its subsidiaries.

SHV, the Dutch trading multinational which, together with its West German partner, holds 67% of the Makro cash-and-carry chain, said it was 'conceding to terror'.

U S-based Black & Decker blamed political pressure.

Gallaher, a London holding company, said commercial reasons were responsible for recent decisions to sell the kitchenware firm Prestige Group S A and the engineering group G North.

All three firms said activities would continue as before, but under new management.

SHV has been plagued by a series of arson attacks by the Revolutionary Anti-Racist Action in the Netherlands.

A buyer for SHV's stake in Makro — widely thought to be Safren — is to be announced in a few weeks. Safren holds 33% of the chain.

Losing

Gallaher, a wholly owned subsidiary of U S-based American Brands, had no plans to sell its two other South African holdings, Mono Pumps and FIP Africa, a spokesman said in London yesterday.

Pietermaritzburg-based Prestige said negotiations had been under way since early last year to sell the firm.

The Prestige Group in London, which is controlled by Gallaher and owns 100% of Prestige in South Africa, has been negotiating with possible buyers in South Africa and Europe.

Prestige S A's managing director, Mr J A Snowden, said yesterday a management buy-out was a possibility.

G North has been losing money for some time.

SHV, a private trading firm ranked in the top 10 Dutch companies, said it had decided to withdraw from South Africa because the Government refused to step in after the British insurance company Commercial Union cancelled cover for political risks after a blaze at a wholesale store earlier this month.

It was the fourth fire in 16 months. One store was attacked twice. — (Sapa-Reuter)

hn artin kes OC lead

EY—South Africa's 'artin, sailing Tuna , has taken the lead third leg of the BOC nge solo round-the- vacht race.

in is closely followed nchman Jean Yves in in Uap-pour ins Sans Frontieres.

ing third position is ts Lu, sailed by Guy rdin. Bernardin is iling as an American t after receiving his can citizenship late ar.

d eighth

French competitors fourth and fifth . Titouan Lamazou, on the second leg in

Firms to sell SA interests

CAPE TOWN — Two foreign companies confirmed yesterday they were about to leave South Africa and a third said it would spin off two of its subsidiaries.

Both the Dutch trading multi-national, SHV, which, together with a West German partner, holds 67 per cent of the Makro cash-and-carry chain, and US-based Black & Decker, blamed political pressure as the reason for leaving.

A London holding company, Gallaher, said commercial reasons were responsible for recent decisions to sell the kitchenware firm Prestige SA and the engineering group G. North.

All three firms said activities would continue as before, but under new management.

SHV, which has been plagued by a series of anti-apartheid arson attacks in The Netherlands, officially announced yesterday it would halt business operations in South Africa.

A buyer for SHV's stake in Makro — widely thought to be Safren — will be announced in a few weeks. Safren holds 33 per cent of the chain.

Gallaher, a wholly owned subsidiary of US-based American Brands, had no plans to sell its two other SA holdings, Mono Pumps and FIP Africa, a spokesman said in London yesterday.

Black and Decker's US chairman and president, Mr Nolan Archibald, said in a confidential in-house memo last week the SA firm would "prosper better under local management" and "given the size of the operation, it is not in our best interests to continue to own and manage it".

Makro SA will stay open despite pullout

By Chris Moerdyk

The Netherlands-based multinational, SHV, which owns a 40 percent interest in five Makro department stores in South Africa has become the first major Dutch company to pull out of the country.

SHV chairman Mr Paul Fentener van Vlissingen told a news conference in The Hague yesterday that "distressed and forced by terrorist action, (SHV) will take steps toward a complete withdrawal of its investments in South Africa".

The pullout measure was effective immediately.

The SHV announcement followed Friday's refusal by the Dutch Government to underwrite the company's fire insurance, after a spate of anti-apartheid arson attacks had destroyed three of the company's six Makro stores in the Netherlands over an 18-month period.

Responsibility for those attacks has been claimed by the Revolutionary Anti-Racist Action (RARA) which said in its communiques that the arson attacks were a protest against SHV's involvement in South Africa.

'WILL STAY INTACT'

In Johannesburg, Makro SA executives were not available for comment but financial director, Mr Roger McKee, told The Star last week that "one way or another" Makro operations in South Africa would stay intact.

"Whatever happens, because of the success of the SA operation, it is virtually certain there would be a queue of companies anxious to open negotiations. Our primary concern is to safeguard the welfare of our large labour force and I think they can be assured that, one way or another, Makro stores will be staying open."

SHV claimed that the attacks, in which there have been no casualties, had caused damage estimated at R140 million.

In his announcement Mr van Vlissingen said that "the executive board of directors very much regrets that it is necessary to concede to terror".

Profit from SHV operations in South Africa totalled approximately R2 million last year.

Mr van Vlissingen gave no immediate details of how the South African pullout would affect the jobs of approximately 2 000 people employed by the South African Makro stores and the Johannesburg coal trading office.

South African Embassy spokesman Mr Johan van Rensburg called the SHV move "an unfortunate development ... any development like this may create a precedent".

Mr van Rensburg said that the SHV decision was "a Dutch domestic situation, development, in which we cannot have too much of an opinion".

Sanctions postponed

SANCTIONS against South Africa by Southern African nations had deliberately been postponed because of the need for co-operation among some of the Frontline States, Zimbabwean Prime Minister, Mr Robert Mugabe, said in an interview released yesterday.

Ziana, the semi-official news agency, reports that the sanctions package, largely engineered by Zimbabwe and Zambia, was due to come into effect towards the end of last year.

Mozambique was also highly influential in seeking Frontline States' unity and it was on returning home from one such mission in Zambia that President Samora Machel died in a plane crash last year.

Curbs delay explained by Mugabe

HARARE—Sanctions against South Africa by southern African nations had deliberately been postponed because of the need for co-operation among some of the front-line states, Zimbabwean Prime Minister Robert Mugabe said in an interview released yesterday.

Ziana, the semi-official news agency, reports that the sanctions package, largely engineered by Zimbabwe and Zambia, was due to come into effect towards the end of last year.

Mozambique was also highly influential in seeking front-line states' unity and it was on returning home from one such mission in Zambia that President Samora Machel died in a plane crash last year.

'We have had to postpone them deliberately in order for us to consult with the other front-line states because some of the sanctions require their co-operation,' said Mr Mugabe.

'But they are coming and coming very soon, that is, from our side.'

'Sanctions, yes, are necessary against South Africa and they need the co-operation of all of us,' he said.

The interview was released sortly after Mr Mugabe left on a visit to China, Korea and India. — (Sapa)

WASHINGTON — Ten South African-produced strategic minerals are exempt from the US import ban under the anti-apartheid sanctions law because they are essential to the US economy or defence, a State Department official said at the weekend.

US exempts SA strategic minerals

Another official said five companies have been removed from a list of 144 South African companies boycotted by the United States. The 139 remaining on the list are unable to export to the United States under the law because they are "parastatals" — owned, operated or subsidized by the South African government.

A deputy secretary of state, Mr John Whitehead, said the minerals were "essential for the economy or defence of the United States" and were unavailable from reliable or secure suppliers.

Among the minerals that can be imported are andalusite; antimony; chrysotile asbestos; chromium, including ferrochromium; cobalt; natural, industrial diamonds; manganese, including ferromanganese and ferrosilicomanganese; platinum group metals; rutile, including titanium-bearing slag; and vanadium.

Of the minerals exempted, chrome, platinum and manganese are the most important to the South African economy, with estimated annual revenue totalling more than R4 billion.

The director general of Mineral and Energy Affairs, Mr Louw Alberts, said by exempting 10 strategic minerals from sanctions the US has tacitly acknowleged it cannot do without SA.

"The Americans seem to be waking up to the realities of sanctions and the position of SA in the Western world's mineral supply," Mr Alberts said yesterday.

The Minister of Economic Affairs and Technology, Mr Danie Steyn, described the US decision as "very selfish", but added government did not intend to withhold these minerals.

"They are protecting their own interests. So while we are pleased about it, especially for the producer's sake, it is of course very selfish."

South Africa produces 82 per cent of the world's platinum group metals. Apart from its use in the manufacture of jewellery, one of platinum's most important uses is as a catalyst to cut down on harmful exhaust gas emissions from internal combustion engines. It is also used in electronics and the chemical industry.

Chromium metal is a vital component in the production of high quality steels and alloys.



MR YOUNG . . . sanctions should not hurt the US more than SA.

Chromium chemical derivatives have important applications in industry and in photography.

● The five companies were the first to be removed from a list of 144 at first believed by the State Department to be parastatals.

While they are removed from the parastatal list, other aspects of the sanctions law may apply to them, one official said.

Those removed include Klein Karoo Landboukooperasie, which exports ostrich feathers to the United States for use in dusters, and four computer companies that are subsidiaries of foreign companies — Siemens, Comtec, Tecnetics and Mercedes Datakor (Mercedes).

The State Department official said the list was drawn up hurriedly last week, and in some cases the company's ties to the South African government could not be determined.

A sixth company, Sasol, which converts coal to petrol, also appealed, but US officials have asked to defer a decision because of the case's complexity.

Representatives of the State, Commerce and Treasury departments turned down the appeal of a seventh company, the Public Utility Transport Company (Putco).

● Meanwhile a report from Harare, Zimbabwe, says the former United States Ambassador to the United Nations, Mr Andrew Young, yesterday defended Washington's decision to exempt the 10 South African produced minerals.

Mr Young, who is also mayor of Atlanta, Georgia, was quizzed about the exemption by elders of St Mark's United Methodist Church in Harare after delivering a sermon there on the second day of his three day visit to Zimbabwe.

"You ought not to have sanctions that are going to hurt you more than the one you've got sanctions against," he replied, evidently inferring that the United States needed the minerals.

"If there is a need for certain strategic minerals, and South Africa is willing to sell them, then it's all right."

Mr Young, after his arrival from neighbouring Botswana on Friday, urged tighter economic sanctions against South Africa to force it to abandon its racial separation policy of apartheid. — Sapa-AP

'US cannot do without us'

Exempted minerals earn SA billions

BUSDAY 280 337 19/1/87

THREE of the strategic minerals exempted at the weekend from US sanctions provide SA with an estimated annual revenue of more than R4bn from all sources.

PETER STACEY
and SUSAN RUSSELL



● ALBERTS

And Mineral and Energy Affairs director general Louw Alberts says by exempting 10 strategic minerals from sanctions the US has tacitly acknowleged it cannot do without SA.

"The Americans seem to be waking up to the realities of sanctions and the position of SA in the Western world's mineral supply," Alberts said yesterday.

The 10 minerals that have been exempted are: andalusite, antimony, chrysotile asbestos, chromium and ferrochromium, cobalt, natural industrial diamonds, manganese, ferromanganese and ferrosilicomanganese, platinum-group metals, rutile and titanium-bearing slag and vanadium.

Of the minerals exempted, chrome, platinum and manganese are the most important to the SA economy, with estimated annual revenue totalling more than R4bn.

Alberts said the minerals in question were of vital strategic importance to the US.

"As for the hypocrisy of turning sanctions only in one direction to suit themselves, I leave that to their leadership and their conscience."

He did not have figures available on what percentage of these minerals SA exported to the US or how much money was involved.

"But seeing as platinum is one of them we are talking in billions."

Minister of Economic Affairs and Technology Danie Steyn described the US decision as "very selfish", but added that government did not intend to withhold these minerals.

"We are not sanctions supporters, therefore any decision that is anti-sanctions is welcomed," said Steyn.

"They are protecting their own interests. So while we are pleased about it, especially for the producer's sake, it is of course very selfish.

"It indicates that the whole sanctions thing has two legs. Firstly they want to get at SA, but they also want to ensure their survival in specific fields."

Steyn added that while he was pleased with the decision, he hoped the exemption would be extended to other minerals.

He said the exemption could have a flow-over effect on American companies under pressure to disinvest in SA.

"I intend to study the whole report

● To Page 2

SA's exemption bonanza

BUSDAY 217 280 337 19/1/87

● From Page 1

tomorrow. It is difficult to make a comprehensive comment at this stage because I do not really know what is behind the decision."

SA produces 82% of the world's platinum group metals (PGMs) — platinum, palladium, rhodium, osmium and iridium.

Apart from its use in the manufacture of jewellery, one of platinum's most important uses is as a catalyst to cut down on harmful exhaust gas emissions from internal combustion engines. Other important applications for PGMs are as catalysts in the chemical industry and in electronics.

The platinum reserves of the Bushveld Igneous Complex are the largest proven reserves of the metals. Apart from a low grade deposit, rumoured to be large, but as yet unproven, in Montana in the US, the only other PGM resources of any significance are in communist bloc countries.

Chromium metal is a vital component in the production of high quality steels and alloys. Chromium chemical derivatives, particularly its oxides, and the chromates of sodium, potassium and calcium, have important applications as process catalysts, oxidants and pigments, and in photography.

At present SA is the world's number one producer of chrome, accounting for 33% of world chrome ore and concentrates and 30% of ferrochrome. SA also has the world's largest known reserves of chrome. Other major sources are Zimbabwe and the Soviet Union.

In production of manganese and ferromanganese, SA rates fifth in the world, behind the Soviet Union, China, Japan and Norway.

Manganese is an important alloy, particularly in the production of abrasion resistant steels. Rutile is a source mineral for titanium, but also has importance as a refractory material.

Titanium, because of its lightness, high strength and resistance to corrosion is the ultimate space age metal.

Barclays gets funds out soon

22/1/87

BUSDAY

280

GERALD PROSALENDIS
Economics Editor

BARCLAYS PLC expects to withdraw the R526m (£80m) from the sale of its 40,4% share in Barclays National Bank (Barnat) from SA within a year.

"We do not think this is an unrealistic target," a spokesman for Plc said yesterday in London.

The money was deposited on December 19 in a financial rand account held at Barclays Johannesburg.

Both Barclays Johannesburg and Plc in London are active in looking for financial rands flowing into SA to match against Barclays' money.

And disinvestment from SA could assist rather than hinder the flow of these funds from SA, especially if companies disinvesting bring in funds to settle debts before selling off subsidiaries.

"We are not aware of precisely in what form these proceeds are being held but they have certainly not been invested in SA government stock. We understand they are being held in short-term instruments because of the need to be able to move funds out of SA as financial rand become available," the Plc spokesman said.

Barnat Treasurer Sandro Burzacchi confirmed that most of the money was invested in the short end of the market.

"It would be foolish for Plc to invest in fixed interest securities in case the opportunity arose for them to move blocks of the funds out of the country," he said.

So far, Plc has not been prepared to disclose the amount that has already left the country.

Meanwhile Plc's withdrawal from SA

● To Page 2

Barclays Plc to withdraw funds

BUSDAY 22/1/87

61

● From Page 1

has failed to appease the Anti-Apartheid Movement (AAM) in Britain.

The Plc spokesman said the bank was still uncertain what the AAM wanted, but it appeared they were demanding that the bank calls up its loans to SA.

He said: "We believe they might try to continue their campaign because of our corresponding relationship with Barclays National Bank and outstanding loans to SA."

Loans worth about £756m, mainly in the form of credit lines to Barnat, are caught within the standstill net and subject to the interim debt agreement between the SA government and its foreign creditors.

The agreement will be renegotiated in April for another year.

Plc has written to the AAM offering to meet them to explain their position. "As yet they have not accepted our invitation nor replied to our letter," the spokesman said.

Only sanctions-busting would matter

No law against use by SA of Manx freeport

LONDON — SA companies can set up operations in the Isle of Man freeport area as long as they don't infringe international sanctions agreement.

This was made clear yesterday by Whitehall sources reacting to a splash Press exposé in London that the SA government had held secret talks with Isle of Man authorities with such negotiations in mind.

Chief Minister of the Isle of Man, Miles Walker, said hat after initial talks in 1985, there had been no continuing contact with SA about the use of the freeport.

The report of the approach by SA to Isle of Man authorities was reported as an audacious plan to evade international trade sanctions. It was the front-page lead story in the newspaper, *The Independent*.

The immediate result was that Labour Party spokesmen called for a statement from Home Secretary Dougles Hurd.

But Whitehall sources said that if anyone wished to buy the freeport, it was a purely commercial transaction. This is what the 1985 negotiations had been limited to.

Own Correspondent

However, if anybody used it to circumvent international obligations, Britain would have to look into the matter.

They said there was no reason why wine, fruit and other products should not be shipped through the Manx freeport because there were no sanctions against such products.

The Independent report claimed that SA's Industrial Development Corporation (IDC) had opened negotiations with Manx authorities, intending to ship SA goods to the island, change labels and then re-export to European Community (EC) countries.

It said the freeport, which is undeveloped, would be divided into plots leased by companies ultimately owned by SA, but traceable only to Switzerland.

One of those involved was quoted as saying: "The South Africans were taking a pragmatic view and looking ahead as the international situation worsened."

STAR 23/1/87 280

US is keeping close check on SA trade

The Star Bureau

WASHINGTON — America is policing its economic sanctions on South Africa more strictly than on any other country, according to a United States Commerce Department report.

It said US officials conducted more post-shipment checks of certain exports to South Africa to ensure that neither merchandise nor technology had been slipping to apartheid-enforcing agencies.

This emerged in the annual report sent this week by US Secretary of Commerce Mr Malcolm Baldrige to Vice-President Mr George Bush and Speaker of the House of Representatives Mr Jim Wright.

Reviewing US export controls as a tool of foreign policy, and extending these sanctions for another year, the department said: "The apparent unwillingness of the South African Government to reform justifies retention of present controls."

It was referring to export sanctions imposed by President Reagan in September 1985 which were overtaken by congressional sanctions passed on October 2 containing tougher trade restrictions.

"A major object of the export enforcement programme in South Africa is in prevention of diversion of exports to apartheid-enforcing agencies," the memorandum said.

The department had begun a programme of requiring exporters of US-origin computers to provide post-sale certifications that the computers had not been diverted.

Sketching the purpose of the export controls, the document said: "Failure to extend these controls would be interpreted as diminishing US opposition to the apartheid policies of the South African Government."

Hardest hit by the US export controls, it said, were computers. In the past six years the US share in the rapidly expanding South African computer market had fallen from 43 percent to less than 30 percent. A further slump of about 20 percent occurred last year.

More important than the immediate loss of individual sales, however, was the psychological impact the restrictions were having on future sales, the memorandum said.

COMPETITIVE POSITION

"Future sales are deterred because of the anticipation of further controls ... as a consequence, South African customers have sought other suppliers."

US exports continued, nevertheless. Last year, almost 1 700 export licences to South Africa were approved, involving more than R1 000 million in trade.

The department concluded that the South African market was not big enough to hurt America's competitive position in the international economy.

The foreign policy objectives of demonstrating US opposition to the South African Government's "racist" policies outweighed any short-term trade losses, it said.

Retief warns on sanctions

JOHANNESBURG. — The newly-appointed Johannesburg Consolidated Investments MD, Patrick Retief, 54, yesterday said he looked forward to JCI "continuing in the path set by Gordon Waddell".

Retief, who presently serves on the boards of 10 companies and is chairman of SA Associated Newspapers, will take up the post when Waddell steps down as executive chairman at the end of June.

Retief said sanctions would make his job more challenging and warned that unless the government accommodated black political aspirations sanctions would intensify.

Waddell's post is effectively being divided between Retief and Murray Hofmeyr, a member of the executive committee of the Anglo American Corporation. Hofmeyr takes over as JCI chairman when Waddell goes.

Hofmeyr, 61, said the mining industry and business faced a challenge to make a contribution towards the upliftment of blacks, an area that had not been given sufficient attention in the past. "We have not done as much as we should have," he said.

□ Retief will become chairman of Rustenburg Platinum Holdings while Hofmeyr will take over from Waddell as chairman of South African Breweries Limited.

23/1/87

Weekly Mail

No Whitehall action on SA port claims

THE British Foreign Office said yesterday it was taking no action over a report that South African representatives — including Minister of Commerce and Industry Dr Dawie De Villiers — had held secret talks with authorities on the Isle of Man about taking over the island's free port as part of a plan to evade sanctions.

Whitehall said that while the talks had obviously taken place, nothing had actually happened. "If there were any suggestion they were using it to circumvent our international obligations then we would have to take appropriate action. So far there has been no such suggestion," a Whitehall source said.

The island, off the west coast of England, is self-governing but the British government is responsible for its foreign relations. Britain, with the other EEC countries, has applied limited sanctions against South African iron, steel and gold coin exports.

A report, which appeared in yesterday's edition of The Independent newspaper, said South Africa's Industrial Development Corporation opened negotiations with the Isle of Man authorities in October last year.

The plan, according to the report, was to buy long-term leases on the 20-acre free port, which is at present undeveloped, and divide it into plots which would then be leased to companies ultimately owned by South Africa but traceable only to Switzerland. If that were achieved, a wide range of South African products could be shipped to the island, labels of origin could be changed, and the goods could be re-exported to anywhere in the world.

Iron [illegible]

Minerals ban wouldn't have hit producers

ALAN SENDZUL

VIRTUALLY no local mineral producer has been materially affected by the US Congress's exemption of SA's 10 most strategic mineral exports.

Reduced production or lost markets before the sanctions reversal were distant considerations for major mineral exporters because platinum group metals, chrome, asbestos and manganese were not included on the original sanctions list.

Consolidated Metallurgical Industries MD Brian Davidson said: "We felt it unlikely that ferrochrome would be included in a boycott. It is comforting to see that US dependence on SA's ferrochrome has at last been acknowledged."

Rustenberg Platinum MD Brian Gilbertson took a more cautious line. He said one could not be certain where sanctions would lead once they got under way.

A Griqualand Finance and Exploration Co spokesman said as far as asbestos was concerned the trade exemption had referred to chrysotile asbestos, even though SA exports have only been of crysidolite or "blue" asbestos.

Manganese producers say that because there are virtually no operative facilities for ferro-manganese or ferro-silico-manganese in the US, SA exports are not jeopardised.

Even while the ban on ferro-alloys was in place, producers continued to ship to the US.

The Natal Mercury, Fri

S A plan revealed to set up companies on Isle of Man

(280)
w/m 23/1/87.

Audacious free port 'bid to beat sanctions'

London Bureau

SOUTH African companies can set up operations in the Isle of Man free port area as long as they don't infringe international sanctions agreement.

This was made clear yesterday by Whitehall sources reacting to a splash expose here that the South African Government had held secret talks with the Isle of Man authorities with such negotiations in mind.

The Chief Minister of the Isle of Man, Mr Miles Walker, said that after the initial talks in October 1985 there had been no 'continuing contact' with the South African Government about the use of the free port

The report of the approach by the South African Government to the Isle of Man authorities was reported here as 'an audacious plan to evade international trade sanctions'. It was the front page lead story in the new newspaper, the Independent

The immediate result was that Labour front-bench spokesmen called for a statement from Dougles Hurd, the Home Secretary, and an urgent letter was written by them to Sir Geoffrey Howe, the Foreign Secretary, seeking his urgent intervention on what they called the 'new sordid and sinister dimension to the way the island establishment exploits its special status'

George Foulkes, Labour's foreign affairs spokesman, and Alf Dubbs, home affairs spokesman, described the revelation as 'the latest and worst of a series of scandals arising from the Isle of Man Government's ruthless exploitation of its special constitutional position'.

But top Whitehall sources said it was a purely commercial transaction.

However, if anyone used the free port to circumvent international obligations then Britain would have to look into the matter.

A Whitehall spokesman said that there was no reason why wine, fruit and other products should not be shipped through the Manx free port.

There was no sanctions embargo on these products. If sanctions were imposed on such products then this would be another matter.

The Independent report claimed that South Africa's Industrial Development Corporation opened negotiations with the Manx authorities, intending to import South African goods to the island, change labels and then re-export to EEC countries.

Under the plan, they claimed, the free port — which remains undeveloped — would be divided into plots leased by companies ultimately owned by South Africa but traceable only to Switzerland.

The Isle of Man has pecular status Situated in the Irish Sea midway between England and Ireland, it is largely self-governing but Britain is responsible for foreign relations

Secret meeting in London

Chief Minister Walker said yesterday that in 1985, an approach was made to the then chairman of the Manx free port, Dr Edgar Mann, by the Industrial Development Corporation

'Their interest was confined solely to the legitimate use of the free port by the various companies represented by the IDC,' he said. 'Sanctions busting was not raised.'

The initial contact with the IDC did not lead to any positive proposals, he said.

Mr Walker added: 'There is no continuing contact at any level between the Isle of Man Government and the South African Government.

'It must be emphasised that the Isle of Man Government will under no circumstances enter into any arrangements which would enable British trade sanctions to be avoided.'

The Independent report said South Africa's initial approach came in a secret meeting in London, in October 1985 Dr Dawie de Villiers, then South Africa's Trade and Industry Minister is said to have led the delegation.

Also present, it is said, were Mr S J P du Plessis, of the same ministry, Mr M T de Waal, managing director of the IDC, and Mr J K Tromp, described as an engineer and member of the President's Council

The South African delegation was taken on a helicopter tour of the island.

A Home Office spokesman told me yesterday that they had not been aware of talks dealing with the use of the free port by South Africa.

23/1/87
BUSDAY
280

SA's academics face 'devastating' boycott

SOUTH AFRICA's universities could be reduced to third-rate institutions as a result of the increasing trend abroad to launch an academic boycott against the country, according to internationally-acclaimed scientist Phillip Tobias.

In an interview, Tobias — head of the Anatomy department at the University of the Witwatersrand — spelt out what he described as the "devastating" effects of such a boycott.

He predicted an accelerated exodus of young scientists, medics and other scholars from SA — people who obviously felt the need for the "cross-fertilising effects" of international contacts.

Further, the quality of university staff, he said, was bound to drop, the research output of universities in SA would be adversely hit and the role of SA and its universities in world science would be diminished.

"I believe that our universities — some of which have enjoyed world recognition for their scholarly contributions for decades — could become third-rate centres of learning," he said.

He outlined various aspects of the academic boycott:

THELMA TUCH

☐ ATTEMPTS to prevent South Africans from attending international congresses. This is often done by the government of the country hosting the particular congress withholding visas from South African nationals.

The International Council of Scientific Unions (ICSU) — a major body for integrating world science — has a long-standing policy of exerting pressure on such host countries to admit such scholars. If the country still fails to do so, ICSU can move the venue of the congress to another country.

ICSU's international Committee for the Free Circulation of Scientists acts whenever attempts to ban nationals or particular passportholders is brought to its notice. The equivalent of ICSU in the social sciences is ICPSH — the International Council for Philosophy and Humanistic Sciences.

However, the power of ICSU and ICPSH is limited to those congresses organised by bodies affiliated to them. Also, they can do nothing to stop individual scientists, groups of scientists or individual universities abroad from excluding South Africans from taking part in meetings.

A few universities, including the University of Amsterdam, have denied access to some South Africans invited to meetings on the campus.

☐ THE academic boycott includes decisions of some overseas universities not to exchange periodicals with South African universities. Some Scandinavian university libraries which used to exchange publications have stopped doing so.

☐ ALTHOUGH there is still a significant amount of movement of scientists visiting SA from abroad, there is a trickle of people who are refusing invitations to visit SA, either because of their own political convictions or because of pressure from their particular university or student body.

Reacting to statements of proponents of the academic boycott that their avowed purpose is to pressurise the SA government to change, Tobias said: "It's a very moot point whether the academic boycott will have any effect in changing the political set-up in this country."

Its only legacy to the future non-racial, democratic SA would be its consequences — namely, the creation of run-down, third-rate centres of learning.

He said that he and his colleagues had the critical responsibility of ensuring that the universities of SA would contribute to a future SA through their maintenance of the highest possible standards, despite current difficulties.

"I do not believe that by opposing the academic boycott I am weakening my own personal stand against apartheid and my own repugnance of racism," he said.

There were other tactics, Tobias said, which opponents to SA's policies could utilise with far less damaging consequences.

For instance, he suggested that they invested in increased educational support for the disadvantaged majority of the population.

They could make financial contributions to a recently-established body call Medical Education for South African Blacks (MESAB), which aims to provide bursaries for undergraduate and post-graduate training in health-related disciplines, including medicine, dentistry, veterinary science, nursing, pharmacy, physiotherapy and occupational therapy.



☐ TOBIAS ... "our universities could become third-rate centres of learning"

And what of a selective boycot of South African academics — boy cotting only those academic whose political stance on apartheic and racism is suspect?

Tobias said: "The extent to whic some organisations are supportin a selective rather than a total aca demic boycott indicates growin realisation of its damaging conse quences."

However, for Tobias even a se lective boycott could not be justi fied. He said: "I do not feel tha one's political persuasion is a valic criterion to exclude a person from any congress.

"The world of academe knows nc boundaries of nationality, politics race, gender or language groups. I flourishes best where there is a free exchange of ideas, publications and personnel," he said.

Such a world, Tobias said, should be open to all qualified persons irrespective of their national or ra cial origin or philosophical convic tion.

IN THE past 17 years, South African scientists have been denied access to the following gatherings:

☐ In 1970, visas were refused to all South Africans invited to attend the 9th International Congress of Anatomists at Leningrad;

☐ In 1984, two South Africans were barred from attending the 10th Congress of the International Primatological Society in Nairobi, Kenya. Both South Africans had long records of vigorous opposition to apartheid, and one had served time in detention without trial;

☐ In Moscow in 1984, visas were granted to about one-fifth of the South African geologists wanting to attend an international geological congress; 54 of them were refused entrance;

☐ In 1986, the organisers of the World Archaelogical Congress banned 26 scientists living in SA — including Tobias — from the congress.

MINERAL EXPORTS

Action at last

The specific exclusion of 10 vital strategic minerals from the US boycott list, contained in a special directive sent to Congress last week, underwrites South African exports worth some R4 billion a year.

But, even more important in the eyes of the local mining industry, it confirms the US's reliance on supplies from SA and its commitment to continued purchases.

In a bid to sweeten the pill for Congress, the administration commits itself to developing a programme to reduce dependence on SA. But the chances of this happening in the short term are negligible

"If an important new discovery was made today it would probably take 10 years to set up refining facilities," says Aiden Edwards, president of SA's Mintek. "In many cases, exploitation and refining would be uneconomic and in some cases there are no known substitutes."

He believes the time SA has won, and the considerable cost advantages enjoyed by many local minerals, must now be used to increase the appeal of South African commodities.

The US moves lend added urgency to the old call for greater beneficiation of raw materials, with the added benefits of increased export value and greater local employment (*Business* January 16). And, believe it or not, something is being done.

A top-level government committee is about to review State assistance for mineral beneficiation, with the aim of spurring the private sector into action.

Current State assistance includes a 25% electricity rebate, but a 25% rebate on transport costs was abolished in April 1982.

Edwards was appointed chairman of the inter-departmental committee, which holds it first meeting in mid-February. Committee members will be drawn from the Department of Mineral and Energy Affairs, the Department of Trade and Industry (DTI), Danie Steyn's new Department of Economics and Technology and Mintek.

It has long been Edwards' view that greater beneficiation of SA's chrome, vanadium, titanium, manganese, gold, platinum and other minerals could double current export earnings to R60 billion a year (at 1985 prices) over the next decade.

"At last we're starting to move," Edwards tells the *FM*. "All the signs are very positive and we have every intention of moving quickly."

Transport savings on the export of more refined products alone could provide a powerful stimulus, says DTI deputy director-general Frans Scheepers. An *ad valorem* levy on the export of raw minerals would be another spur to beneficiation.

Says Scheepers: "We will have to look into these matters. While government has helped promote beneficiation since the Reynders Commission's report in 1972, an examination of further co-ordination in this field is now indicated."

But while it is essential to create more opportunities, he doubts whether government can do better than make beneficiation a more attractive proposition for industrialists.

Government also has to evaluate the viability of specific projects, industries and sectors before granting concessions, he adds. Basie Kleu, chairman of the committee investigating export incentives, tells the *FM* beneficiation also forms part of his brief.

Mintek is now undertaking major research



Mintek's Edwards ... new drive to add value

and development into increased platinum beneficiation. It is also examining the jewellery industry for which SA has a virtual monopoly on diamond, platinum and gold production, but produces less than 0,1% of the world's jewellery.

"We have the technological leadership to find new uses for our mineral riches," says Edwards.

"But the State must play a major role in R & D developments. Once this is done, the private sector will invest. And unless we wake up, cheaper substitutes for some of our minerals could be developed." ■

STEEL SALES

Going domestic

Faced with hostile export markets, SA steel manufacturers are looking increasingly to domestic sales. But even at home possibilities are limited.

Highveld MD John Hall says it's too early to forecast 1987 performance but confidence has not yet reached a level to attract capital development of any note.

"Consumer booms have little impact on our sales," he tells the *FM*, "and capital expenditure cuts by government aren't helping us either."

But, as stocks aren't high, Hall expects any real increase in market activity to be reflected in sales, and steel companies are doing their best to hold prices.

Econometrix chief economist Azar Jammine says demand for steel correlates more closely with the demand for investment goods than for consumer goods and he expects gross domestic fixed investment to grow no more than 0,8%.

However, Econometrix has revised its forecast for the increase in iron and steel industry production. In the last quarter last year the prediction for 1987 was 2,5% but the latest growth forecast is 2,74% — assuming exports remain constant.

This could mean a growth in local sales for Iscor after two years of decline — local sales fell 3% last year and 13% in 1985.

But Robin Bosomworth, MD of steel exporter-importer Robco, says there's no future for the secondary industry. There has been a 50% increase in the cost of rolled steel since price control was abolished and primary producers have a destructive two-tier pricing policy, he claims.

Complains Bosomworth: "It would make sense for us to move from Cape Town to Taiwan. A ton of South African wire rod and reinforcing bar steel costs the Taiwanese $210 (R440) but the local man pays R730. Even if steel is beneficiated for export we're still charged the higher rate. This has enabled Iscor to maintain a positive cashflow of R600m — about R100 per ton."

However, UME joint MD Peter Smaller is much more bullish. "There's bound to be some stimulation of the economy in the election run up and the private sector is taking advantage of the low interest rates to restock steel products. I can also see more import replacement."

With projects like Mossel Bay on the cards Smaller expects a 5% growth in steel demand.

Steel and Engineering Industry Federation of SA director Sam van Coller is reluctant to estimate production increases. He says some large steel consumers like gold mines are doing very well, but any real turnaround would have to come from a recovery of the vehicle industry and a general revival in infrastructural activity. ■

(45c + 5c tax)
For other prices, see Back Page

Natal, Western Province, Eastern Province 80c (71c + 9c tax)

BUSDAY 20/11/87 START

"TH

Makro and Black & Decker confirm pull-out

TWO foreign companies yesterday confirmed they were about to leave SA and a third said it would spin off two of its subsidiaries.

SHV, the Dutch trading multinational which, together with its West German partner, holds 67% of the Makro cash-and-carry chain, and US-based Black & Decker (B&D) blamed political pressure.

Gallaher, a London holding company, said commercial reasons were responsible for recent decisions to sell kitchenware firm Prestige Group SA and engineering group G North.

Business Day Reporters

All three firms said activities would continue as before, but under new management.

SHV has has been plagued by a series of anti-apartheid arson attacks in the Netherlands.

A buyer for SHV's stake in Makro — widely thought to be Safren — is to be announced in a few weeks. Safren holds 33% of the chain. Its chairman and CE Alistair MacMillan confirmed the group would hold talks with SHV.

Local management could also be included in the deal, although Makro MD Doug Catto said no approach had yet been made.

Gallaher, a wholly owned subsidiary of US-based American Brands, had no plans to sell its two other SA holdings, Mono Pumps and FIP Africa, a spokesman said in London yesterday.

Maritzburg-based Prestige said yesterday negotiations had been under way since early last year to sell the firm.

Prestige Group in London, which is controlled by Gallaher and owns 100% of Prestige in SA, has been negotiating with possible purchasers in SA and Europe, although no plans have been finalised.

Prestige SA MD J A Snowden said yesterday a management buy-out was a possibility.

G North has been losing money for some time. Prestige and G North each employ about 250 people in SA.

B & D's US chairman and president Nolan Archibald issued a confidential in-

● To Page 2

Makro, Black & Decker announce pull-out

● From Page 1

house memo on Friday announcing he would recommend to the board of directors that buyers be sought for the SA marketing and distribution operation of the tool-making firm.

The memo said the SA firm would "prosper better under local management" and "given the size of the operation, it is not in our best interests to continue to own and manage it".

He recommended negotiations be conducted with local management. B & D has 44 employees in SA.

Makro MD Catto said business would continue as usual at Makro's five stores. Plans to open a sixth in Cape Town in September would not be affected. He did not expect lay-offs among the chain's 1 400 employees.

B & D MD Roger Lee said US supplies had been assured, but refused to comment on the SA operation's performance, representing only 0,31% of worldwide sales.

Last year the United States Department of Commerce conducted more checks in South Africa than in any other country. ALAN DUNN of the Argus Foreign Service reports from Washington

ARGUS 23/1/87 280

US policing sanctions strictly against SA

The United States is policing its economic sanctions against South Africa more strictly than against any other country, according to a United States Commerce Department report.

Department officials conducted more post-shipment checks of certain American exports to South Africa to ensure that neither merchandise nor technology had been diverted to apartheid-enforcing agencies

This emerged in an annual report issued this week by the US Secretary of Commerce, Mr Malcolm Baldrige to Vice-President George Bush and the Speaker of the House of Representatives, Mr Jim Wright

Reviewing US export controls as a tool of foreign policy, and extending these sanctions for another year, the department said: "The apparent unwillingness of the South African government to reform justifies retention of present controls."

It was referring to export sanctions imposed by President Reagan in September 1985, which were overtaken by a Congressional sanctions act passed on October 2 last year, containing tougher trade restrictions.

On enforcing the sanctions, the memorandum said the department had placed "special emphasis" on verifying activities in South Africa as a result of Mr Reagan's 1985 order.

"A major object of the export enforcement programme in South Africa is in prevention of diversion of exports to apartheid-enforcing agencies," it said.

Last year, the department conducted more checks in South Africa than in any other country. A US official had recently been sent to the country to investigate.

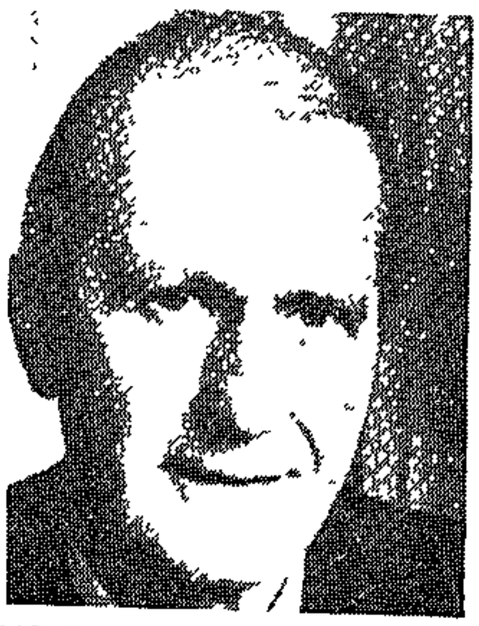
The report said the department had also begun a programme of requiring exporters of US-origin computers to provide post-sale certifications that the computers had not been diverted. "Preliminary results are encouraging," it noted.

The department's ability to enforce exports control would encounter increasing problems, it said, not saying why. But observance of the sanctions would be strengthened by the publicity they had attracted.

"Further, recent widespread support for control on trade with South Africa should reduce the number of incidents that foreign countries are used as diversion or trans-shipment sites," the memorandum said.

Meanwhile reports of South African glee at the exemption of several strategic minerals from US sanctions have nonplussed officials and analysts here.

The minerals were not banned by the sanctions law, the Comprehensive Anti-Apartheid Act of 1986, anyway, they said.



US Secretary of Commerce Mr Malcolm Balrige . . . "Major object is to prevent diversion of exports"

They were reacting to a report in The Washington Times quoting jubilant South African officials as saying the move rendered US sanctions harmless. The headline read "Exemptions for minerals pull teeth from sanctions".

The State Department said the sanctions had generally not prohibited the US from importing strategic minerals. "To the best of our knowledge, few if any strategic minerals were produced by parastatal organisations, so the exemption does not alter the status quo."

The sanctions ban products from South Africa's parastatals.

US officials sent a list of strategic minerals to Congress last week, certifying that they were essential to the American economy or defence and that they were not available from "reliable and secure suppliers".

Both US officials and a source close to the South African embassy felt that publication of the list was mainly an administrative response to a requirement in the sanctions legislation.

"It was academic. It's being depicted as a bonanza, a breakthrough for South Africa. Those minerals weren't banned in the first place," said one analyst.

Another observer said reports such as this would infuriate and challenge some Democrats who may feel compelled to act.

The importance of South Africa's strategic minerals to the US has repeatedly been raised in Washington. It was regularly and widely mentioned in Congressional debates in August last year which led to the sanctions.

The Reagan Administration too has openly acknowledged US reliance on those vital minerals. Some lawmakers have noted that an alternative source for a few of the strategic minerals was the Soviet Union.

The sanctions still prohibit US imports of Krugerrands, military equipment, agricultural products, coal, uranium, iron and steel, exports of computers to South Africa, loans to the government of South Africa, nuclear trade, South African government bank accounts other than those for diplomatic purposes. Several more measures remain intact.

Threats force Dutch firm to cut S A ties

ASSENDELFT—A Dutch vinyl floor producer plans to cut ties with South Africa after receiving warnings from police of possible terrorist attacks.

The announcement comes three days after leading Dutch trading company SHV Holdings said it was 'conceding to terror' and would sell its Makro stores in South Africa after a series of arson attacks in the Netherlands.

The vinyl company, Forbo-Krommennie, is part of the Swiss Forbo group and has historical ties with the Durban-based company Krommenie Ltd.

After the town of Spijkenisse in the south-west of the Netherlands told the company it would not buy any Forbo products as long as the company had ties with South Africa, it scaled down its service in Durban last November.

Police warned the company by telephone on January 14 of possible terrorist moves after arson attacks at SHV's Makro stores, and this was the final straw, a company spokesman said.

The managing director of Krommenie (Pty) Ltd in Durban, Mr Gavin Jeffrey, said the company had been totally South African for the past five years.

'It is a subsidiary of the Industrial Investment Company which is listed on the Stock Exchange.

'We do represent Forbo Krommenie but we have full manufacturing facilities in Durban,' he said. — (Sapa-Reuter)

Dutch firm to cut SA ties

DURBAN — Dutch vinyl floor producer, Frobo-Krommennie (FK) plans to cut ties with SA after receiving warnings from police of possible terrorist attacks, a company spokesman in Assendelft, Netherlands, said.

The announcement comes three days after leading Dutch trading company SHV said it was "conceding to terror" and would sell its Makro stores in South Africa after a series of arson attacks in the Netherlands.

The move, however, will not greatly affect FK's Durban-based agents, Krommenie Ltd, since the Hepburn family-owned Industrial Investment Company bought FK's SA operation five years ago.

The MD for Krommenie, Mr Gavin Jeffrey, said: "The FK product lines that we handle, account for a very small amount of our business. The bulk of our flooring products are made locally."

Krommenie employs 500 people and has an annual turnover of R50 million.

FK is part of the Swiss Forbo group and has historical ties with the Durban-based company Krommenie Ltd, which was founded in 1959 by the Dutch trading family, Zijpestein.

After the town of Spijkenisse, in the south-west of the Netherlands, told the company it would not buy any Forbo products as long as the company had ties with SA it scaled down its service in Durban last November.

Police warned the company by telephone on January 14 of possible terrorist moves after arson attacks at SHV's Makro stores, and this was the final straw, the spokesman said.

the Aussies (280) 24/1/87 Star

sunrise finance

Sanctions begin to boomerang on

By Harold Cuming of The Star's Foreign News Service

SYDNEY — Aggressive selling by South African companies in South-East Asia has helped cause a major recession in the Australian coal-mining industry, with many miners losing their jobs.

The executive director of the Australian Coal Association, Dr Barry Ritchie, said the South African companies had turned to Asia after being pushed out of several European countries because of sanctions.

"The South Africans have been undercutting Australian prices for exported coal in South-East Asia," he said. "This, in turn, has forced Australia to go to Europe for coal sales.

"But European shipping freight rates are much higher than to Asia for coal shipments and this means that we have, in the end result, been getting much less for our coal."

The downturn in prices has been a significant factor in the closure of several Australian mines, with the inevitable sacking of workers.

The industry in New South Wales is now suffering a major recession, although mining in Australia is among the most efficient in the world.

"I don't blame South African companies for going into Asia," Dr Ritchie said. "What they are doing is a fact of life.

"In Australia there is a belief that it is fine to impose sanctions against South Africa. But no-one thinks of the possible repercussions for our own workers — that is the reality."

He said South African companies could undercut Australian coal prices because their pit top costs were lower, and they enjoyed cheaper rail haulage and loader charges.

"Our rail transport system is inefficient, whereas South Africa runs 8 000 tonne trains, making their coal haulage charges half of what we pay."

Australia has to charge Asian countries about 32 US dollars (about R66) a tonne for steaming coal and 45 US dollars (about R93) for coking coal. "South Africa charges one or two dollars less for each type of coal, but it is enough to get the business. Colombia and China can also sell their coal cheaper than us in Asia."

Dr Ritchie said the Australian coal mining industry was set for "two or three bad years".

responsibility to

NAM launches fund for frontline aid

NEW DELHI — Nine member nations of the Non-Aligned Movement (NAM) headed by India yesterday pledged aid to help black southern African countries reduce their dependence upon South Africa, and appealed to the world to follow suit.

The Africa Fund, launched on Saturday, will aim to set up a strategic foodgrain reserve of 150 000 tonnes — enough to obviate the frontline states' dependence on imports from Pretoria for a whole year — and to restore the region's communications network.

Addressing the fund's two-day summit meeting here, the Indian Prime Minister, Mr Rajiv Gandhi, announced that the first official contribution had come from a south Indian schoolboy named Hemanth Shameen, who had collected $11.



MR GANDHI

"To that I, on behalf of the government of India, have the honour to add $38 million," said Mr Gandhi, the fund's chairman, adding he already had pledges totalling more than $70 million.

The nine-nation committee directing the fund agreed on a plan of action headed by the foodgrain reserve, for which 15 silos will be built at a cost of $75 million.

It also aims to rehabilitate the railways across Angola, Mozambique and Zambia-Tanzania and to upgrade port facilities and traffic handling capacities in Mozambique, Angola and Tanzania.

Further plans include a regional protection force for guarding economic installations, and raising of manpower skills in agriculture, small industries and transport operation. — Sapa-RNS

DAILY DISP

Barclays UK set to deal

DD 26/1/87

Dispatch Correspondent

LONDON — Barclays Bank, which pulled out of South Africa in November, is set to complete a sponsorship deal for black South Africans with St Antony's College, Oxford.

This, they hope, will signal the end of long-running hostility against the bank by students and dons because of its South African connections.

The scheme will involved partial funding of black South Africans to study at Oxford.

Barclays has indicated that St Antony's have accepted the principle of the scheme, the first of its kind since the pull-out, but refused to give the go ahead until full funding has been assured.

St Antony's may still encounter opposition from its students as the National Union of Students has refused to sanction any dealings with Barclays on the ground that it still has business dealings in South Africa.

The issue is still emotive in Oxford where students have been campaigning for disinvestment since the 1960s.

Over the years Barclays' share of the student market fell from 27 to 17 per cent.

A similar proposal at Churchill College, Cambridge, foundered last year, although the college's senior tutor said the political dimension of Barclays sponsorship had not been considered.

Catholic bishops face rethink

Sanctions a failure, says church study

280

BUSDAY 27/1/87

ECONOMIC pressures and sanctions had a totally counter-productive effect on government thinking, a Southern African Catholic Bishops Conference (SACBC) special commission has found.

In a report, the Commission on Economic Pressures says: "The whole sanctions issue has consolidated government in its retreat from meaningful and, indeed, any reform."

Meanwhile, Anglican Archbishop Desmond Tutu, one of the most vociferous campaigners for disinvestment and the imposition of punitive sanctions against SA, will not accept any responsibility for helping accelerate government's retreat into the laager, and halting the pace of reform.

Nor will the Nobel Peace Prize winner consider reviewing his efforts to encourage SA's further isolation in the light of the apparent negative influence it is having on government's intransigence.

The commission's report, submitted to a plenary session of the Catholic bishops in Pretoria yesterday, still has to be

GERALD REILLY and CHRIS CAIRNCROSS

evaluated by the SACBC.

Last year the bishops issued a statement which said that while they were deeply concerned about the additional suffering that some forms of economic pressure might cause, they believed that "economic pressure has been justifiably imposed to end apartheid."

The special commission's report said: "The whole issue of sanctions seems to have drawn a smokescreen or red herring across the trail of why sanctions are being imposed, so that inordinate energy appears to be directed to overcoming sanctions and justifying the actions of a government seen by most of the white population as a saving influence to maintain the status quo, rather than addressing the problems that lead to these steps in the first place."

Early changes in policy to accomodate black expectations by a regime over-

● To Page 2

27/1/87 280 BUSDAY

Report bemoans sanctions

● From Page 1

come by the pressures of economic boycotts was not likely to materialise, the report said.

The commission stressed that if inflation continued at the current disastrous rate the damage to the social fabric of the country would far exceed anything that comprehensive trade sanctions could do to the economy.

The application of economic pressure against SA could only exacerbate an existing serious condition.

It could be accepted that as sanctions became more effective, the tentative economic recovery was likely to be destroyed.

The commission was established after the SACBC said it did not have the competence to give specific advice on how exactly economic pressures could or should be applied.

Asked whether the report did not condemn sanctions, a spokesman for the bishops declined to comment and said it would have to be evaluated.

A spokesman at Bishopscourt, Tutu's official residence in Cape Town, said the Archbishop believed the tough stance adopted by President P W Botha was in response to pressures from within the country.

He doubted they were in any way connected to sanctions, disinvestment or other outside influences.



□ RICHARDS BAY ... vital outlet for SA's — and Southern Africa's — minerals

US bolt is shot on further sanctions

SIMON BARBER in Washington

IN ITS open letter to Secretary of State George Shultz last week, the UDF suggested that the absence of further Western sanctions would force it to reconsider its non-violent stance. ANC president Oliver Tambo also wants more sanctions and hopes to use his new access to the seventh floor of the State Department to push for them

As far as America is concerned, both he and the UDF are going to be disappointed Sanctionswise, the US bolt has been shot.

This should be apparent to any reader of the Comprehensive Anti-Apartheid Act (CAAA) passed last October over President Reagan's veto and of the "total" embargo, let's-put-SA-on-Mars Bill the House of Representatives approved on a voice vote before acceding to the CAAA.

In terms of the real $4bn a year business transacted between the US and SA, both are little more than symbolic because, in the fine print, both exempt any mineral judged by the President to be either economically sensitive (strategic) or militarily essential (critical)

In 1985, the top 10 SA exports to the US were, in descending order: platinum, gem diamonds, Krugerrands, ferrochrome, uranium oxide, other forms of uranium, returned US manufactured goods, natural industrial diamonds, coal and ferromanganese. Total value. $1,4bn. In 1987, only two of those items, coal and Krugerrands — worth under $150m in 1985 — are subject to a complete boycott.

The CAAA does, it is true, ban SA uranium (value of 1985 US imports $140m) in what appear to be no uncertain terms. However, at the subsequent urging of senators, Republican and Democrat, who voted for the Bill, the Reagan administration has driven a loophole through the prohibition a mile wide Third countries who rely on American facilities to enrich uranium for their domestic power industries may still send SA-origin material to this country

Their custom accounts for a considerable proportion of the SA uranium imported into the US at the time the ban went into effect because, as the Department of Energy noted in a recent analysis, American utilities "import almost no SA uranium for domestic use".

Though this loophole is certain to be challenged, its chances of survival are good. No administration, whatever its partisan stripe, is going to risk driving away at least $200m worth of business — the value of Department of Energy contracts to enrich SA-origin uranium last year — for the sake of maintaining a moralistic posture which provides not a single material benefit to the US electorate or exchequer.

Besides, the US interest in maintaining its 40% plus share of the worldwide enrichment market goes well beyond mere commercial gain. If countries with nuclear power programmes conclude that the US is an unreliable supplier, their incentive to build their own enrichment facilities will grow.

Since such facilities can be used to produce the highly-enriched uranium needed for weapons production, it makes no sense in an unstable world to encourage their construction.

What does make sense is that a major power opposed to proliferation should control a large share of the market so that it can keep tabs — as the Department of Energy does — on where the fissionable material it produces is going

Also exempted from sanctions is a list of materials judged by the administration, on the express orders of Congress, to be "essential for the economy or defence of the US" and whose absence "would adversely affect the peace-time economy of the US, US competitiveness, or the defence of the US".

The criteria, which (Tambo and the UDF please note) even the shrillest of Congressional sanctioneers approve, are extremely straightforward.

The question is very simple what items must we not boycott if we don't want to hurt the interests of the poor, ignorant slobs who elected us? The answer is most Or, more specifically, andalusite, antimony, chrysotile asbestos, chromium, cobalt, natural industrial diamonds, manganese, platinum group metals, rutile and vanadium.

It might be worth going through the justifications the US Bureau of Mines prepared for including each commodity

ANDALUSITE In 1984-5 the US bought and consumed an average of 5 250-tons per year of the material, which is primarily used as a refractory in iron and steel blast furnace stoves, all from SA

"US industry has informed the Bureau of Mines that they would lose market share of blast furnace stove production if they were denied supplies of SA andalusite."

ANTIMONY: China is the largest US supplier of antimony metal, which is used in batteries, power transmission equipment, solder and ammunition However, SA is the chief source (36%) of antimony oxide, a key component in flame retardant paint and plastics manufacture.

CHRYSOTILE ASBESTOS All from Zimbabwe. "Its very high strength-to-weight and strength-under-high-temperature qualities are applicable to rocket and missile construction, its electrical and thermal conductivity qualities are applicable to submarine construction There are no known substitutes which can meet the characteristics of this grade asbestos for these applications"

A tiny portion of this material, import figures for which have not been made public, is shipped via Mozambique, but the bulk through SA

CHROMIUM. Essential to stainless steel and superalloy construction, chrome and ferrochrome are "vitally important in the defence, aerospace, chemical, power generation and transportation industries".

SA, with 34% of world chromium production, supplies on average 60% of US ferrochrome and chromium metal needs Taking into account recycling, the US, which has no chromite ore production, relies on import for 84% of its consumption The second largest US supplier, Zimbabwe, ships most of its product through SA

COBALT Essential as a binder in carbide steels and preferred for the production of superalloys and as a desulfurising catalyst in oil refining, 58% of 1985 US cobalt imports were from Zaire and Zambia and shipped via SA Even after recycling, the US remains 95% import dependent.

NATURAL INDUSTRIAL DIAMONDS The US is totally dependent on foreign sources for this product, for which no efficient or cost-effective substitute is available in the mining and machine tool industries

Though SA is only the world's fifth largest producer, it was the source of 42% of US imports between 1983 and 1985 De Beers Central Selling Organisation controls 80% to 85% of the world diamond market, making it all but impossible to determine sources should a boycott be instituted

MANGANESE Chiefly as ferromanganese and silicomanganese, but also in metal form, this commodity is essential to the production of virtually all steel and has no satisfactory substitute A quarter of US consumption of manganese ferroalloys is provided by SA and 38% of US metal consumption.

PLATINUM GROUP METALS: There are no known substitutes for PGMs as catalysts in the car, chemical and petroleum industries. Some 90% of US demand is supplied by imports, the rest by recycling SA supplies 46% of the imports

RUTILE AND SUBSTITUTES (including Richards Bay slag): These are the raw materials for titanium metal and titanium dioxide. The former is irreplaceable in the aerospace industry; there is no economic alternative to the latter in the pigment buiness In 1985, SA exports accounted for 26% of total US consumption.

A cut-off of SA supplies would not affect metal production, since it only accounts for 5% of total consumption, but "would create severe shortages in the American pigment industry ."

VANADIUM The US produces 54% of its domestic needs of this commodity, used mainly as an alloying agent in steel and iron production As of 1984, the remaining 46% was imported, 40% from SA With the cut-off from Finland in 1985, that figure is now substantially higher Some 100% of the ferrovanadium, vanadium-bearing slags and chemicals the US imported last year were directly or indirectly of SA origin

There is nothing here about that rightwing shibboleth the "minerals war" No dire prophecies or panic No call for a comprehensive minerals policy. Just a simple explanation, as requested by Congress, of the status quo and why, on the whole, it's not worth shaking up with more sanctions

For most legislators, there were solid, protectionist, constituency *reasons* to ban SA textiles, steel, coal and agricultural products in the CAAA. Do Tambo and the UDF really think these people are so committed to the struggle that they will now actually punish their own voters to advance it?

Bus. DAY

26/1/87

280

Trust fund intact despite Coke pullout

DIANNA GAMES

COCA-COLA's disinvestment from SA will not affect the $10m trust fund it set up at the beginning of last year as the fund is administered independently by trustees.

The Equal Opportunity Fund, which is to get the money over five years at $2m a year, has spent most of its first year discussing policy guidelines.

The fund will be used to improve business, housing and educational opportunities for blacks.

A Coca-Cola spokesman confirmed that the company had no influence over how the money was used.

Plan to counter sanction effects

HARARE — Frontline states are bracing themselves for a full-scale Berlin blockade style emergency to protect their economies against retaliation by Pretoria when comprehensive economic sanctions are imposed against South Africa.

Details of the US $700 million (R1 458 million) plan to stockpile and airlift emergency food supplies, build up transport corridors to divert trade traffic from South African ports, set up a frontline regional task force, support liberation movements and create a group of eminent persons to monitor the southern African crisis, were released yesterday.

The plan lays down urgent measures needed to meet shortages of essential goods in frontline states because of sanctions against South Africa.

It includes:

- A US $20 million (R41 million) reserve of 150 000 tons of grain would remove dependence on food imports from SA for a year.
- Priority to be given to developing a reliable, efficient transport system.
- Training will be provided for security personnel to protect railways and other vital installations.
- Non-Aligned Movement member States have been called on to help develop human skills in frontline states for the effective management of national economies. —

Shell prime target

THE HAGUE — International anti-apartheid groups have agreed to step up their campaign against the oil giant Royal Dutch Shell.

The groups want Shell to cut its links with South Africa, where it has some 10 000 local employees.

Sietsa Bosgra of the Southern Africa Committee (KZA) said groups from Scandinavia, North America, Belgium, Britain and The Netherlands met in Amsterdam during the weekend and drew up a plan of action, making Shell the prime target for their disinvestment campaign. — Sapa-Reuter.

Beeld 27/1/87

African states' Berlin-style emergency plan

HARARE—The front-line states are geared for a Berlin-blockade-style emergency to protect their economies against possible retaliation when comprehensive economic sanctions are imposed against South Africa, says Ziana, the semi-official news agency.

Details of the R1 458 million plan to stockpile and airlift emergency food supplies, build up transport corridors to divert trade traffic from South African ports, set up a front-line regional task force, support liberation movements and create a group of 'eminent persons' to monitor the southern African crisis have been released to Ziana.

The plan was released after the meeting of a committee of leaders of seven Non-Aligned Movement countries at the weekend — India, Peru, Argentina, Zambia, Zimbabwe, Congo and Yugoslavia.

It lays down urgent measures needed to meet shortages of essential goods in the front-line states after full sanctions against South Africa.

Berlin-style airlifting might be needed because of transportation bottlenecks.

A R41 million reserve of 150 000 tons of grain would remove dependence on food imports from South Africa for at least a year.

In 1984-85, front-line states received 876 000 tons of grain through food aid programmes and imported 961 000 tons commercially, including 15% from South Africa.

In 1984, Zimbabwe's total imports from South Africa were R301 million.

Emergency warehouses would have to be built to stockpile strategic reserves of grain and other essential goods at an estimated R156 million. This would provide 15 10 000-ton silos spread over different front-line states.

Priority was given to im-

● TURN TO PAGE 2

African emergency

● FROM PAGE 1

mediately developing a reliable and efficient transport system.

'The overall financing gap is quite large, but there are some critical projects which need to be undertaken most urgently in order to reduce the vulnerability of the front-line states,' says the report.

Nearly R208 million will go toward supplying new locomotives, repowering 16 Chinese locomotives and supplying 821 wagons and materials to improve the capacity of the Tazara Railway, which runs through Tanzania.

Emergency plans also include improvements in port facilities and roads.

For the safe functioning of vital economic installations and networks, training is to be provided for security personnel to protect railways and other vital installations. — (Sapa)

SA sanctions envoy named

BUS DAY 28/1/87 286

LONDON — A key new figure to help co-ordinate sanctions against SA has been appointed by Commonwealth Secretary-General Sir Shridath Ramphal.

The "sanctions envoy" is Terry Bacon, at present Canada's ambassador to Czechoslovakia and previously to Zimbabwe.

He will be based in London, where the Commonwealth Secretariat has its headquarters, but will be available to liaise personally on matters affecting Southern Africa.

A secretariat spokesman said yesterday Bacon would be able to help co-ordinate policy towards SA in the run-up to the Commonwealth summit due to be held in Vancouver in mid-October.

Sanctions will form a major item on the agenda. The secretariat has been compiling a detailed assessment of sanctions against SA since the last summit.

Bacon, who takes up his duties next month, will liaise daily with Commonwealth members. He will enable the secretary-general to

Own Correspondent

have immediate access to whatever he may need to further the implemenation of sanctions against SA.

The appointment has been made with the co-operation of the Canadian government.

There is a growing realisation among those who support sanctions that Frontline states cannot fulfil their commitment to introduce comprehensive sanctions until they can reduce successfully the dependence of neighbouring states on SA's transport and communications system.

Bacon's appointment is therefore linked to efforts to co-ordinate Commonwealth help in modernising the Beira corridor.

He is being seconded to the secretariat to underline Canada's desire to step up pressure on SA.

28 DD 28/1/87

SACBC's report slates sanctions

Dispatch Correspondent
PRETORIA — Economic pressures and sanctions have a counter-productive effect on government thinking, according to the Southern African Catholic Bishops Conference (SACBC) special commission on economic pressures.

The commission said in a report: "The whole sanctions issue has consolidated government in its retreat from meaningful and, indeed, any reform."

However, Archbishop Desmond Tutu, one of the most vociferous campaigners for disinvestment and the imposition of punitive sanctions against South Africa, will not accept any responsibility for helping accelerate the government's retreat into the laager.

Nor will the Nobel Peace Prize winner consider reviewing his efforts to encourage South Africa's further isolation.

The commission, which was established after the SACBC said it did not have the competence to give specific advice on how economic pressures could or should be applied, submitted its report to a plenary session of the SACBC here.

Asked whether the report condemned sanctions, a spokesman for the bishops said it would still have to be evaluated.

The bishops issued a statement last year which said while they were deeply concerned about the additional suffering some forms of economic pressure might cause they believed that: "Economic pressure has been justifiably imposed to end apartheid."

The special commission's report said: "The whole issue of sanctions seems to have drawn a smokescreen or red herring across the trail of why sanctions are being imposed .. rather than addressing the problems that lead to these steps in the first place."

An early change in government policy to accommodate black expectations in a regime overcome by the pressures of economic boycotts was not likely to materialise.

The application of economic pressure against South Africa could only exacerbate an existing serious condition and it was accepted that as sanctions became more effective the tentative economic recovery was likely to be destroyed.

Sadly, the government appeared unable or unwilling to rectify the disastrous situation, it said.

Meanwhile, Sapa-Reuter reports the Munich-based IFO economic research institute said yesterday economic sanctions against South Africa would hurt the country's economy but could not help to bring about a peaceful end to apartheid.

Sanctions inevitably lead to more job losses among blacks, greater poverty and an enhanced potential for unrest that could further polarise races in South Africa, the institute said

Editorial Opinion P 8

Ramphal appoints sanctions envoy

LONDON — A new key figure, to help co-ordinate sanctions against South Africa, has been appointed by the Commonwealth Secretary-General, Sir Shridath Ramphal.

The "sanctions envoy" is Mr Terry Bacon, at present Canada's ambassador to Czechoslovakia and previously to Zimbabwe.

He will be based in London, where the Commonwealth Secretariat has its headquarters, but will be available to liase personally on matters affecting Southern Africa.

A spokesman for the secretariat said yesterday that Mr Bacon would be able to help co-ordinate policy towards South Africa in the run-up to the Commonwealth summit, due to be held in Vancouver in mid-October.

Sanctions will form a major item on the agenda and the Commonwealth Secretariat has already begun a detailed assessment of sanctions against South Africa since the last summit.

Mr Bacon, who takes up his duties next month, will liase with members of the Commonwealth. — DDC

R1,4-billion frontline strategy

Dispatch Correspondent
HARARE — As Prime Minister Brian Mulroney of Canada arrived here yesterday for a four-day solidarity visit, the frontline states published a R1,4-billion strategy for a full-scale confrontation with apartheid.

Leaders of Botswana, Zambia and Zimbabwe are due to attend a summit with Mr Mulroney at Victoria Falls on Thursday but questions are already being asked here about the tangible results to be expected from the meeting as well as the financial practicability of the strategy which, as yet, has no announced backers.

After countless previous false alarms, there is now renewed speculation that President Kenneth Kaunda of Zambia and Prime Minister Robert Mugabe of Zimbabwe will use the Victoria Falls venue to announce how far they intend to participate in the Commonwealth sanctions package.

Sapa-Reuters reports from Harare that the Frontline emergency plan aims to protect their fragile economies from possible measures by Pretoria in retaliation against sanctions.

Zimbabwe's news agency, Ziana, reported that the R1,4-billion plan had been approved at a meeting of leaders of the Non-Aligned Movement's Southern Africa Solidarity Fund in New Delhi at the weekend.

It includes the creation of food stockpiles and possible food airlifts, improvement of transport links and the establishment of a task force to guard trade routes.

● A Zimbawe Government official yesterday urged employers and workers to act jointly to combat the possible effects on Zimbabwe should sanctions be implemented against South Africa, Ziana said.

Positive aspect to divestment seen

By DENISE BOUTALL

THE sale of the three Port Elizabeth-based companies owned by the American multinational Emhart Corporation was an opportunity rather than a threat, Mr B D Botha, the managing director of one of the companies, BU Engineering, said today.

It was announced yesterday that Emhart was negotiating to sell its three South African companies, Bostik, British United Shoe Machinery and BU Engineering.

"Basically it is a case of an American company wishing to sell its South African assets because of pressure for divestiture which was beginning to affect its business elsewhere," Mr Botha said.

The three companies employ about 1 000 people in Port Elizabeth.

On the retention of jobs Mr Botha said the companies' operations were as "secure as anything in a changing world" but added "There is no doubt that all three companies are viable."

The managing director of Bostik, Mr Dennis MacDonald, was not available for comment today.

Anti-apartheid groups plan strategy

More pressure on oil giant Shell to pull out of SA

THE HAGUE — International anti-apartheid groups have agreed to step up their campaign against oil giant Royal Dutch Shell.

The groups want Shell to cut links with SA, where the company has some 10 000 local employees.

Southern Africa Committee (KZA) spokesman Sietsa Bosgra said groups from Scandinavia, North America, Belgium, Britain and the Netherlands met in Amsterdam at the weekend and drew up a plan of action, making Shell the prime target for their disinvestment campaign.

He said: "All those present agreed to step up the campaign in their countries."

The campaign would include persuading more local authorities to stop delivery contracts with Shell; encouraging other companies to reduce dependence on Shell by doing away with petrol credit cards, and calling on the public to avoid Shell petrol stations as much as possible.

As well, the various groups would hold an "action week" in May to coincide with Shell's shareholders' meetings in The Hague and London.

Bosgra said since Britain's Barclays Bank announced its withdrawal from SA last November, British anti-apartheid groups had shifted the spotlight to Shell.

That had encouraged organisations in other countries to join the campaign of pressure on the oil company.

In Rotterdam, Shell spokesman Eric Steneker said: "We think that to try and get peaceful change in that country we had better stay rather than disinvest." — Sapa-Reuter.

Asea move 'opens doors'

SWEDISH electrical group Asea's sale of its SA operation to Powertech puts the strategic power-transmission industry firmly under local control.

Asea will continue with technology updates and licensing agreements after Powertech's R11m buy-out of Asea SA earlier this week.

A spokesman for the Swedish Legation in Pretoria yesterday warned, however, that a complete trade boycott against SA by the Nordic group of five countries may be enforced during the first half of this year.

Powertech now effectively controls 75% of Asea SA and intends buying the minority shareholdings of Amic and General Public.

Deputy chairman Neill Davies of Powertech's parent, Altron, said a R4/share offer or an exchange of Powertech paper would be made for their Asea holding.

HAMISH McINDOE

Takeover talks had already started with Amic, while General Public still had to be approached.

Asea SA MD Murray Coutts-Trotter stressed no retrenchments would result from Powertech's acquisition of the company. He said: "But the move does open up opportunities for rationalisation and product development."

Asea would not comment on its reason for selling its 24,9% stake in the SA operation when it announced its withdrawal on Monday.

Davies said, however, political pressure was a factor.

He did not expect Stockholm to impose new anti-SA laws affecting licensing agreements and technology transfers.

There is no Swedish ban on technology transfers at present.

Bishops find that sanctions had wrong effect

Mercury Correspondent

JOHANNESBURG—Economic pressures and sanctions had a totally counter-productive effect on Government thinking, the Southern African Catholic Bishops' Conference special commission on economic pressures has found.

In a report the commission says: 'The whole sanctions issue has consolidated the Government in its retreat from meaningful and, indeed, any reform.'

Meanwhile, Archbishop Desmond Tutu, one of the most vociferous campaigners for disinvestment and the imposition of punitive sanctions against South Africa, will not accept any responsibility for helping accelerate the Government's retreat into the laager and halting the pace of reform.

The special commission's report said: 'The whole issue of sanctions seems to have drawn a smokescreen or red herring across the trail of why sanctions are being imposed so that inordinate energy appears to be directed to overcoming sanctions and justifying the actions of a Government seen by most of the white population to be a saving influence to maintain the status quo, rather than addressing the problems that lead to these steps in the first place.'

Expectations

An early change in Government policy to accommodate black expectations in a regime overcome by pressures of economic boycotts was not likely to materialise, the report said.

The commission emphasised if inflation continued at the current disastrous rate the damage to the social fabric of the country would far exceed anything that comprehensive trade sanctions would do to the economy.

Sadly the Government appeared unable or unwilling to rectify the disastrous situation.

It could be accepted that as sanctions became more effective the tentative economic recovery was likely to be destroyed.

A spokesman at Bishopscourt, Archbishop Tutu's official residence in Cape Town, said the archbishop believed the tough stance adopted by President Botha was in response to pressures from within the country.

He doubted they were in any way connected to sanctions, disinvestment and other outside influences.

As a consequence, Archbishop Tutu would not accept any responsibility for sabotaging the chances of peaceful reform within South Africa.

● See Editorial Opinion

Another American firm joins the exodus

28/1/87

Mercury Correspondent

WASHINGTON—The Connecticut-based Emhart Corporation is joining the US exodus from South Africa.

The company has linked its departure directly and exclusively to pressure from the anti-apartheid movement without citing economic and political problems in SA.

Three SA subsidiaries, with 900 employees and sales of more than R61,2 million a year, are affected.

Bostik Ltd, which manufactures adhesives, and BU Engineering Ltd, which supplies sub-assemblies to the car industry, are to be sold either to management or to local investors. British United Shoe Machinery Ltd is being acquired by a British consortium.

Sanctions will retard reform, SA warns UN

The Argus Foreign Service

NEW YORK. — The United Nations Security Council was warned that mandatory sanctions against South Africa would retard the process of reform inside the country, while punishing millions of people in black Africa.

That was the message relayed to the council by the newly appointed South African Ambassador to the UN, Mr Les Manley.

"It (the Government) has pointed out that millions of people, mainly black, in Southern Africa would suffer.

"I therefore appeal to the responsible nations here present to reflect carefully on this matter before deciding on anything which could have disastrous consequences for a large and important part of Africa."

"False premise"

Mr Manley added: "The drive for sanctions against South Africa is based on a false premise. It is based upon the premise that sanctions promote the interests of the black people of South Africa and constitute a peaceful alternative to violence.

"This is an illusion."

Mr Manley lashed out at "hypocritical" statements which he anticipated to hear in the coming days and said South Africans would be no more impressed by this than by the recent imposition of sanctions by some states.

He spelt out in detail how the Government had moved along the road of reform, a process which he termed as "necessary and just".

Pretoria would not be deflected from its commitment to reform, but if the council were to adopt mandatory sanctions, it would not only retard the reform process but also the "social and economic well-being of many countries of our subcontinent".

Mr Manley referred to the recent violence in the country and warned those who intended to vote for sanctions at the end of the debate that they would be siding with the forces of violence and anarchy.

These nations, he said, through terror and intimidation, would be seeking the "overthrow of democracy in South Africa and its replacement by a Marxist-dominated dictatorship under which the cry for one-man, one-vote will be a hollow one indeed".

The debate was called for by Egypt.

The Argus Foreign Service in London reports that a renewed appeal for tougher sanctions against South Africa was delivered to the Prime Minister, Mrs Margaret Thatcher, by the president of the Organisation of African Unity, Mr Denis Sassou N'Guesso.

But in an hour-long meeting yesterday, which Downing Street described as comprehensive, Mrs Thatcher "spelt out Britain's policy", which means he was told Britain did not believe sanctions would help resolve conflict in the region.

Lesotho gets US assurances on sanctions

MASERU — The Lesotho National Development Corporation (LNDC) has received US assurances that goods manufactured in Lesotho will be protected from sanctions measures against SA, provided export documentation shows explicitly and conclusively the goods were made in Lesotho.

Managing director Moletsane Monyake said yesterday the assurances were given in a statement by the US Embassy in Maseru after inquiries by the LNDC.

The embassy said the US Treasury Department had recently issued guidance on the matter.

The statement said the regulations read: "Imports of products of third countries which were transshipped through South Africa will not be prohibited when such products were merely transported, graded, packaged, repackaged, containerised, marked or otherwise serviced in transit in South Africa."

Such products will be considered to be those of a third country, and not of South African origin.

This includes goods produced in third countries with private South African capital.

Two exceptions to this general rule are:

- ☐ Products of third countries which are substantially transformed in South Africa will be treated by customs officials as articles of South African origin.
- ☐ Imports of third-country products trans-shipped through South Africa will be prohibited under the provision of the Act banning imports of parastatal organisations if the products were grown, produced, manufactured or marketed by a South African parastatal organisation, or if the South African government or a parastatal organisation has any financial interest in the export sale of such products, beyond remuneration for the fair value of services performed in South Africa in connection with trans-shipment and exportation.

The US Department of Commerce has sent a message to t embassy in Maseru, saying that ensure that normal trade occu between the US and Lesotho, goo manufactured in Lesotho must b properly certified and clearly la belled to indicate their origin.

Lesotho industrialists have bee assured that shipments to the U will not be held up at US ports i customs inspectors are satisfied the goods are from Lesotho. — Sapa.

CM Times 13/1/87

280

Bank, AAM to negotiate Barclays ban

Own Correspondent

LONDON. — Barclays Bank and the London-based Anti-Apartheid Movement (AAM) have agreed to hold talks on the continued boycott of Barclays following its decision to withdraw from South Africa.

A Barclays spokesman said yesterday that the bank welcomed the decision by the AAM at its annual meeting in London at the weekend to accept the bank's invitation to discuss the matter.

He said Barclays wanted to explain its position to the AAM and to put its case for having the boycott called off.

An AAM spokesman said yesterday, however, that the boycott of Barclays would continue, though active campaigning had effectively been suspended for six months.

The AAM is demanding that Barclays sever all its credit lines to South Africa as well as the repayment of its frozen loans, thus forcing Pretoria to default formally on its foreign debt.

Mr Mike Terry, secretary of the AAM, said yesterday that unless Barclays was prepared to cut its remaining links the AAM would resume active campaigning against the bank in the second half of the year.

Barclays yesterday also defended past contacts with the banned African National Congress and said that such contacts would continue in the future.

A Barclays spokesman said, however, that there was no question of discussing "financial matters" with the ANC and insisted that the repayment of R2 300-million in outstanding loans to South Africa was strictly a matter between Barclays and the SA government.

The AAM also announced at the weekend that it had earmarked Shell as the next major target of its South Africa boycott campaign and that it would soon begin picketing Shell petrol stations in Britain.

A spokeswoman for Shell said yesterday that there would be no change in policy as a result of the intensified anti-apartheid campaign.

"We believe that Shell is a positive force in bringing about the end of apartheid," she said. "We do not disagree with the AAM in its objective of dismantling apartheid, but merely on the means of how this can best be achieved."

nd US State Department had taken
phrase in the letter that said the
egal opposition were being "thrust by
the regime into a posi-

Bostik owners will quit SA

By Chris Moerdyk

Adhesive manufacturer, Bostik, and two other local subsidiaries of the American Emhart Corporation will be sold to SA interests as a result of US disinvestment pressure and economic uncertainty.

In a statement issued in Farmington, Connecticut, yesterday, Mr Peter Scott, chairman and chief executive of Emhart, said the decision to divest was based on economic uncertainty in a volatile country.

He added that pressures to divest were beginning to affect the company's ability to conduct business outside South Africa, especially in the United States.

Mr Scott said Emhart had been approached by a management group and by outside interests to talk about the South African assets but no decision had been made.

According to Sapa, Emhart's three Port Elizabeth-based subsidiaries, Bostik Ltd, BU Engineering Ltd and British United Shoe Machinery Ltd, employ 900 people and have a combined annual revenue of R64 million.

The company has set no timetable for divestment but expects it to be completed by the end of the year.

annesburg
Transvaal
eature. Mr

Sanctions could backfire, paper warns Zimbabwe

The Star's Africa News Service

HARARE — Zimbabwe is likely to face a challenge to its existence from the imposition of sanctions on South Africa by Mr Mugabe's Government, says an editorial in the current edition of the independent *Financial Gazette*.

The paper says the government has made clear its intention to introduce sanctions, but it is not known what these measures will involve, when they will be introduced and what other countries will be involved.

Political upheaval

Botswana and Mozambique will not adopt sanctions, it says.

Malawi is an unlikely participant and Zambia is in such a parlous economic state that the adverse effect of a trade boycott could precipitate a major political upheaval.

Calling for the balance of cost and effect to be carefully calculated, the editorial says: "No general would commit his troops to battle where there was a likelihood of casualties, unless there was a certainty of tangible gain.

"To ignore this basic fact would be to make a tactical error with far-reaching strategic consequences. Zimbabwe has to adopt a position where, whatever actions it takes, it can continue to play an active part as an opponent of apartheid."

The *Gazette* said Zimbabwe knew how easy it was for South Africa to manipulate its trade routes.

It was not necessary to close the border when "administrative" delays could cause almost equal chaos.

The paper said it hoped the effectiveness of alternative routes would be assured before extreme measures were adopted in what was likely to be an ongoing and escalating confrontation.

The consequences of sanctions were so serious for Zimbabwe that it hoped all factors were most carefully evaluated.

19/1/87 BUSDAY

Petrol stations to be picketed

Shell next in line for AAM 'quit' pressure

LONDON — Pickets of Shell petrol stations throughout Britain are being planned by the Anti-Apartheid Movement (AAM) starting on March 1.

The pickets will be the main thrust of a major campaign to force Shell to quit SA.

Shell, which is clearly concerned about the campaign, insisted yesterday it could do more to achieve end apartheid by remaining in SA than by quitting.

"But we have no quarrel with the objectives of the AAM in wanting to dismantle apartheid and would be prepared to meet them to discuss the situation," a spokeswoman said.

The AAM is set to launch a major campaign to seek a boycott of all Shell products in a campaign similar to that which forced Barclays Bank to quit SA.

Motorists will be urged by pickets to boycott Shell filling stations and products.

The AAM has long contended

JOHN BATTERSBY

that Shell petrol "fuels the apartheid regime" and that Shell is more closely identified with the Nationalist government than other major oil companies.

The AAM contends Shell has been a key factor in contravening the UN oil embargo and that follows unacceptable labour practices in its coal mines at Rietspruit.

An AAM spokesman said yesterday if Shell decided to cut its links with SA "the boycott would end tomorrow".

AAM secretary Mike Terry said Shell had been singled out for special attention because it was the worst offender.

"1986 was the year of Barclays. 1987 will be the year of Shell. Within a year they will have to reconsider their decision to keep dealing with apartheid," Terry said.

AAM sources claim that several British local authorities have already agreed to stop bulk-buying from Shell

…E VITAL VIEWPOINT"

Ministers scuttle sanctions probe

CHRIS CAIRNCROSS

THE parliamentary investigation into the implications of sanctions and boycotts has been called off because members of the Cabinet have refused to co-operate with it.

This was disclosed in the special parliamentary select committee's report released in Cape Town this week.

Government agreed to the appointment of the select committee — whose members represented all three Houses — in September last year after first turning down a call by the Opposition for a special debate on the sanctions threat.

Its terms of reference were to enquire into and report on:

- ☐ The implications for the SA economy of existing and possible future sanctions and boycotts;
- ☐ The adequacy of any steps taken to deal with such sanctions and boycotts;
- ☐ Further steps to be taken to deal with this threat.

The committee was empowered to take evidence and call for papers.

The committee said in its report it had called on several Cabinet Ministers to give evidence.

They included Trade and Industry Minister Dawie de Villiers, Finance Minister Barend du Plessis, Minister for Administration in the State President's Office Eli Louw, Transport Minister Hendrik Schoeman and Mineral and Energy Affairs Minister Danie Steyn.

Even though the committee resolved that all evidence would remain secret, the Ministers refused to divulge the relevant information needed for the committee to carry out its brief.

The committee was told it was not within its terms of reference to consider what political actions government should take to deal with sanctions and boycotts.

Consequently, the committee has had to conclude that "it is not practical for it to report adequately on the matters referred to in its terms of reference and, unless directed otherwise by Parliament, it does not propose to continue with its proceedings".

SA225 1600 1705 SA101
BA055 1635 1740 BP201
Gaborone BP200

Political comment in this issue b
Ken Owen Newsbills by
Arott Headlines a

Unions say letter shows that computer giant will still operate in SA

IBM pullout 'a sham'

London

Trade unions yesterday claimed that IBM, the world's largest computer company, has in practice not withdrawn from its South African operations.

The unions base their claim on a leaked IBM management letter, which they say shows that, despite the company's highly publicised disinvestment in South Africa last October, IBM's operations in the country will continue broadly as normal.

The letter, from Mr Jack Clarke, formerly IBM South Africa's long-standing managing director and who is also heading the new company, aims to give to IBM's customers and associates in South Africa "unequivocal assurances" about the continuity of supply.

Mr Clarke's letter says that:

- A full range of IBM products and services will continue to be available in South Africa "through the current sole supplier".
- IBM is fully committed to ensuring that all customers continue to receive a level of service normally associated with the company.
- All IBM commitments to customers, dealers, agents, employees and suppliers will be honoured.

"I believe," the letter says, "our customers will appreciate that there will be no change to the supply of IBM products, that there will be the same standard of excellence in service from the new company, and that the new company will be able to respond to their needs with greater flexibility than a wholly owned IBM subsidiary. In the current international climate, such flexibility will clearly be to our customers' advantage."

Union officials claim this means the new company will be free from any United States Congress decisions on South Africa with which IBM itself would have had to comply.

In New York IBM insisted it was leaving, and that once the current negotiations to set up a new, independent company were completed, the company would have no assets and no employees in South Africa.

The company acknowledged that the question of availability of IBM products was part of those talks but denied there was any question of flexibility over US Government sanctions.

Any flexibility would be the ability of the new company to market, if it wished to, other products in addition to those from IBM — Financial Times

"THE

BUSDAY 15/1/87

Sullivan firms to spend less to fight apartheid

SULLIVAN Code signatories spent at least R76m to fight apartheid in their last reporting year, but spending in the current term is set to fall sharply as US corporations continue to leave SA.

The efforts of the code's 184 signatories to lobby or buy social change in SA received scant praise in the overview of the 10th annual Sullivan report.

It merely says corporate America "continued to increase efforts" in the four rating areas of Education for Non-Employees, Training and Advancement, Community Development, and Social Justice.

HAMISH McINDOE

Thirty-four companies achieved the highest rating — "making good pogress" — including Coca-Cola, IBM, Exxon, General Motors, Honeywell, Xerox and Fluor — all of whom have left SA since the end of the reporting year to June 1986.

No companies failed to make the grade, but Goodyear, Hoover and advertising agency Ogilvy & Mather, Rightford, which is less than 50% US-owned, are among the 18 companies that "need to become more active". Most signatories were simply "making progress".

Corporate action varied from a company blacklisting two SA hotel chains for their whites-only admission policy to the lobbying against the detentions without trial of employees and trade unionists.

Spending on education more than doubled to R25m, and the funding of community development projects rose by 23% to R31m.

About R20m was ploughed into anti-apartheid activities in what the report bills as "the most dramatic expansion of the programme to date".

This focused on legal assistance for detained employees, anti-apartheid advertising and lobbying Pretoria at various levels of government.

Sullivan signatories employed 62 376 people last year; representing about 1% of SA's economically active labour force.

All signatories paid wages of at least 30% above the minimum living level (MLL), a yardstick established by Unisa. The MLL averaged R350 in the reporting period, the report says.

Appeal by Sasol 'deferred'

Five firms taken off US boycott list

BUSDAY 15/1/87

FIVE South African companies have been removed from the list of 166 parastatals whose products are to be boycotted under the US Anti-Apartheid Act.

A top US source said last night that of the seven companies which had appealed to the Parastatals Appeals Panel, only one, Putco, was kept on the list while Sasol's case had been deferred "because of its complicated nature".

The companies whose appeals were upheld are Klein Karoo Landboukooperasie, Siemens, Computechnology, Tecne-

MAX DU PREEZ and ALAN SENDZUL

were "preferred government suppliers" of terminals. Andromeda Electronic Systems has not been removed from the list.

Chairman and CE of Mercedes Datakor group Nic Frangos said the ban as it stood had posed no threat to his firm since it did no exporting to the US.

Executives at Siemens preferred not to comment on their removal from the list, saying they would wait for official confirmation.

Francois Geldenhuys, MD of Tecnetics, a data communication and network

JSE hits new high

LIZ ROUSE

THE soaring gold price set off another mining buying spree on the JSE yesterday and even London turned a buyer.

Major market indices hit new highs. The market closed in a buoyant mood as the gold price neared $420 in after-hour dealing in Europe.

According to analysts, the metal, having broken through two barriers in a short time, should now stage a fast advance, if the charts are to be trusted.

The man in the street climbed into lower-priced gold shares, but the strength of gold leaders such as Vaal Reefs, Southvaal and Randfontein reflected professional buying.

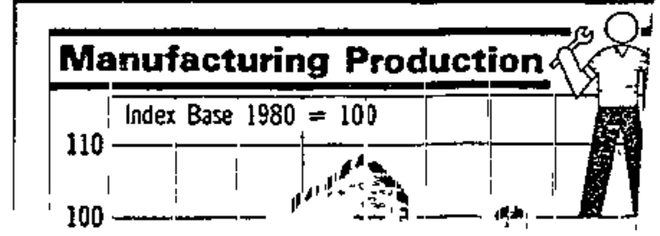
Analysts are now looking for an all-gold index of 2 200. The index firmed 54 points to a new high of 2 154 yesterday with 12 gold shares at new peaks.

Mining holdings

The mining holdings index rose 13 points to a new high of 1 412, with eight shares at new peaks. The mining house index gained 49 points to 2 819, nearing its previous peak of 2 840. The diamond index bounced up 207 points, back at its Monday peak of 7 253.

UPS AND DOWNS

- New York midday precious metal futures — platinum Jan $537,10 up $6,4
- Gold comex Jan $417,50 up $6,60.
- Dow Jones industrial stock average 1 pm EST was up 21,65 at 2 034,59.
- In London, gold closed at $417,50/$41 (Afternoon fix $415,10) The krugerra ended at $418,00/50.
- The dollar was quoted late in the d at 1,8365-75 DM, down from 1,8740- late Tuesday, and 152,80-90 yen, do from 155,70-77 yen.
- Sterling closed at $1,4995/5005 and DM2,7630/7715.



Appeal by Sasol 'deferred'

Five firms taken off U.S boycott list

FIVE South African companies have been removed from the list of 166 parastatals whose products are to be boycotted under the US Anti-Apartheid Act.

A top US source said last night that of the seven companies which had appealed to the Parastatals Appeals Panel, only one, Putco, was kept on the list while Sasol's case had been deferred "because of its complicated nature".

The companies whose appeals were upheld are Klein Karoo Landboukoöperasie, Siemens, Computechnology, Tecnetics and Mercedes Datakor.

In November last year, the US State Department released a list of SA "parastatals" which it felt were "owned or controlled or subsidised" by the SA government.

It included public sector entities such as Armscor, Iscor, SATS, the development corporations of the homelands and the KWV, but also companies that had no ties with government.

Initially, five electronics firms were placed on the list because they allegedly

MAX DU PREEZ
and ALAN SENDZUL

were "preferred government suppliers" of terminals. Andromeda Electronic Systems has not been removed from the list.

Chairman and CE of Mercedes Datakor group Nic Frangos said the ban as it stood had posed no threat to his firm since it did no exporting to the US.

Executives at Siemens preferred not to comment on their removal from the list, saying they would wait for official confirmation.

Francois Geldenhuys, MD of Tecnetics, a data communication and network manufacturer and supplier, was relieved at the news but said his firm had been unaffected by the US ban.

The 1986 Anti-Apartheid Act forbids the importation into the US of any article "grown, produced, manufactured by, marketed or otherwise exported by a parastatal organisation of SA". Exceptions are agricultural products during the year from the date of enactment, and strategic minerals essential to the US economy or defence not reliably obtainable elsewhere.

LIZ ROUSE

THE soaring gold price set off another mining buying spree on the JSE yesterday and even London turned a buyer.

Major market indices hit new highs. The market closed in a buoyant mood as the gold price neared $420 in after-hour dealing in Europe.

According to analysts, the metal, having broken thr... barriers in a short time, shou... stage a fast advance, if the cha... to be trusted.

The man in the street clim... lower-priced gold shares, ... strength of gold leaders such ... Reefs, Southvaal and Randfo... flected professional buying.

Analysts are now looking for gold index of 2 200. The index fi... points to a new high of 2 154 y... with 12 gold shares at new p...

Mining holdings

The mining holdings index points to a new high of 1 412, w... shares at new peaks. The ... index gained 49 points to 2 819, its previous peak of 2 840. The index bounced up 207 points, b... Monday peak of 7 253.

Selected industrial shares peaks and the index gained 3 ... a new high of 1 457. There w... takeover talk in the market to sector buoyant.

Brokers noted a strong sp... element in the Development Market where 13 new highs corded. Once again, as in the ... boom, the JSE was attrac... who had never seen a share ... said a broker.

... the lowest since ...

...e continued later ..., where the dol... around DM1,8375.

See Page 6

□□□

... Gencor's 12 gold ...erved higher gold ... rand terms, in the ... quarter than in ...ous three months. ...ncreased working ... a fall in average ...om 5g/t to 4,9g/t ... earnings for the gold producers were ...arginally up at ... againstR141,5m in ...ber quarter. ...tion losses as a re... the Kinross fire to... 500 tons. Based on ...'s average grade of ... at a gold price of ... this is a revenue loss ...5m — of which the ... will foot the biggest

See Page 5

...ESPOT

REEFS climbed 800c ...day to a new high of ... a strong gold board, ... 12 new highs were ... stock's turnover was ...n in 16 deals. Brokers ...ed London interest in ... leaders on generally ... sentiment.

...don has been a net ... of SA mining shares ...e past year.

... Rouse.

...ATERSRAND DEEP, ...



● MUGABE

Mugabe, Chissano meet on security

MICHAEL HARTNACK

VICTORIA FALLS — Zimbabwean Prime Minister Robert Mugabe and Mozambican President Joaquim Chissano met here yesterday for lengthy talks on security and the ability of their economies to survive anti-SA sanctions.

Sources said Zambian President Kenneth Kaunda was originally expected to join Mugabe here. However, Kaunda has been increasingly preoccupied by internal problems since last month's food riots in the copper belt.

The two leaders were accompanied by their Security, Trade and Transport Ministers, appearing to confirm reports that the Beira corridor lay at the heart of their discussions.

Zimbabwe is known to be increasingly worried by the mounting foreign exchange cost of its R1m-a-day military operation to keep the corridor clear of interference by the MNR.

Mugabe flies next week to Delhi for the first consultative meeting of the Frontline States Solidarity Fund, established at last year's Non-Aligned Movement summit in Harare.

Fund chairman, Prime Minister Rajiv Gandhi of India, has ruled out committing his country's troops to Mozambique, but Mugabe is expected to make renewed appeals on behalf of all six Frontline states for tangible internal support in Mozambique.

The Beira corridor represents the only practicable alternative to SA routes for Botswana, Zimbabwe and Zambia, but now carries only 10% of Zimbabwe's world trade.

Since Mugabe backed away in his New Year message from immediate imposition of Zimbabwean sanctions against SA, there has been renewed speculation that he may soon announce limited measures, preserving his credibility as one of the foremost black African advocates of comprehensive mandatory embargoes against Pretoria.

Makro tell Dutch: insure us or we quit

STAR 15/1/87 280

The Star's Foreign News Service

The Hague

The owners of the Makro wholesale group — which has been a frequent target of anti-apartheid arsonists because of its links with South Africa — have delivered a challenging ultimatum to the Dutch Government.

Makro's owners, SHV, say they will pull out of South Africa if the Dutch Government fails to insure them against further arson attacks.

It is a quandary for Holland, which officially backs a policy of tough economic sanctions against Pretoria.

What concerns the Dutch Foreign Ministry is that if SHV does pull out of South Africa, it will be tantamount to buckling in to terrorist pressure.

Dutch Foreign Minister Mr Hans van den Broek has said he would deplore an SHV decision to pull out for that reason.

The Dutch anti-apartheid group, Revolutionary Anti-Racism Action (Rara), has razed three of Makro's multimillion-rand stores in Holland in the recent past. The total loss amounts to about R1 200 million — and insurance companies are refusing further cover.

Five stores

As a result, SHV decided this week to demand insurance from the government. And they say that if the government refuses to agree by Saturday they will pull out of South Africa.

Makro has built a chain of five cash-and-carry wholesale stores in South Africa in the past 15 years.

Their combined turnover is about R450 million a year and more expansions have been planned. The total labour force is 1 300 — most of it black.

SHV, in conjunction with Metro of West Germany, owns about two-thirds of the South African chain. The balance is owned by the local Safren company.

US sanctions to cost insurers millions

MILLIONS of rands' insurance is expected to be paid out to exporters whose goods have been barred by sanctions from entering the US.

Executive director Chris Leisewitz of Credit Guarantee Insurance Corporation (CGIC) — SA's national credit insurer — said yesterday CGIC had received substantial claims in the last six months because SA goods, on transit to the US when the sanctions were imposed, were

LINDA ENSOR

affected when Congress passed the Anti-Apartheid Act.

The goods — which Leisewitz was only prepared to say were "commodities" to protect the interests of the policy-holders — were impounded by US customs officials and had to be returned to SA or redirected to other potential markets.

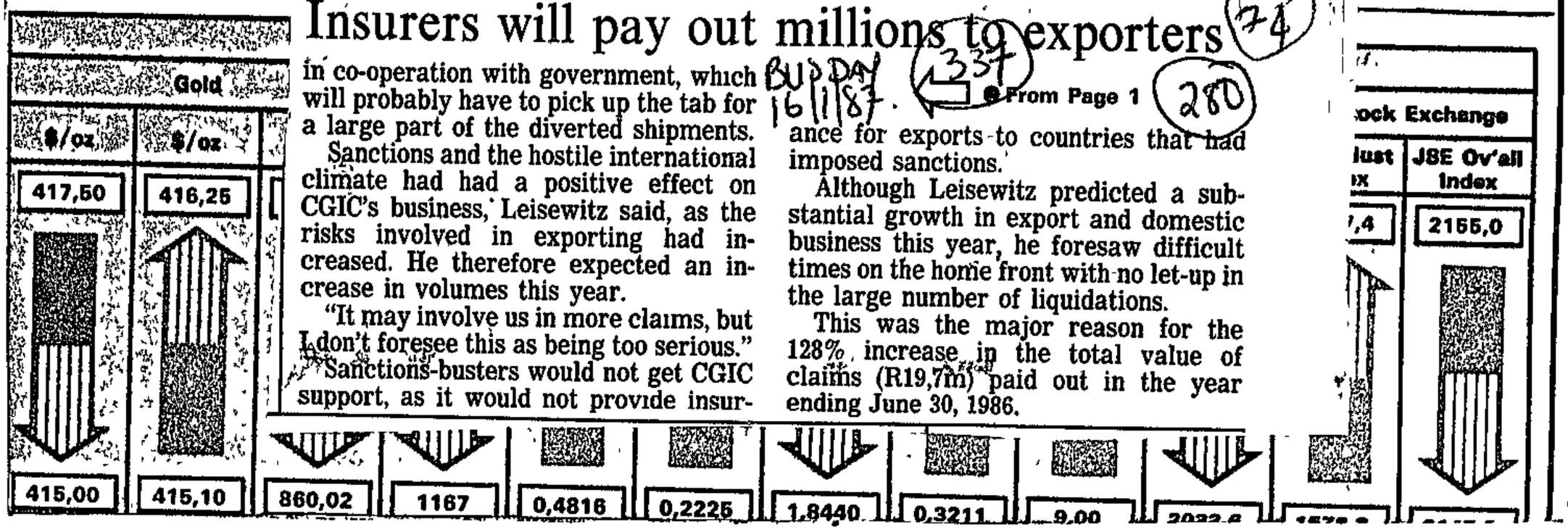
Leisewitz would not quantify the extent of the losses, saying they would depend on whether it had been possible to resell the goods.

CGIC is owned by a consortium of leading insurance companies, banks and financial institutions, and provides insurance against export and domestic credit risks.

Export credit risks are underwritten

● To Page 2

PRICE MOVES AT A GLANCE



Insurers will pay out millions to exporters

● From Page 1

in co-operation with government, which will probably have to pick up the tab for a large part of the diverted shipments.

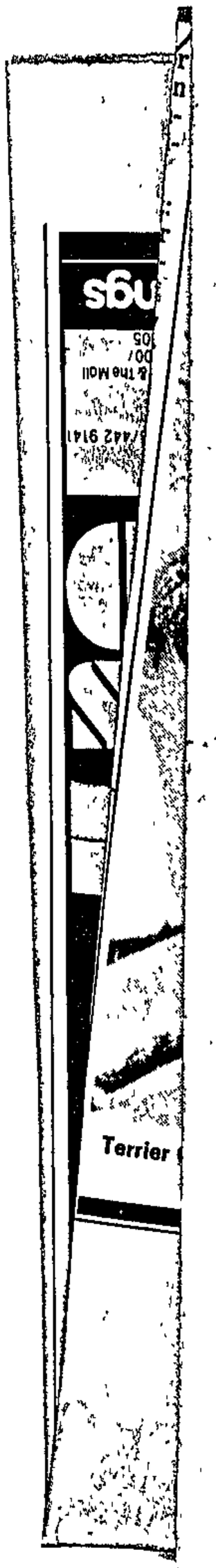
Sanctions and the hostile international climate had had a positive effect on CGIC's business, Leisewitz said, as the risks involved in exporting had increased. He therefore expected an increase in volumes this year.

"It may involve us in more claims, but I don't foresee this as being too serious."

Sanctions-busters would not get CGIC support, as it would not provide insurance for exports to countries that had imposed sanctions.

Although Leisewitz predicted a substantial growth in export and domestic business this year, he foresaw difficult times on the home front with no let-up in the large number of liquidations.

This was the major reason for the 128% increase in the total value of claims (R19,7m) paid out in the year ending June 30, 1986.



By Mike Shuma

In the first real movement to resolve the month-long OK Bazaars dispute, mediators for the company and the Commercial, Catering and Allied Workers' Union will meet shortly to try to iron out differences between the two parties.

The final hurdle was cleared yesterday when the union agreed to mediation, following a management telex on Wednesday.

Union spokesman Mr Jay Naidoo said the union had agreed to mediation after much deliberation among its members.

"Further details regarding date, venue and agenda will be worked out by mediators on both sides in consultation with all parties," he said.

RESERVATIONS

The union said while it did not put preconditions before taking part in mediation, it had "grave reservations about the possibilities of success of mediation unless the problems of harassment and arrest of union members can be resolved".

"At present, 103 union members are being held under the state of emergency as a result of the OK strike. More than 600 workers have thus far been arrested."

Welcoming the union's decision, OK spokesman Mr Keith Hartshorne said:

"While we note the union's reservations, we believe that both parties have a tremendous responsibility to explore every avenue to resolve the dispute."

The mediators are Mr Charles Nupen, for the union, and Mr Gavin Brown for OK Bazaars.

The union's demands include a R160-a-month increase and a monthly minimum wage of R450. They have rejected an OK offer of R85 a month.

Pullout may spark Makro takeover

By Michael Chester

As the giant R450 million-a-year Makro cash-and-carry chain awaited a possible pullout by its biggest shareholder in the Netherlands, there was talk in Johannesburg business circles today of a South African takeover.

The most likely candidate in any takeover bid is Safren, the conglomerate formed by the merger between Safmarine and Rennies Holdings and whose interests range from shipping and air transport to hotel resorts.

The keen interest of the company, which already owns about one-third of the Makro operations inside South Africa, was confirmed by Mr Tony Bush, chairman of Safren Trading.

Mr Bush stressed that it was still premature to anticipate the ultimate decision of the Dutch parent company, but said Safren would "welcome any opportunity to increase our shareholding".

CONFIDENCE

Confidence in the prospects of the South African operations of Makro staying intact, "one way or another", has also been voiced by Mr Roger McKee, financial director of Makro SA.

"Whatever happens, because of the success of the South African operation, it is virtually certain there would be a queue of companies anxious to open negotiations if the Dutch parent company left a vacuum," he said.

"Our primary concern is to safeguard the welfare of our large labour force and I think they can be assured that one way or another the doors of Makro stores will be staying open."

The controlling shareholder, SHV of the Netherlands, delivered a midweek ultimatum to the Dutch government to provide protection from repeated attacks on its Dutch stores by anti-apartheid arsonists or it would pull out of South Africa.

US withdrawals kill off welfare projects

AMERICA'S corporate run from SA is having a terminal effect on many social programmes aimed at improving the lot of the black community. It is also likely to persuade more blacks that big business is, at best, a faint-hearted ally in the battle for political reform.

The touted remedy that sanctions would pressure Pretoria into reforms has not worked any more than the "sweat equity" of Sullivan Code signatories has hastened the dismantling of apartheid.

Instead, many divested companies have left a trail of unfinished community and welfare projects but continue to allow their products to be sold in SA; an action that has infuriated many blacks.

Extra $40m

Washington itself has not shirked its financial commitment to help under-privileged black South Africans — witness the extra $40m allocated for this purpose by the Anti-Apartheid Act last year. But the Reagan administration will clearly not fund the welfare programmes of departed US companies.

General Motors and IBM will honour their social projects. But Coca-Cola — which ploughed $10m in 1985 into a five-year education, housing and business programme — is apparently still undecided whether to continue its support.

Says Soweto Chamber of Commerce executive director David Mailoane: "We're not happy to see US companies go. But we're even less happy about the manner in which most of them have chosen to leave."

The Sullivan Signatory Association (SSA) fears that more US companies will fall into "white hands" and further entrench economic apartheid. Management of former Sullivan companies, for one, are no longer bound by the terms of the code to pay their workers 30% more than the minimum living level. So far, there is no evidence that black wages have been eroded.

Black business opinion is not only hostile to the jettisoning of social programmes, but openly sceptical that corporate America has the leverage to bring about the smallest political reform in SA — if it ever had.

Mailoane believes blacks have been misled by hopes of a US corporate "Messiah" bringing about political change in SA. "The efforts of SA companies far outweigh the

HAMISH McINDOE

contribution of foreign companies anyway," he says.

One prominent black businessman, who asked not to be named, resignedly asked: "Why should foreign companies fight on our behalf?"

Not surprisingly, the Urban Foundation does not hold such jaundiced views. Executive chairman Jan Steyn describes the saddest aspect of US divestment as the loss of "well-directed programmes aimed not only at social and economic upliftment but at securing fundamental change.

Pressures

"We found leadership in the US business community; strong and sensible allies in our efforts, for instance, to secure full property rights for blacks and to lobby for a positive urbanisation strategy," says Steyn.

SSA executive director Lionel Grewan is sympathetic to the pressures facing US companies. "They are clearly not political organisations, but they've been drawn into SA's political battles here and abroad."

The *Wall Street Journal* recently noted that US companies must please too many masters: shareholders, anti-apartheid lobby and the black community.

Black opinion on disinvestment has shifted since GM and IBM announced they were leaving and triggered a spate of smaller corporate pullouts.

Doyen of South African social scientists, Professor Lawrence Schlemmer, believes the current disinvestment row will polarise black opinion. The latest surveyed trends on these issues, he says, are already eight months out of date.

"Threat of higher unemployment will make some blacks more intensely opposed to disinvestment. The better educated and opinion-formers will support disinvestment and sanctions as publicity mounts.

"But there's no doubt that most blacks want effective external pressure on Pretoria to end apartheid," Schlemmer says.

The chances, however, of US companies heeding the Leon Sullivan's call to quit SA by May 31 unless statutory apartheid is scrapped are rated as nil.

Sullivan has said he will use $100bn worth of stocks and investments pledged to his cause to force out all remaining US companies from SA. "Frankly," says Grewan, "we don't expect a lot of companies will pull out of SA because Sullivan asks them to. But the call obviously makes it more difficult for many to continue operating here."

Critics say the code's hitherto "spray and pray" approach to welfare and community projects now needs to be targeted at long-term programmes to help bring about social change. In short, a united corporate effort.

Resistance

"It's a valid criticism," admits Grewan. "The code's monitoring system grades companies individually and there is not much recognition for collaborative efforts. We have been trying to change this."

Sadly, US parent companies will resist such moves. Shareholder meetings, explains Grewan, "tend to ask what contribution *you* have made and encourage the individualised effort."

Says Afrikaanse Handelsinstituut director Fritz Stockenström: "It's impossible to see how the US hopes to achieve any positive changes in what they are doing now."

sion.

FINANC 16/1/87

KODAK 280

Local colour

Yet another effect of US disinvestment could be negated if retail chain Clicks and the CNA conclude a deal to take over the multinational's local film processing laboratories. It would also ensure that some of Kodak's 500 local staff keep their jobs.

The market has it that such a deal is in the offing — and both Clicks and CNA spokesmen say they have been talking around it, although they are not prepared to divulge terms.

CNA's James Mackness says the issue is sensitive because competitors in the photo agency business might think Clicks and CNA are using their hefty market share to cut competition. "This is not so. We are simply trying to keep the facilities going."

Clicks and CNA, with dozens of outlets throughout the country, are the major users of Kodak laboratories in the Transvaal. These have around 35% of the photo processing market. Chief competitor, with around 25%, is SA Photolab, which took over the 3M laboratory in the province and has the Budget Foto outlets. The balance of the market is accounted for by the "one-hour" machines usually operated in-store by independents.

In the Cape and Natal the market is divided between Kodak and 3M laboratories now operated by independents — with Clicks and CNA again dominant among the agencies.

Eastman Kodak was the first sizeable US company to announce its intention to disinvest completely from SA, with no option of a management buyout. Chairman Colby Chandler said in November that no foreign subsidiary would be allowed to supply Kodak products to SA after April 30, that the staff was to be retrenched and that the company's assets here were to be sold.

And local MD Richard Ferris wrote to clients saying there was a possibility that the photo-finishing laboratories and equipment service orgainisations would be sold to operate as separate businesses.

A Clicks-CNA deal would follow moves by other companies to fill film and equipment needs. Johannesburg-based ETA Audiovisual, which sold Kodak equipment in SA for 15 years, now has the dealership for the compatible Elmo range of equipment from Japan. SA-controlled MGX was quick to substitute Agfa microimagery film and equipment from West Germany for Kodak products previously used in the computer industry (*Business* December 12).

And the film multinationals have been quick to move in on the hole in the market left by Kodak's departure. Ciba-Geigy subsidiary Ilford, for example, expects to capture Kodak's estimated 40% share of the R800 000 a year black-and-white film market. Fuji and Agfa are confident of the major share in the R55m a year colour film market, while they and Du Pont will probably share demand for industrial X-Ray film. ■

FINANCIAL 16/11/87

TAX TREATIES

US clamps down

The termination of the US-SA tax treaty on July 1 could have important and unpredictable consequences for companies and individuals. The US wants to kill the treaty as an integral part of its comprehensive Anti-Apartheid Act of 1986. In effect, American and South African taxpayers will pay more tax.

The South African authorities may pass a law giving American and South African residents the same benefits as before — although, of course, this would be at South African taxpayers' cost.

The most important general provision of the treaty is article (IV) (2). Here, SA undertakes to exempt from its taxes income derived from sources within the US, in accordance with SA's tax laws.

One problem

One problem associated with the termination of the treaty is the differing bases of American and South African tax law. The Republic taxes by source of income, generally physical source; the US taxes according to the residence of the taxpayer.

A complication is that the treaty was signed in 1946, and SA's rules regarding source have changed materially since then.

Some consequences of termination, says Ernst & Whinney's Roger Bramwell, are:

☐ Royalties and "know-how" payments to the US would attract a 15% withholding tax. Such payments are now not taxable;

☐ South African companies would have to include US-based dividends in "total net profits" in computing UPT (undistributed profits tax);

☐ Inland Revenue regards the treaty as applying to non-resident tax on interest (NRTI). So when the treaty expires, interest paid from, for example, a South African debtor to an American creditor will attract NRTI;

☐ Only US enterprises with a "permanent establishment" in SA are deemed to derive industrial or commercial profits here — and vice versa. The expiry of the treaty would mean that American enterprises with South African-based industrial/commercial profits will be subject to normal tax here — even if they don't have a permanent establishment; and

☐ The supplementary protocol to the treaty provides that, in certain circumstances, South African residents earning remuneration for personal services performed in the US — for less than six months a year — will be exempt from US tax. The same exemption applies to US residents visiting SA. These reciprocal benefits will end with the treaty.

Many tax avoidance plans, anticipating the move, have been set up. Many others are in various stages. It remains to be seen how successful such manoeuvres will be. ■

WEEKLY MAIL 16/1/87

Black plan to buy up divesting companies

By SEFAKO NYAKA

CIVIC leader Dr Nthato Motlana and three other Soweto businessmen have formed a company aimed at buying out companies pulling out of South Africa.

The chairman of the company, Black Equity Participation (Pty) Ltd (BEP), is former Urban Bantu Council member Richard Maponya. The other partners are former Inkatha executive member Gibson Thula and a Soweto doctor, Jackie Mphafudi.

Maponya has confirmed that one of its aims is to "negotiate" with companies planning to pull out of South Africa, but would not elaborate.

The company was formed last August but Motlana, who claims he is a "peripheral member", said he was only drawn in two months ago.

Speaking from the African American Institute conference in Botswana, Motlana said: "I only agreed to come in because I thought this is something that blacks could exploit.

"BEP is, I believe, intended not only to focus on departing companies but on getting a piece of the action for black businessmen."

He said the majority of companies BEP had spoken to are "South African companies operating within South Africa" and not companies pulling out.

He said his impression, when approached, was that the group would focus on available business opportunities in South Africa.

BEP, he said, had not yet taken over or acquired any company, as the project is still in the "brain-storming" stage.

●To PAGE 2

BEP's busy negotiating several sales

●From PAGE 1

Maponya was just as reluctant to talk about the company. But he said BEP is presently negotiating with a number of companies poised to pull out of South Africa in the near future.

He said he "would not be happy" if the *Weekly Mail* published the story because "if we disclose at this stage we are going to get into a position where the whole thing may even abort".

One of the companies BEP is rumoured to have negotiated with is the multi-million rand oil corporation, Mobil.

However, Mobil SA yesterday denied that it was holding discussions with BEP or that it was to make a major announcement on May Day about pulling out of South Africa.

"Mobil has no intention of pulling out and has categorically said so on numerous occasions in the past few months," a company representative said.

The South African Congress of Trade Unions has condemned BEP's intentions, saying the "cloak and dagger manner of the deal exposes the selfish, individualistic attitudes of those involved".

"A buy-out plan does nothing to solve the vexing problems of the country."

FOR SUBSCRIPTION INQUIR

Dutch insurance row over anti-SA sabotage

UTRECHT — A Dutch trading multinational beset by apparent anti-apartheid arson attacks has threatened to halt its South African business operations unless the Dutch Government underwrites its fire insurance.

The multinational SHV's threat followed cancellation of its commercial fire insurance in the aftermath of arson attacks on four Makro stores in the Netherlands in the past 18 months.

"SHV would be the first company to withdraw from South Africa not because of its conscience, but because of terrorism," said a company spokesman, Mr Cypriaan Hooft-Graafland.

Responsibility for those attacks, which SHV says have caused at least 150 million guilders ($70 million) damage, has been claimed by the Revolutionary Anti-Racist Action (Rara).

Its communiques said Rara was protesting SHV's minority stake in five Makro stores in South Africa. SHV has six Makro branches in the Netherlands, two of which were recently burned down.

Mr Hooft-Graafland said SHV wants the government to make a decision on the issue before noon tomorrow.

"If we had to yield to this because the government can't give us sufficient (security) guarantees, that wouldn't be a defeat for SHV alone but for (Dutch) society as a whole," Mr Hooft-Graafland said in a telephone interview on Wednesday.

Mr Hooft-Graafland said last week that "in the extreme case," the SHV parent company might even consider relocating outside the Netherlands. — Sapa-AP

See also page 15.

Enemy Number One

The man who tops Pik Botha's hate poll, Senator Howard Wolpe, architect of the US sanctions bill, speaks to JULIE FREDERIKSE in Harare, which is about as close as he'll ever get to Pretoria while Pik has any say over the matter

HOWARD Wolpe is the kind of American politician whose fact-finding missions to South Africa used to prompt muttering from the government about outside interference, and disputes among anti-apartheid organizations about the validity of intervention by white liberal westerners.

Wolpe's last trip to South Africa was in 1981, back in the days when politicians of his ilk were considered in both pro- and anti-government camps to be either benign or ineffectual.

Since the US congressman's last visit to South Africa, his anti-apartheid campaigning has become more effective — climaxing in the US Sanctions Bill that managed to survive even President Ronald Reagan's veto.

That's why, right now, Pretoria views him in a rather different light.

"I cannot think of a greater enemy of South Africa, even in the Kremlin," said SA Foreign Minister Pik Botha last month when he announced that he had denied Wolpe a visa.

Wolpe had a chance to reply this week, saying: "Well, I figure it's progress if Mr Botha can differentiate between his communist enemies and those who are not communist."

After the visa refusal, the chairman of the Africa subcommittee of the US House of Representatives Foreign Affairs Committee parlayed his planned South African trip into a more general tour of Africa — starting in Harare, focusing mainly on the Afro-American Institute conference in Botswana, and ending up in Kenya.

In an interview during his one-day stop in Harare, after meetings with Prime Minister Robert Mugabe, opposition leader Joshua Nkomo and members of the business community, Wolpe spoke with satisfaction about the US Congress' anti-apartheid accomplishments last year, and with optimism about prospects for the future.

He explained that toward the end of this year, congress will review the sanctions question with a view toward strengthening the legislation if there has not been significant change inside South Africa, noting that the original Sanctions Bill first passed by the Democrat-controlled house represented a total economic embargo (except for strategic minerals)

"I think it's very important that the West recognises how important it is that pressure not only be maintained but intensified," said Wolpe.

"The one thing the right-wing of Afrikanerdom wants to believe desperately is that it'll be able to hold on to power without fundamental costs, that the western world will eventually tire of the struggle — and that would be the worst possible message we could be sending to South Africa."

Wolpe is also hopeful that this year, congress will liberalise US policy toward the Frontline states.

"I believe the change of control of the senate and the recent revelations about the Iranian-contra deals have raised new questions about covert actions like the support for Savimbi's UNITA," he explained.

For this liberal congressman from Michigan, the greatest achievement of the congressional anti-apartheid campaign is the Reagan adminstration's movement toward a dialogue with the leadership of the African National Congress which followed the enactment of the Sanctions Bill.

However, it is this same focus on the ANC — and its fixation on ties with the South African Communist Party — that others find worrisome. Wolpe maintained that the anti-communist clauses of the Sanctions Bill should not be taken out of context, as this language was inserted at the 11th hour at the behest of conservative senator Jesse Helms when any further delay risked derailing the entire, long-fought-for bill.

Wolpe's own position on the SACP's relations with the ANC recalls the anti-red-baiting position argued by Professor Thomas Karis in his recent article in the influential US journal, *Foreign Affairs*.

"The best way to insure greater communist influence within the ANC would be for the US to distance itself from the ANC because of the presence of communists within the organization," charged Wolpe, "and I think there is growing recognition of that, just as there was in the Phillippines, where — in the name of anti-communism — hundreds of millions of dollars were delivered to the Marcos regime."

While Wolpe concedes that there is enormous sensititivity in the US to the charge of being "soft on communism", he argues that in Southern Africa apartheid itself is "an open invitation to communism".

Wolpe's conclusion is: "American national interests can best be served by being vigorously engaged in and identified with that struggle."

US INVESTMENT

Year of prohibition

The US Treasury has issued its "transactions" regulations in terms of the comprehensive Anti-Apartheid Act of 1986. The rules aim to halt new investment into prohibited South African parties such as the government. But they also contain substantial exemptions not to hinder the flow of funds into businesses owned by the "victims of apartheid."

Section 209 of the regulations prohibits US depository institutions located in the US from accepting, receiving, or holding deposit accounts of the South African government or "controlled entities." Authorised diplomatic and consular accounts are exempted.

Section 210 bars US nationals from making *new* investments — unless the "firm" is owned by South African victims of apartheid. The regulations contain wide definitions of many terms, such as "new investment" and loans.

A new investment is a "commitment or contribution of funds or other assets, and a loan or other extension of credit." There is an exemption for the reinvestment of profits earned by a "US-controlled South African entity" in that or another South African entity.

There is a further exemption for new investment in a US-controlled entity to enable it to operate in "an economically sound manner" — provided it does not enlarge its operations. Another exemption is for ownership or control of securities in the South African government and its entities, provided the issue date preceded October 2 1986.

New investment also does not include expenses incurred to comply with the Code of Conduct (Sullivan principles); or, for example, market-rate sales of goods, services or technology; the purchase of a residence for use by a US national; operation of personal bank accounts in SA by permanently resident US nationals; and corporate bank accounts for US businesses doing business through "permanent establishments" in SA.

Regarding loans, so long as no new funds or credits go to a prohibited borrower or a prohibited recipient, loans from a US financial institution may be rescheduled. There are regulations dealing with commodity trading, forex transactions, short-term trade credits and registration of new investment in firms owned by black South Africans.

Contributions to charitable organisations engaged in social welfare, public health, religious, educational and emergency relief will not be treated as "new investments."

Perhaps the most worrying section relates to trading in South African securities. The regulations prescribe that: "Ownership, control, transfer or acquisition of a debt or equity security issued by the Government of SA or a South African entity, or an American Depository Receipt (ADR) evidencing an interest in such a security, is authorised provided that no interest represented by the security was issued on or after October 2 1986."

This regulation includes possession of shares of companies listed on the JSE.

The rules provide further that shares issued after October 2 by stock split, similar recapitalisation, merger or other reorganisation, or as a stock dividend, will be deemed to have been issued on the date of the "underlying" shares.

The rule only holds good if the transaction does not result in a flow of funds or assets, or credit to or for the benefit of, the South African issuer from the security holder. This treatment is not available for shares acquired on or after October 2 through the exercise of warrants or pre-emptive rights.

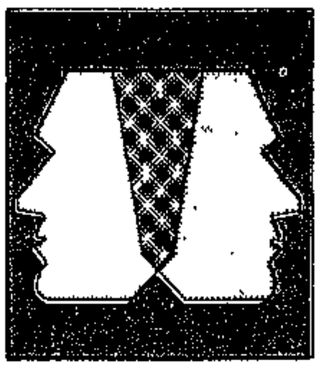
But the general rule is that no US national may make any "new investments" in SA, with the main exception of investment in a firm owned by black South Africans. The relevant sections regarding transactions became effective on November 16. ■

US-SA RELATIONS

Destructive disengagement

F/M 13/2/87

337
280



Laying into the US with scant restraint, Foreign Minister Pik Botha told foreign newspapermen in Cape Town last week that foreign, specifically US, interference in SA would be a key issue in the election campaign. South Africans would have to choose between foreign intervention on the one hand, and peace, stability and continued reform on the other.

In plain language, any support for our most powerful ally, best friend (despite financial and trade sanctions) and largest trading partner will be seen as a vote for violence and anarchy. Either shout "Yankee go home" or be seen as unpatriotic.

In the midst of all this, the State Department has acted with what some might venture is uncharacteristic wisdom. It will not be drawn. Given the teutonic charm of Nat ministers in the hustings, no great prescience was needed to devise this strategy.

Americans in general don't really relish the idea of economic sanctions, but have imposed them from time to time to meet perceived moral or political principles. They have usually provided an outlet for Uncle Sam's indignation or outrage. That is their only claim to success. Their removal at times has not been without ignominy.

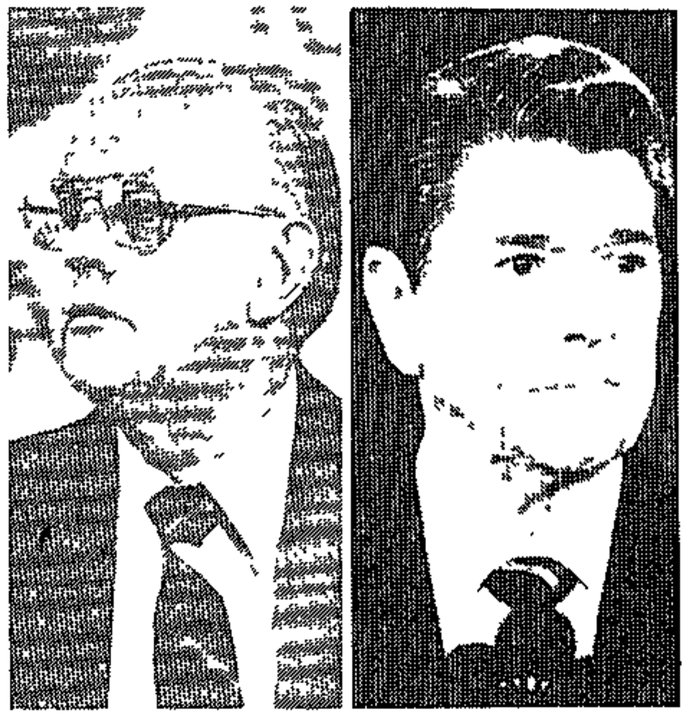
As things stand between us now, in terms of the Comprehensive Anti-Apartheid Act of 1986, Congress will review its policy on SA in September by when President Reagan is expected to have reported on progress, or the lack of it, on changes in SA. What the US wants is an end to the emergency, the unbanning of the ANC, Mandela's release, apartheid scrapped, and purposeful negotiations with legitimate black leaders

Despite government's anti-American rhetoric, which will increase during the election campaign, SA's relations with the US are far too important to dismiss at the hustings. However, Pretoria appears to be in no mood to meet US demands for political change. Tougher sanctions later this year therefore seem certain.

with the SA Communist Party.

These issues were discussed in the recent George Shultz-Oliver Tambo talks in Washington and, from all accounts, Shultz got two fingers for his troubles.

Tambo was pressed hard by Shultz to make more constructive public gestures, to distance the ANC a bit further from Soviet control and to publicly commit the ANC to "another form of representative govern-



Botha and Reagan . . .
save us from our friends

graph and the *Sunday Times* in Johannesburg, called "the Seventh Cavalry paradox."

Time was when South African political attitudes had, as their smug bedrock, the assumption that whatever the peril of its racial politics within its borders, its "strategic importance" as a supplier of scarce minerals to the industrial West would insure it against the unpleasant fate visited upon white men in other African nations over the years.

Whenever Barber was confronted by anyone arguing "strategic importance," he would counter: "All right, let's assume that white Europeans, or more to the point white Americans, would become so anguished at the sight of all of you having your throats cut that they are moved to rescue you. With what will they rescue you, the Seventh Cavalry perhaps?

"It should interest you to know that the inheritor of the Seventh Cavalry's legend is a rather good parachute division called the 82nd Airborne. And you should know that 65% of the enlisted men and non-commissioned officers of that crack unit are *black*." Barber would chortle. "Make no mistake that the cavalry will arrive in the nick of time and save you from your mistakes."

Today, six years after his death, even Barber would have been surprised at how far the drift of estrangement has carried the US and SA away from each other. Six years ago, there were plenty of Americans who decried apartheid, but who acknowledged a need to work with the men elected to power in SA. This was not only for historically strategic reasons, but also because SA's Western industrial overlay made it appear the only sustainable redoubt against what appeared to be an unending string of successes by the Soviet Union in southern Africa. Like it or not, SA was the best friend America had in

compared with the difference between US$93m and $500m, and between those amounts and $700m. For lack of anything else, those amounts of money are good enough yardsticks for assessment of the estrangement between Pretoria and Washington.

The $93m is the cold hard cash that Peter McPherson, head of the US Agency for International Development, recently offered the nine-country Southern African Development Co-ordinating Conference (Sadec) meeting in Gaborone. That is the amount of extra direct economic assistance in 1987 and again in 1988 which will be forthcoming from the US.

True, McPherson held out the prospect of more. "This is the first instalment of what we believe will be the development of significant new areas of co-operation between the US and the region," he said. But don't hold your breath.

The point is that Tambo got no money, at least none to speak of. And Sadec got precious little hard cash

The White House did mention $500m as an amount it *might* appropriate over the next five years if Sadec members make sufficient progress in weaning themselves from Marxist economic policies and direct Soviet political ties.

This amount was quickly boosted to $700m by Senator Edward Kennedy and Congressional liberals who are trying to catch up in the race to befriend the Sadec. But the hard fact of life is that in a Federal budget running $200 billion into deficit every year, there is scarcely room to squeeze that kind of new money into place.

Thus there is a big difference between $93m in cold hard cash and $700m in good intentions. Only slowly is the US coming round to meeting its commitment to cushion the Frontline states against the impact of sanctions on SA.

The bulk of the money is to go to help lessen the Sadec's heavy dependence on SA's rail and road network for export and import



Crocker and Botha ... where's the leverage?

flow. So most of the funds will help expand outlets to Indian Ocean ports in Mozambique and Tanzania. Both nations are on the blacklists of Congressional conservatives because of their Soviet ties.

Indeed, an analysis of the Reagan plan shows that none of the money is for the Beira



Shultz **Tambo**

Corridor railway from Zimbabwe to Mozambique; the bulk will go for the Tazara railway from Zambia to Dar es Salaam. So the drift does continue, but at a more studied pace than one might think.

What is sobering about these turnabouts is how quickly SA has changed from the US's best hope in the region into the status of a common enemy of black nations and superpowers alike.

That the Botha government bears responsibility for this about face is undeniable. By a series of unavoidable accidents and deliberate provocations, Pretoria has signalled Washington that outside interference of any kind is intolerable: better to sink alone than to be seen reaching for help.

The US was always aware that it has only moderate leverage over SA. Crocker long ago observed "our influence in SA is at the margins." The US also knows that the implementation of sanctions paradoxically reduces that leverage.

Indeed, US sanctions are not new; they started under Kennedy with an arms embargo that predates the UN version by 16 years. However, no cut of diplomatic ties is envisaged, and the current sanctions, wide as they are, do not call for disinvestment. Rather, the presence of US companies here is seen as a force for good. Thus America does not want to disengage totally from SA — any more than SA wants the US out.

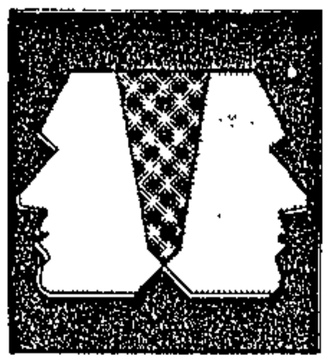
While he warned against foreign interference in SA's affairs in his opening address to parliament, President Botha acknowledged it was not in the country's interest to become isolated.

But that is the only auspicious sign. The SA Foundation's able representative in Washington John Chettle has quit in despair. SA's ambassador to Washington, Herbert Beukes, acknowledged to be doing a first class job, has been summarily replaced by a retreaded Piet Koornhof who has orders to unleash his bulldog wit on the unsuspecting Americans.

Pik Botha's and P W Botha's remarks to American newspapermen in Cape Town indicate that Yankee bashing is going to be a major element in the forthcoming election. Question is, will the political advantage at home (assuming there is some) outweigh the harm that Pretoria could do to relations with the US? We suspect that, in his present frame of mind, the State President is incapable of weighing the odds. ■

US-SA RELATIONS

Destructive disengagement



Despite government's anti-American rhetoric, which will increase during the election campaign, SA's relations with the US are far too important to dismiss at the hustings. However, Pretoria appears to be in no mood to meet US demands for political change. Tougher sanctions later this year therefore seem certain.

Laying into the US with scant restraint, Foreign Minister Pik Botha told foreign newspapermen in Cape Town last week that foreign, specifically US, interference in SA would be a key issue in the election campaign. South Africans would have to choose between foreign intervention on the one hand, and peace, stability and continued reform on the other.

In plain language, any support for our most powerful ally, best friend (despite financial and trade sanctions) and largest trading partner will be seen as a vote for violence and anarchy. Either shout "Yankee go home" or be seen as unpatriotic

In the midst of all this, the State Department has acted with what some might venture is uncharacteristic wisdom. It will not be drawn Given the teutonic charm of Nat ministers in the hustings, no great prescience was needed to devise this strategy.

Americans in general don't really relish the idea of economic sanctions, but have imposed them from time to time to meet perceived moral or political principles. They have usually provided an outlet for Uncle Sam's indignation or outrage. That is their only claim to success. Their removal at times has not been without ignominy.

As things stand between us now, in terms of the Comprehensive Anti-Apartheid Act of 1986, Congress will review its policy on SA in September by when President Reagan is expected to have reported on progress, or the lack of it, on changes in SA What the US wants is an end to the emergency, the unbanning of the ANC, Mandela's release, apartheid scrapped, and purposeful negotiations with legitimate black leaders.

The fact of the matter is that, in its current mood, P W Botha's government has no intention of obliging.

But if it comes to imposing further punitive measures on this country, the Lusaka leg of the triangle will presumably not be forgotten. For, just as Pretoria has been charged with speeding up reform, so the ANC (and Pan-Africanist Congress) have been told that movement is expected from their side as well.

Section 102 of the same (anti-apartheid) Act spells out clearly enough what Congress expects from the terrorist groups. Indeed, it lays down that future US action will depend not only on what the South African government does, but also on the attitude of the ANC.

It wants the ANC to suspend violence, commit itself to a free and democratic SA (however that may be interpreted), agree to negotiate in peace and "re-examine" its ties with the SA Communist Party.

These issues were discussed in the recent George Shultz-Oliver Tambo talks in Washington and, from all accounts, Shultz got two fingers for his troubles

Tambo was pressed hard by Shultz to make more constructive public gestures, to distance the ANC a bit further from Soviet control and to publicly commit the ANC to "another form of representative government," should it come to power. Talks will continue at the US embassy in Lusaka.



Botha and Reagan ... save us from our friends

But where does this leave the US's SA policy? On the one hand, Pretoria has done nothing to stave off further US action; on the other, the ANC has refused to "re-examine" its ties with the Communists and has refused sation (and the Americans aren't supposed to talk to terrorists) and has Communist connections, we think not But then the US Congress is not known for rational consistency.

sation (and the Americans aren't suppssed to talk to terrorists) and has communist connections, we think not But then the US congress is not known for rational consistency.

What Pretoria has to get used to is that it can no longer rely on what the late Stephen Barber, whose trenchant journalism enlightened the news pages of London's *Daily Telegraph* and the *Sunday Times* in Johannesburg, called "the Seventh Cavalry paradox "

Time was when South African political attitudes had, as their smug bedrock, the assumption that whatever the peril of its racial politics within its borders, its "strategic importance" as a supplier of scarce minerals to the industrial West would insure it against the unpleasant fate visited upon white men in other African nations over the years.

Whenever Barber was confronted by anyone arguing "strategic importance," he would counter: "All right, let's assume that white Europeans, or more to the point white Americans, would become so anguished at the sight of all of you having your throats cut that they are moved to rescue you. With what will they rescue you, the Seventh Cavalry perhaps?

"It should interest you to know that the inheritor of the Seventh Cavalry's legend is a rather good parachute division called the 82nd Airborne. And you should know that 65% of the enlisted men and non-commissioned officers of that crack unit are *black* " Barber would chortle "Make no mistake that the cavalry will arrive in the nick of time and save you from your mistakes "

Today, six years after his death, even Barber would have been surprised at how far the drift of estrangement has carried the US and SA away from each other Six years ago, there were plenty of Americans who decried apartheid, but who acknowledged a need to work with the men elected to power in SA. This was not only for historically strategic reasons, but also because SA's Western industrial overlay made it appear the only sustainable redoubt against what appeared to be an unending string of successes by the Soviet Union in southern Africa. Like it or not, SA was the best friend America had in the region in those days.

But not in these days

If ever SA had a friend in the White House, it was Ronald Reagan when he arrived in Washington in 1981 Yet the policy of constructive engagement which brought the US into a close working alliance with the P W Botha government was cut adrift and sunk by the holes shot through it by SA's repeated military incursions into black African states and the clumsily executed crackdowns on black unrest inside the country

Today the architect of that policy, Chester Crocker, spends his time trying to establish friendly relations with Tambo and other ANC leaders in exile.

Reagan has drifted far enough away from his early professed friendship with SA to allow Tambo to come to Washington for talks. The meeting was calculated to send a signal to Pretoria to do likewise.

The distance of the American drift may be

Bid to tighten disinvestment rules

The Star's Foreign News Service

BRUSSELS — A European Parliament campaign to tighten up proposed rules on Common Market investment in South Africa got under way yesterday.

Mr John Tomlinson, former UK Foreign Office Minister, said there were "three main weaknesses" in a proposed directive putting into effect a September agreement by governments.

Mr Tomlinson, Euro MP for Birmingham West, said: "It does not stop portfolio investment, such as pension funds or unit trusts. It allows the reinvestment of profits.

"The third loophole is investment in pursuit of contracts made before September 1986.'

Mr Tomlinson intends to persuade the British Labour group and other members of the socialist group in the European Parliament to support his stand before the directive is voted on.

He said the directive would be breached if provisions were not made to provide for penalties and a monitoring procedure to catch offenders.

"Economic action against South Africa needs to be taken to the stage where it is crippling enough to have real impact on the SA Government."

SUN TIMES
18/1/87
280

U.S. drops strategic minerals from its trade ban

Sunday Times Reporter

THE US Government has dropped 10 South African-produced strategic minerals from its sanctions package — because they are essential to US defence.

The remarkable turnabout has revealed again the difficulty American officials are having in implementing the extensive bans imposed by US legislators.

The decision comes a week after the State Department punched another hole into the Bill by allowing US companies to work South African-originated uranium — a bid aimed at saving thousands of American jobs.

Another official said five companies have been removed from a list of 144 South African companies boycotted by the United States.

The other 139 companies are unable to export to the United States under the law because they are "parastatals" — owned, operated or subsidised by the South African Government.

The law bans the import of South African gold coins and the export to South Africa of computers and other high technology products.

Removed

Mr John C Whitehead, Deputy Secretary of State, determined that the minerals were "essential for the economy or defence of the United States" and were unavailable from reliable or secure suppliers.

The five companies were the first to be removed from a list of 144 at first believed by the State Department to be "parastatals".

"Although they are removed from the 'parastatal' list, other aspects of the sanctions law may apply to them," one official said.

Buy-out brings Skok back

SUN TIMES
18/11/87
280

By Udo Rypstra

OWNERSHIP of Skok Systems has returned to South Africa.

Skok set up a company in the United States in 1983 and was controlled from there.

Managing director Tim Schumann says the entire shareholding in the South African company has been acquired in a management buy-out from the American parent.

The takeover was supported by an unidentified South African investor.

Mr Schumann says the company is being revitalised. He declines to disclose the price of the deal.

Although admitting that the move is may be seen as a result of the disinvestment campaign, Mr Schumann says takeover negotiations started late in 1985 after the parent company and its subsidiary began serving different markets.

The company was established in 1987 by brothers David and Michael Skok. It has become one of South Africa's leading developers of computer-aided design and engineering (CAD/CAE) systems and software.

Turnover, mainly from exports before the American company was set up, was more than R50-million a year at one stage.

The American company will operate independently. South African Nick Storey remains on its board.

Mr Schumann says the recapitalisation of the South African company will bring additional funds for research and development

"The buy-out has come at a good time for us. Sales of our new PC-based product, Drawbase, as well as our electronic engineering products, REDCAD and Visula, are rising."

Skok will maintain access to developments in the US.

The Skok brothers live in London. David is a software consultant and Michael a venture catalyst.

18/1/87 - Sun Times

280

SUN

US parent will pay for GMSA loco loss

By Don Robertson

GENERAL Motors America will recompense its former South African subsidiary for the losses it will suffer by delivering the last 15 diesel locomotives of a contract with SA Transport Services.

Bob White, former managing director of General Motors South African (GMSA), told Business Times last week before leaving to take up a new post with General Motors in Detroit that the cost of manufacturing the locomotives at the Electro Motors plant at Aloes near Port Elizabeth had risen substantially since the contract was signed two or three years ago.

$100m debt

The losses would be covered by General Motors of America. Mr White would not estimate the size of the lossses.

It is believed that the American company will also pay GMSA's debts, estimated at $100-million, leaving it with the "best balance sheet in 15 years".

GMSA has supplied 679 locomotives to Sats — 584 were built at the Aloes factory.

Mr White said GMSA would act as "caretaker" for the American parent until the last locomotive was delivered.

"General Motors made a bad decision when it signed the original contracts. It did not take into account escalation of costs."

GMSA was taken over in a management buy-out which became effective on January 1 after the parent's decision to withdraw from SA.

Details of the deal and who financed it have not been disclosed.

It is expected that two new non-executive directors will be appointed soon, but that "will not give a clue as to who has financed the deal", said Mr White.

The appointment of the two directors in about two weeeks, however, will do so.

Mr White said the reason for the decline in GMSA's sales was linked directly to its failure to respond to changes in the market.

"We were two years behind in introducing the notch-back in the form of the Monza and we also lost sales as a result of continual suggestions that we would pull out.

"We might also have lost about 1 000 sales as a result of our stance on the Port Elizabeth beach issue. We hoped it would be merely a local issue."

GMSA offered to pay the costs of any black empoloyee who was convicted for swimming at a whites only beach in Port Elizabeth.

Mr White said the Monza was vital for the new company's future.

He expected continued rationalisation of the motor industry, sales of which were not expected to increase much above the 1986 figure.

"There are too many dealers, too many models, too much spare capacity and too many manufacturers."

Mr White expects the activities of pressure groups against General Motors in America to continue because of the continued sale of its products in SA.

Decision on Makro pullout is expected

THE HAGUE — The Dutch trading multinational SHV, plagued by a series of anti-apartheid arson attacks, planned to announce today whether it would continue its business operations in South Africa.

If SHV decides to pull out, it would be the first Dutch company to do so.

Following Friday's government refusal to underwrite the company's fire insurance, the SHV management held weekend meetings with its fire insurers at its headquarters in Utrecht, but details of the talks were not disclosed.

Last week SHV's management threatened to withdraw from South Africa unless the Dutch Government agreed to underwrite the company's commercial fire insurance, which had been cancelled after four SHV-owned Makro stores in the Netherlands were destroyed by fire over an 18-month period.

Responsibility for those attacks has been claimed by the Revolutionary Anti-Racist Action (RARA), which said the attacks were a protest against SHV's involvement in South Africa, where the company has a minority share in five Makro department stores.

SHV has claimed that the attacks, in which there have been no casualties, have caused at least 150 million guilders (R143 million) damage.

On Friday, Dutch Premier Mr Ruud Lubbers announced that his government refused to underwrite SHV's fire insurance, noting that the "responsibility to carry business risks lies first and foremost with the business world".

But Mr Lubbers, who said he would deplore a SHV withdrawal from South Africa in the face of what he termed "political terrorism," added that his government was willing to beef up police protection around Makro stores. — Sapa-Associated Press.

D-Day for Makro SA

DIANNA GAMES

THE decision on Makro's future in SA is to be announced today by its Dutch parent company, SHV, in Holland.

In a statement yesterday from its offices in Utrecht, SHV said its executive board of directors had taken a decision on Saturday which it would announce and explain at a Press conference at The Hague at lunchtime today.

It said the decision was taken as a result of the recent arson in the Makro store at Nuth in Holland — the latest in a series of arson attacks on Makro outlets in that country.

☐ US-based toolmaker Black & Decker, under pressure from its US shareholders to end its presence in SA, is considering pulling out of the country and a local buyer is to be sought. Shareholders are to vote this month on a motion to force it to pull out.

☐ South African management of Skok Systems — founded in SA but which sold control to US interests — has bought back control of the company.

REPORTS that the National Soccer League (NSL) is to buy Ellis Park stadium for R30m were rejected yesterday by the PRO for the NSL, Abdul Bhamjee.

Bhamjee said the reports were responding to n with sponsors last year w have led to the establishme soccer academy. Part of t R700m-academy project, be last year, was to acquire a home for SA soccer.

Hennie Diedericks, gener of Volkskas — present ow stadium — could not comm possibility of an NSL take

The stadium is currently the Transvaal Rugby Foo who have first refusal on

Sponsorship of the NSL Panasonic ended on Frida company was told it coul continue as a sponsor.

The reasons given for were that National Panaso sored the rebel Australian and that the amount giv tours was far in excess of

Farmers expect a frui

GERALD REILLY

THE country's drought-plagued farming industry is optimistic that the year ahead will be the best for a decade.

This is despite gigantic debt, inflated input costs and other problems.

In a wide-ranging review of conditions released at the weekend, the SA Agricultural Union (SAAU) says spring rains brought relief to large parts of the country, although parts of the summer-rainfall regions were still in the grip of severe drought.

Indications are that the will come to about 2,1-millio pared with 1,6-million tons vious season.

Summer crops yields — n sorghum, oil seeds and cotto the best in years if the good r

An estimated 4,2-millio have been planted to mai million to 11-million ton yie

PRICE MOVES AT A GLANCE

18/11/87 SUN TIMES

Black & Decker ponders pull-out

By Jim Srodes: Washington

PREMIER tool-maker Black & Decker is considering pulling out of South Africa, but a company spokesman denies that any firm decision has been made.

The Maryland-based company is under pressure from shareholders to end its South African presence, even though it is a small by most US corporate standards. Black & Decker has no manufacturing plant in SA and employes only 44 people for marketing and distribution.

Nevertheless, at the company's annual meeting this month the SA business will be raised when shareholders vote on a motion offered by an anti-apartheid group to force the company to pull out.

Similar proposals have been introduced in the past year by shareholders of most major US corporations with SA ties. The proxy proposals are usually voted down, but they are sometimes successful in that they bring the SA question to management's attention.

A Black & Decker spokesman says political pressure is being taken into consideration, but the deciding factor in whether the company remains in SA will be economic.

"Whether we stay depends on the economic situation in South Africa," says Black & Decker vice-president Barbara Lucas.

"Our operation there is extremely small and does not contribute much to our overall sales. It has been only marginally profitable for the past few years."

Miss Lucas says the company is aware of its obligations to its 44 SA employees, many of whom had been with it for more than 20 years.

Makro, Black and Decker to stay in SA

By Chris Moerdyk

Wholesale chain Makro and power tool suppliers Black and Decker will continue operations in South Africa in spite of announcements that their foreign shareholders are to withdraw.

Mr Doug Catto, managing director of Makro SA, told The Star: "the only thing that will change is our shareholding".

The Dutch-based multinational, SHV, and its German partners hold 66,6 percent of Makro SA. The balance is held by the Safmarine and Rennies Trading (Safren). The latter is expected to take over the SHV interests.

Local general manager of Black and Decker in South Africa, Mr Roger Lee, said once the US corporation had ratified its decision, he expected to enter into negotiations for a local management takeover.

In The Hague, SHV, which owns a 40 percent interest in the five Makro department stores in South Africa, announced that "distressed and forced by terrorist action, (SHV) will take steps toward a complete withdrawal of its investments in South Africa".

Mr Catto said: "We have a 100 percent commitment from the Safren organisation."

He added that the SHV chairman, Mr Paul van Vlissingen, had told him that SHV "was not going to enter into any form of auction sale" with regard to its shares in Makro SA.

● See Page 13.

construction his government would invest about R50 million.

Vaalharts scheme have had their quota increased from 40 percent last year to 50 percent this year.

other partners and that is basically why other race groups were not permitted."

Association, the attorney said. "The irony is that black swimmers can participate in the Tasa finals taking place this week."

SA glee at minerals ruling baffles US

The Star Bureau

WASHINGTON — Reports of South African glee at the exemption of several strategic minerals from United States sanctions have nonplussed officials and analysts in Washington.

The minerals were not banned anyway by the sanctions law — the Comprehensive Anti-Apartheid Act of 1986 — they said yesterday.

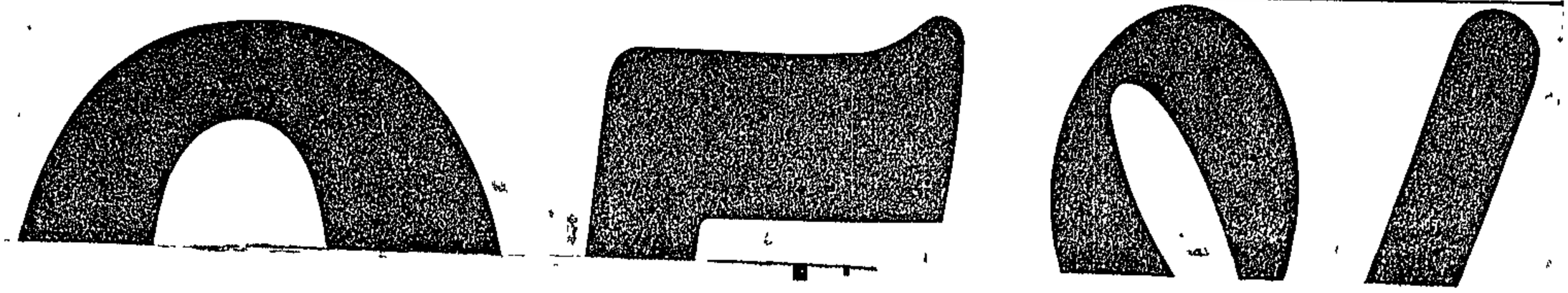
They were reacting to a report in *The Washington Times* quoting jubilant South African officials as saying the move rendered American sanctions harmless.

The US State Department said the sanctions had generally not prohibited America from importing strategic minerals.

"To the best of our knowledge, few if any strategic minerals were produced by parastatal organisations, so the exemption does not alter the status quo," the department said.

The sanctions ban products from South Africa's parastatals. It is understood that only a small percentage of chromium, mined in Lebowa, would be hit by this clause.

The importance of South Africa's strategic minerals to America has repeatedly been raised in Washington. It was mentioned widely in the congressional debates last August which led to the sanctions.



O'Brien: Welsh quits post

CAPE TIMES 22/1/87

280

Staff Reporters

PROFESSOR David Welsh, head of the Department of Political Studies at the University of Cape Town, resigned his post yesterday, hours before the release of the report on the controversial lecture visit to UCT by Irish academic Dr Conor Cruise O'Brien.

Prof Welsh was the person who invited Dr O'Brien to the UCT campus last year.

The commission, whose report was released at midnight last night, criticizes Dr O'Brien's actions, as well as his "mercurial and volatile" temperament, and suggests it was a mistake on the part of the Department of Political Studies to invite him.

'Astounding document'

Prof Welsh last night described its findings as "one-sided, flawed and shoddy".

Reacting from Dublin last night, Dr O'Brien said the commission seemed intent on making him a scapegoat, "in order to appease radical students".

"I find this an astounding document. I'm very interested in particular that following an outbreak of actual violence against a teacher invited to the campus, that the report should find against the teacher and deflect attention away from violence on the campus which is the central question."

Dr O'Brien admitted replying "rather sharply to some insulting interjections" during one lecture but described evidence that he had later told colleagues that he had been "insulting and condescending" to students as "lies".

His stand was on academic freedom and not political "in any way", he said. Expressing shock at Prof Welsh's resignation, he added: "I have complete confidence in him and share his concerns."

Dr O'Brien said he had replied late to an invitation from the commission to submit evidence because he had been away on a lecture tour of the US.

Not asked a single question

Prof Welsh said: "I resent in particular the commission's unfairness to Dr O'Brien whose alleged personality characteristics and motivations are subjected to an analysis to which Dr O'Brien has had no opportunity to reply."

He was a friend "and I take full responsibility for inviting him — yet I was not asked a single question by the commission about his personality or about the reasons for my inviting him or his accepting".

□ The commission found that the actions of the students were "unacceptable".

"Council agrees and has asked the Vice-Chancellor to take action as he considers appropriate, against such students as can be identified, bearing in mind that the primary concern of council is for the future of the university," the statement said.

The vice-chancellor, Dr Stuart Saunders, said: "I will be holding discussions with the relevant students to discuss the whole report with them."

The commission, which consisted of chairman Professor D J du Plessis, the former principal of the University of the Witwatersrand; Mr Arthur Chaskalson, SC, and Mr Ismail Mahomed, SC, said there was "a real possibility that the taking of harsh disciplinary action will open up the old wounds and sharpen the divisions".

SA has had secret sanctions talks with Isle of Man, claims UK Press

Plan to crack trade ban

The Star Bureau

London

South Africa has had secret talks with the Isle of Man about taking over its free port as part of an "audacious" plan to evade international trade sanctions, *The Independent* newspaper in London claimed today.

It said the Industrial Development Corporation (IDC) had opened negotiations with the Manx authorities, intending to export South African goods to the island, change labels, process food, and then re-export them to European Community countries.

Under the plan, the eight-hectare undeveloped free port would be divided into plots leased by companies ultimately owned by South Africa, but traceable only to Switzerland. Outwardly they would appear independent.

South African Minister of Economic Affairs and Technology Mr Danie Steyn declined today to comment

"We don't comment on sanctions reports," he said.

Former Minister of Trade and Industries Dr Dawie de Villiers, who was named in reports as the leader of the South African delegation which negotiated the use of the island, could not be reached for comment.

The Isle of Man is largely self-governing through Tynwald, the parliament dating back to Viking times, with Britain responsible for foreign relations.

The island fiercely protects its right to run its own internal affairs without British Government interference.

The attempt by South Africa to buy its way into the lucrative European market is certain to cause a political row. Labour front-benchers have already called for statements from the government.

The Independent says the proposed deal has been stalled by the lack of a deep-water port.

125-year lease

But while the IDC appeared to put the project on ice, another unnamed major South African conglomerate was engaged in detailed talks with Isle of Man officials as recently as November about the purchase of 125-year leases.

Pretoria's initial approach, says *The Independent*, came at a secret meeting at the Sheraton Park Tower hotel in London in October 1985.

Dr de Villiers led the delegation, it said.

According to papers which *The Independent* says it has seen, also present were Mr M T de Waal, managing director of IDC, and Mr J K Tromp, an engineer and a member of the President's Council.

They met Dr Edgar Mann, then Chief Minister of the Isle of Man, Mr John Webster, the economic adviser to the Manx Government, and Mr Peter Henwood, a director of International Trust Corporation who, Dr Mann says, was the go-between.

The South Africans were then taken on a secret helicopter tour of the island arranged, Dr Mann said, by Mr Henwood.

US minerals decision saves thousands of jobs

Finance Staff

The United States Government decision to exempt 10 minerals of vital strategic importance to the country's economy from its sanctions list means many thousands of South African workers in these sectors are no longer living under a cloud.

The implementation of sanctions on the various minerals would have put many people out of work and, in turn, brought suffering to their families.

For the country, it would have meant a loss of an estimated R4 billion in foreign exchange, not to mention the harmful effect it would have had on local manufacturers and equipment suppliers to the mining industry.

The minerals exempted are: andalusite, antimony, chrysotile asbestos, chromium and ferrochrome, cobalt, industrial diamonds, manganese, ferromanganese and ferrosilicomanganese, platinum group of metals, rutile and titanium-bearing slag and vanadium.

South Africa, which exported more than R26 billion of minerals last year supplies, on average, across 25 major minerals, including gold, 31,8 percent of the free world's requirements.

In six instances it supplied more than 50 percent of the requirements of the free market economies.

The country is ranked the biggest producer of 10 minerals, including manganese ore, platinum group metals, chrome ore and vanadium, four of the minerals exempted.

According to the Minerals Bureau and the Department of Mineral and Energy Affairs, South Africa exported in 1985 R6 million of antimony, R147,5 million of chrome, R244 million of manganese ore, R25, million of titanium minerals, R25 million of andalusite and R98 million of asbestos.

While there are no figures for the platinum group metals, South Africa's three producers supply more than 85 percent of the West's supplies.

Sanctions 'envoy' named

London Bureau

A KEY new figure to help co-ordinate sanctions against South Africa has been appointed by the Commonwealth Secretary-General, Sir Shridath Ramphal.

The 'sanctions envoy' is Mr Terry Bacon, at present Canada's Ambassador to Czechoslovakia and previously to Zimbabwe.

He will be based in London, where the Commonwealth Secretariat has its headquarters, but will be available to liaise personally on matters affecting southern Africa.

DD 29/1/87

Airline to start new route to US

Dispatch Corrspondent

CAPE TOWN — A new "gateway" to the United States via Europe is to be opened for sanctions-hit South African airtravellers from April.

American Airlines, which offers SA visitors concessionary fares in the US, has announced it will operate daily Paris-New York and Frankfurt-New York services, using Boeing 767 wide-bodied jets.

Previously, the airline flew to Dallas and Chicago only from its British and European bases in London, Paris, Frankfurt, Manchester, Dusseldorf and Munich.

American Airlines' Johannesburg-based representative, Mr Mike Tyler, said yesterday: "The new services to New York will be most beneficial to South African visitors, who have been badly inconvenienced by SAA's loss of landing rights in the United States."

AA, he said, offered a R2 509 super apex fare between Johannesburg and New York via Europe, with a stopover in Europe each way if required, for only R75 a stop extra.

Sweden wants UN sanctions agreement

STOCKHOLM — Sweden is hoping for a compromise at the UN to override US, British and West German objections to the world body imposing sanctions against SA, a senior Swedish official said yesterday.

Deputy Foreign Minister Pierre Schori said he hoped the three countries, which oppose a mandatory trade embargo, could agree to the UN Security Council issuing a non-binding recommendation for a boycott of SA.

Schori told reporters the chances for a breakthrough would improve considerably next month when Zambia — one of the so-called Frontline states confronting Pretoria — takes over the presidency of the Security Council from West Germany.

The Swedish government has been under pressure since last summer to follow Denmark in imposing unilateral sanctions.

So far it has insisted that it could do so only if they were adopted by the UN Security Council.

Another of Sweden's neighbours, Norway, is preparing to table a Bill in Parliament banning trade with SA.

Sweden has the biggest investment in SA of any Nordic country.

One of the factors that has weighed heaviest in government debates on the issue is the negative effect sanctions are expected to have on employment and exports.

Other government sources said that should the UN Security Council fail to agree on sanctions, Sweden was ready to approve a boycott if the Frontline states asked it to do so.

Schori said Swedish officials would consult the Frontline states, Zambia in particular, next week.

"It is obvious that sanctions will not hit SA first but the Frontline states," Schori said, adding that it would be useless to impose a trade boycott before SA's black neighbours were ready to withstand the blow.

'Fake SA pullouts' condemned by activists

By Alan Dunn, The Star Bureau

WASHINGTON — Five American anti-apartheid groups have combined to press United States companies which have conducted "sham withdrawals" to sever all ties with South Africa.

Pushing their computerised disinvestment campaign to a new level, they have issued a definition of disinvestment which, they said, would enable investors and consumers to decide if companies were still supporting apartheid.

IBM, General Motors and Coca Cola are three corporations the group is after.

Disinvestment activists said that when Eastman Kodak last year announced total withdrawal by May it was the template they would use for all companies operating in South Africa and condemned licence or franchise arrangements.

"We feel it is essential to distinguish between corporations for which withdrawal means the termination of all economic ties and those for which withdrawal merely indicates a restructuring of economic relations," the group said.

The head of the American Committee on Africa, Ms Jennifer Davis, said: "Now more than ever we must target companies which continue to provide much-needed technology and products to the South African economy through franchise and licence agreements."

The alliance also urged companies committed to disinvestment to consider the group's guidelines as "morally and legally correct".

EXEMPT

The guidelines say a company trading in or with South Africa or Namibia is one whose parent or subsidiaries "has direct investments in South Africa or Namibia, or has entered into franchise, licensing or management agreements with or for any entity in those countries, or is a financial institution that has not prohibited new investments, loans, credits or related services, or the renewal of existing financial agreements, including those for the purposes of trade, with any entity in those countries, or has more than five percent of its common stock beneficially owned or controlled by a South African entity".

News agencies are exempt.

So far 19 American states, 70 cities and 116 universities have disinvested to some extent.

● The disinvestment alliance involves the American Committee on Africa, the American Friends Service Committee, the Interfaith Centre on Corporate Responsibility, TransAfrica and the Washington Office on Africa.

Disinvestment tests creativity

THE current political climate, coupled with anticipated changes in existing economic structure in 1987, will provide a testing ground for the skills and creativity of merchant bankers.

Barclays National Merchant Bank MD Rod Zank says: "The sanctions and disinvestment campaigns have provided impetus to market transactions.

"The increased activity in the management buyout market is one example. Companies wishing to dispose of their investments or their association with SA have a number of options: dilution of their control via a listing; outright sale of the organisation to management or other parties, or disinvestment without loss of control. The task of the merchant banker is to assist in creating and structuring the right solution for the organisation."

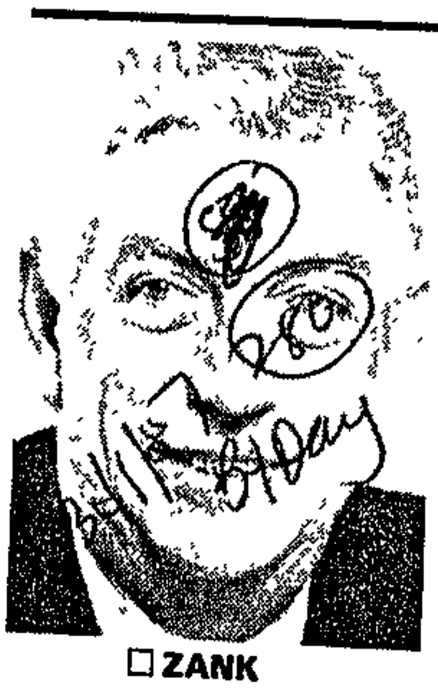
Zank points out the buoyancy of the stock exchange in 1986 — where 68 companies came to the market at a total capitalisation of R1,3bn, compared with an average of 10 listings a year for the six years prior to 1986.

The opportunity for organisations to raise capital via listings should continue, but possibly to a lesser extent than in 1986 with participation by the institutions on a "relatively selective basis," says Zank.

"A number of building societies have announced their intentions of listing in the first half of this year. This will add momentum to the market.

"The past year has seen the Development Capital Sector significantly expanded and it is now showing its usefulness and is a welcome addition to products available for the creation of capital for corporate development," says Zank.

Should the envisaged economic upturn take place and existing surplus capacity be utilised, the possibility exists for a further increase in the raising of capital.



☐ ZANK

Bankers have a crucial role to play in determining the correct strategy for organisations needing to dispose of their investments in SA. They are also likely to be busy on the stock market, with the rush for listings set to continue.

The enormous institutional cash flow will, with a continuance of a strong stock market, provide opportunities for quality rights issue offerings.

Zank sees government's proposed de-regulation and privatisation programme becoming a reality in 1987. The structuring and implementation of the proposals should provide an opportunity for fertile and innovative thinking on the part of merchant bankers and other advisors.

In the securities industry, increased technology will allow more direct communication in the markets.

Zank believes that we are unlikely to experience the "Big Bang", or at least a "Little Bang", in overnight de-regulation — as experienced in London.

Sanctions are now a 'dead issue'

Zimbabwe asks SA for more fuel

B/Day 30/11/87

289

ZIMBABWE has been forced into another retreat over its plans to cut trade ties with SA, ordering another 8 000 tons of relief fuel supplies from Pretoria to help it overcome internal transport and distribution difficulties.

Business sources in Zimbabwe say the new order, worth R2m-R3m, is for 3 000 tons of petrol and 5 000 tons of diesel.

Embarrassment

The need to place an initial R11m order in December for 34 000 tons of fuel caused grave embarrassment for Robert Mugabe's government at a time it was leading the international campaign to institute comprehensive trade boycotts against SA.

News of the second fuel order has contributed to the growing feeling in business and diplomatic circles in Harare that effective Zimbabwean participation in the Commonwealth sanctions package is, for the time being at least, a dead issue.

The only practical measure left to Mugabe is an airline boycott. Originally scheduled for next November, the Zimbabwean ban on flights and overflights to and from SA has been repeatedly deferred, and South Afri-

MICHAEL HARTNACK

can Airways has just reopened its doors to the public in Harare. Its offices were gutted by rioters in October after the death of President Samora Machel.

Observers in Zimbabwe point out that if Mugabe introduced the airline boycott now, he would jeopardise SA co-operation over the fuel deliveries.

Hints of a Zimbabwean about-turn on sanctions were made by Canadian Prime Minsiter Brian Mulroney during his current tour of the country. "We don't expect our friends to prove their bona fides by committing suicide," he said.

Blocked supplies

Zimbabwe's needs to import fuel stem from a slowdown in pumping through the Beira Seruka pipeline and the inability of the National Railways of Zimbabwe to move sufficient supplies to western areas of the country.

More than 30% of NRZ locomotives are unserviceable due to lack of foreign currency for spares. SA last year withdrew rolling stock on loan to the Zimbabweans fearing it would be trapped by a southern border closure.

New American sanctions warning

WASHINGTON—Congress probably would impose new sanctions against South Africa this year if Pretoria failed to start political talks with legitimate black leaders, a leading congressman said yesterday.

But representative Howard Wolpe, an opposition Democrat who chairs the House of Representatives' Africa Sub-committee, said new steps probably would not be taken until October, when Congress would receive a report from President Reagan on the situation in South Africa.

The report, called for by Congress last year, is to assess whether the Pretoria Government has met any of the demands contained in a tough sanctions Bill enacted by Congress last October over Mr Reagan's strong objections. — (Sapa-Reuter)

30/1/87

Zimbabwe's new climb-down

30/1/87

Mercury Correspondent

HARARE—Zimbabwe has been forced into another climbdown on its plans to cut trade ties with South Africa, ordering another 8 000 tons of fuel from Pretoria to help it overcome internal transport difficulties.

The new order, worth between R2 000 000 and R3 000 000, is for 3 000 tons of petrol and 5 000 tons of diesel.

The need to place an initial R11 million order in December for 34 000 tons of fuel caused grave embarrassment to Mr Robert Mugabe's Government at a time it was leading the campaign to institute sanctions against South Africa.

The second fuel order has added to the growing feeling here that Zimbabwean participation in the Commonwealth sanctions package is a dead issue.

ISRAEL-SA RELATIONS

Signals of sanctions

In response to mounting pressures in the US Congress, Israel has initiated a major review of its ties with SA. The review is likely to result in the imposition of sanctions, if only cosmetic, within the next two months, according to officials in Jerusalem.

According to a special correspondent based in Israel, the issue of Israel's links with SA is expected to receive high priority during Prime Minister Yitzhak Shamir's visit to Washington next month. In the view of Benyamin Netanyahu, Israel's Ambassador to the United Nations, the impending clash over SA could be the most damaging of a series of crises that have plagued the relationship between Jerusalem and Washington over the past 18 months.

At stake for Israel is the US$2 billion worth of military aid and credits it receives from the US annually. Starting in April, Congress will begin to review the granting of US military aid to all countries which maintain a military relationship with SA. Implied in the review is the threat that such aid will be terminated if the links to SA are not cut.

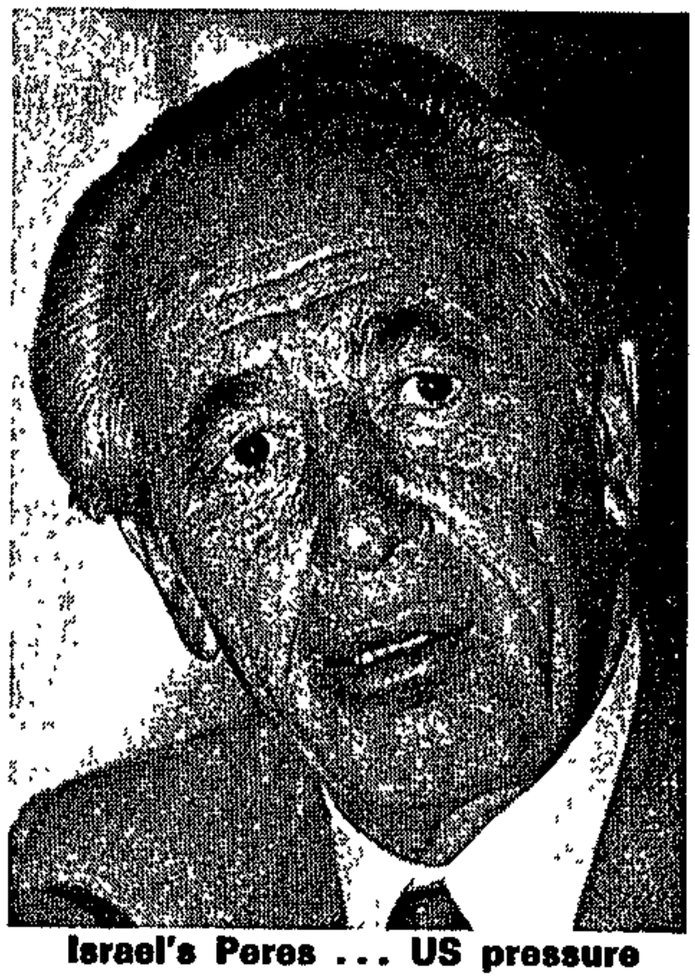
Israeli lobbists have been aware of the impending threat for several months now. Until recently, however, their warnings were greeted with complacency by the Foreign Ministry, headed by Shamir until last October, and the Defence Ministry under the hawkish Yitzhak Rabin. Only when ex-Prime Minister Shimon Peres entered the Foreign Ministry in October was an inter-ministerial committee established to examine Israel's South African connections.

The committee is expected to submit its findings to the Cabinet within a month. Spearheading the policy review is foreign ministry political director General Yossi Beilin, a young and dovish Peres protegé. Beilin is known to favour strict and meaningful sanctions against SA. Until last week he was reiterating that Israel would not lag behind the West on the issue. But he is up against the Prime Minister's office and the Defence Ministry, both of which apparently believe that cosmetic measures would be sufficient to placate the West.

Newsweek magazine reported this week that Rabin visited SA recently carrying the message that some downgrading of ties was inevitable.

Israel keeps a tight lid on details of its arms sales and the issue is subject to strict censorship. Persistent reports in the foreign media have had the two countries co-operating in the testing of nuclear weapons and have placed Israeli advisers with frontline SADF units.

Over the past years Israel is reported to have participated in the upgrading of SA's ageing Mirage fighters and to have provided SA with a strategic air refuelling capability. SA, for its part, is said to be participating in funding the development of Israel's new fighter, the Lavi.



Israel's Peres ... US pressure to cut links with SA

Officials of the American-Israeli Public Affairs Committee (Aipac), the Israeli lobby in Washington, were told by defence officials during a recent visit to Israel that arms sales to SA had ended. Whatever arms were still reaching SA were either "in the pipeline" from old contracts or were passing through middlemen, the Aipac officials were told. Israeli officials neither confirm nor deny that Israeli know-how is still reaching SA.

If the military aid problem in Congress is to be defused, Israel will probably have to take some highly visible measures to curtail its non-military ties with SA. Israel's exports to SA currently amount to some $80m annually, while its imports — mainly coal, steel and other raw materials — run to $180m.

Cutting down on that trade should not entail particular hardships for Israeli producers and businessmen — though it could place the South African Jewish community in an embarrassing position. Concern for the wellbeing of South African Jewry has long been used to explain Israel's reluctance to adopt a tougher stand against apartheid.

UN Ambassador Netanyahu, a longtime critic of UN "hypocrisy," believes Iran is once again implicated in SA-sourced arms deals — those who protest loudest against apartheid are doing most of the dealing with Pretoria, he says. But Israel gets the flak.

Netanyahu's staff in New York has compiled a detailed report on Arab oil sales to SA.

However, it is illegal in terms of SA's Petroleum Products Act for the *FM* to publish the names of the countries concerned, the quantities or cost involved.

Approached for comment on these developments, Ministry of Economic Affairs and Technology spokesman, Frikkie Odendaal, said government's policy was, as a rule, not to comment on sanctions-related reports. ■

SANCTIONS (280) AM 30/1/87

Catholic qualms PM

Sanctions and the disinvestment campaign come in for severe criticism in a report by a special commission of the SA Catholic Bishops' Conference (SACBC) released this week.

The SACBC's Commission on Economic Pressure was set up last year after Catholic bishops issued a Pastoral Letter in May. In it, they stated they did not have the competence to give "specific advice on how exactly economic pressures can or should be applied."

The report, tabled at the plenary session of the SACBC, pours cold water on the expectations of those who assume that foreign economic strictures would bring about fundamental political change.

It states: "What was anticipated by the pro-sanctions lobby early in 1986 — namely an early change in government policy with expectations of imminent meaningful black participation in a regime overcome by the pressures of economic boycotts — is not likely to materialise, and will probably only emerge ... in an unpredictable manner, a long time ahead."

Meanwhile, the whole sanctions issue has clearly had a "totally counter-productive effect" on government thinking, and consolidated government "in its retreat from meaningful, and indeed, any, reform."

According to the commission: "The whole issue of sanctions seems to have drawn a smokescreen ... across the trail of why sanctions are being imposed. Inordinate energy appears to be directed to overcoming sanctions and justifying the actions of a government seen by most of the white population to be saving influence to maintain the status quo, rather than addressing the problems that led to these steps in the first place."

Turning to effects that sanctions against SA have had, the commission says these are difficult to quantify because of the wide variety of measures that have been imposed, and differences in the intensity with which they are applied.

Nevertheless, it adds: "There seems little doubt in the minds of all economic commentators that the coercive measures will definitely impinge on the well-being of the South African economy, which could thrive in the short term, but will gradually bow before the attrition of sanctions, and in the long term, suffer grievously."

As for black attitudes, the commission says: "It seems logical that black people desperately want an end to the oppression of apartheid, and are willing to endure some hardship to see this happen. It seems, however, that if the policy is likely to produce a loss of their vitally needed jobs, most blacks prove tentative about pressing the issue ... It cannot be said that blacks overall favour sanctions and are prepared to endure the hardship, a view apparently held by a minority only. For when the stark reality of loss of jobs is presented, then quite humanly this spectre forces the preference for sanctions into the background."

The commission does say, however, that the sanctions campaign has forced people to think, and has had some positive spinoffs. These include:

- ☐ Growing awareness of social responsibility in the private sector;
- ☐ Active support by many large business concerns to pressure government to change its attitudes;
- ☐ Unprecedented debate on developing solutions for the future brought about by the focus on the apparent inadequacies of capitalism; and
- ☐ A growing awareness of the need to encourage black initiative. ■

Negotiate or face new sanctions, SA warned

280

30/1/8

Star

WASHINGTON — The United States Congress will probably impose new sanctions on South Africa this year if Pretoria fails to start political talks with legitimate black leaders, a leading congressman said yesterday.

But Mr Howard Wolpe, an opposition Democrat who chairs the House of Representatives Africa subcommittee, said new steps probably would not be taken until October, when Congress will receive a report from President Reagan on the situation in South Africa.

The report, mandated by Congress last year, is to assess whether Pretoria has met any of the demands contained in a tough sanctions Bill enacted by Congress last October despite Mr Reagan's strong objections.

The law called for Pretoria to lift a ban on the African National Congress (ANC), release Nelson Mandela and enter into negotiations with him and other black leaders.

At a Press conference at the Carnegie Endowment for International Peace, a private research organisation, Mr Wolpe was asked if he believed there would be more sanctions this year.

EMBARGO

He replied: "Yes, I do, if there are no negotiations in progress by the end of the year."

Mr Wolpe said there was a lot of support in Congress, where Democrats gained control of the Senate as well as the House for the first time in Mr Reagan's presidency in last November's elections, for a total economic and trade embargo against South Africa.

But he said there also were many other options available, including partial or total US disinvestment and a tightening of the trade bans imposed last year, including import bans on textiles, iron, steel and coal.

Mr Wolpe said that although new sanctions may not come until much later this year, he intends to press ahead more quickly with other related issues.

He said he would move to end intelligence-sharing between the Reagan Administration and Pretoria, which news reports last year said had allowed South African forces to raid neighbouring countries in search of ANC bases.

Mr Wolpe said he also wanted to make sure that Israel, as has been reported this week, intended to end arms shipments to South Africa.

ANC 'cleared' Paul Simon

LONDON. — Singer-composer Paul Simon, seeking to neutralize possible anti-apartheid demonstrations against his new Southern Africa road show, said yesterday that he has been cleared by the African National Congress and was not listed by the United Nations as violating its cultural boycott of South Africa.

Paul Simon said he had been dogged by "innuendo" because he recorded his current hit record, "Graceland", with black artists in South Africa.

He read to a news conference the text of a letter he had sent to the UN Special Committee Against Apartheid saying that he never has and never will "perform" in South Africa and would continue his personal fight against apartheid.

Paul Simon and his fellow-performers interrupted rehearsals to try to clear the air before the show — featuring the South African musicians on "Graceland" — opens in Rotterdam tomorrow.

It is also scheduled for other European venues as well as Harare, Zimbabwe, and both coasts of the United States.

Anti-apartheid activists in several countries, including Britain, were considering demonstrations and pickets against the show because Paul Simon had worked in South Africa.

Paul Simon said the ANC has now "reversed" its former criticism of the album and that ANC president Oliver Tambo was ready to confirm this at a news conference scheduled for Los Angeles on Monday.

Simon said the album, which has sold more than 4 million copies, was his first No 1 hit since his partnership with Art Garfunkel ended 15 years ago. — UPI

PE told to welcome sanctions

3/11/87. 28 W/Post

Business Editor

INDUSTRIALISTS in Port Elizabeth have been told that they should welcome international sanctions with "open arms".

Dr Frank Carlisle, executive director of the Production Management Institute, told a diploma ceremony last night that sanctions were "exactly what the country needs to develop the way it should have done donkey's years ago".

The fact that the country exported 25% of its gross domestic product — much of it in raw materials — placed it in the "banana republic league".

"A country of our economic and technological situation should not export more than 14%," he said at the ceremony at which 34 diplomas were presented.

"We've been neglecting industrialisation for the sake of depleting our raw materials.

"None of these resources is infinite in supply, yet by exporting so much of them we are stockpiling tragedy for future generations."

Dr Carlisle called on the Government to take the lead in forming an organisation to promote import substitution and provide incentives, similar to those available for export promotion.

He also urged that management be better trained to eliminate "wrong attitudes and inefficiencies".

"We take our inefficiencies as facts of life and use them as excuses to remain an undeveloped country.

"We need a reorientation of attitude by the whole of SA towards manufacturing."

Tampon-maker decides to leave

HAMISH McINDOE

US tampon-maker Tambrands is leaving SA.

But its business will remain in local hands, with Tambrands (SA) management expecting to complete takeover talks with its US parent within a fortnight.

A Tambrands (SA) spokesman said yesterday it would continue to make tampons under the Tampax name. Divestment would not cause job losses among the 50 workers at its Brakpan plant.

Tambrands' (SA) turnover is about R30m a year on 8-million tampon sales. Tampax is rated SA's most popular tampon after Lillets.

Israel still debating SA trade ties

TEL AVIV — Israel, facing mounting pressure from the United States Government and American Jewish groups, is still debating the nature of its future trade and military ties with South Africa.

Prime Minister Yitzhak Shamir's coalition Government is facing what it sees as a difficult choice and divisions about what to do cross party lines.

Adopting sanctions could damage Israel's defence industry, viewed as essential to the nation's security, and cause a blacklash that would make life difficult for SA's 120 000 Jews.

On the other hand, a strong stand against racial segregation would help improve relations with black African states and the US, which provides $3 billion in aid yearly.

"American Jewish organisations such as mine are concerned about the erosion of public support in America for Israel over the SA issue.

In the opinion of many American Jews, it is just not worth it," said Mr Harry Wall, director of B'nai B'rith's Anti-Defamation League office in Jerusalem.

"The Israeli Government is very concerned that support for SA can translate into some reduction in aid"

Under an anti-apartheid law passed by the US Congress last October, the Government must report to Congress by April 1 which countries are selling arms to Pretoria. Those that do are likely to have their aid packages reconsidered.

In a nationally televised debate last week on relations with SA, Mr Eliahu Lankin, former ambassador to Pretoria, argued that sanctions could provoke a wave of anti-Semitism in SA.

"We should weigh what our interests are. First, we should think of the Jewish community — 120 000 Jews are more important than black (African) nations. Sanctions do not solve any problems," Mr Lankin said.

Mr David Kimche, former director-general of the Foreign Ministry under right-wing Likud governments, countered that Israel had to take a strong stand even if sanctions did not work. — Sapa-AP

Full steam ahead for Simon tour

LONDON — Singer Paul Simon tomorrow launches a three-continent concert tour with the black South African musicians who worked with him on his best-selling *Graceland* album, confident that his troubles with the anti-apartheid groups are over.

The American pop artist told a news conference the ANC had dropped criticisms of him for recording the album in South Africa.

He read out a letter he sent to the UN Special Committee on Apartheid reiterating his opposition to apartheid.

There have been reports of demonstrations against the tour and, when asked whether it was urging a boycott of concerts planned in London and Birmingham, the London-based Anti-Apartheid Movement said: "No comment."

The bitterness engendered by Simon's foray into South African culture was evident at the news conference he addressed with exiled Miriam Makeba and Hugh Masekela, and Ray Phiri, a black musician living in South Africa.

Critics have accused him of violating the cultural boycott of South Africa, first by recording there and then taking the South African musicians to England to complete the album. Simon argued that the boycott applied to performing before South African audiences — which he has never done. — Sapa-AP

Paddy Ball may stand for PFP

Weekend Post Reporter

MR PADDY BALL, a 55-year-old Port Elizabeth businessman, will be a contender for the Progressive Federal Party candidacy for the Walmer seat next week.

Mr Ball said today that he felt there was a new era ahead in the country and that power would be wrested from the National Party in the near future.

He had been encouraged by the support he had received and hoped to win selection as the PFP candidate for the coming parliamentary election as he wished to devote his time to politics.

Since 1977 Mr Ball has been closely involved with the PFP. He is vice-chairman of the PFP in the Eastern Cape and a member of the party's federal council

Educated at St Andrew's College, Grahamstown, Mr Ball formed his own engineering business in 1957 He moved to Johannesburg for another company in 1968 as a marketing manager.

Returning to Port Elizabeth in 1972, he built up a mini-group of companies with his partner, Mr Ossie Blakeway.

Mr Andrew Savage, who won the Walmer seat in 1981, is standing down.

It is strongly believed that another possible nominee for the seat will be Mr Tony Gilson, director of the Port Elizabeth Chamber of Commerce

Sasol is 'pardoned' from American sanctions

SASOL has been removed from the list of parastatal organisations subject to US sanctions regulations.

This means that Sasol has succeeded in its protest against being classified as a state-controlled body

The US Department of Foreign Affairs has accepted representations that the degree of involvement by Sasol in the Industrial Development Corporation of South Africa was not to such an extent that it fell within the policy outlined for parastatal organisations

Mr Jan Krynauw, Sasol's public-relations officer in Johannesburg, said the company was "obviously delighted with the news"

He said that Sasol had been a private company and listed on the Johannesburg Stock Exchange since 1979. — Sapa

280 SIT 1/2/87 20

Churches in conflict

Catholics do U-turn on sanctions — now they oppose pressure

By CAS St LEGER

THE strongly pro-sanctions stance of the South African Catholic Bishops' Conference (SACBC) has undergone an about-turn.

The view now is that economic pressures will result in millions losing their jobs and will worsen the serious situation

Sanctions and disinvestment campaigns supported eight months ago as a means of bringing a speedy end to apartheid have failed In stead they are hurting the black community — the people they were designed to aid

This is the opinion of a report the SACBC Commission on Economic Pressure released at the 1987 plenary session in Pretoria this week

While the commission's report has not yet been ratified by the SACBC, is regarded as "interim" and is not yet official South African Catholic policy it nevertheless represents an almost total volte face of the church s views expressed on May 2 1986 at the SACBC Conference on Economic Pressure and Justice in Durban at which the advisory commission was set up

Pressure

Then the SACBC said

● Anyone who does not appreciate the untold daily sufferings of the people the horrors of widespread unemployment that are associated with the present system will also not appreciate the need for drastic and extraordinary measures to put an end to all this misery as quickly as possible

● It seems that the most effective of non-violent forms of pressure left is economic pressure

● The aims and purpose of economic pressure are to change our society so that the present sufferings may be removed together with the obstacles to unemployment deriving from the apartheid system

● We ourselves believe that economic pressure has been justifiably imposed to end apartheid Moreover, we believe that such pressure should continue and, if necessary, be intensified should the developments show little hope of fundamental change

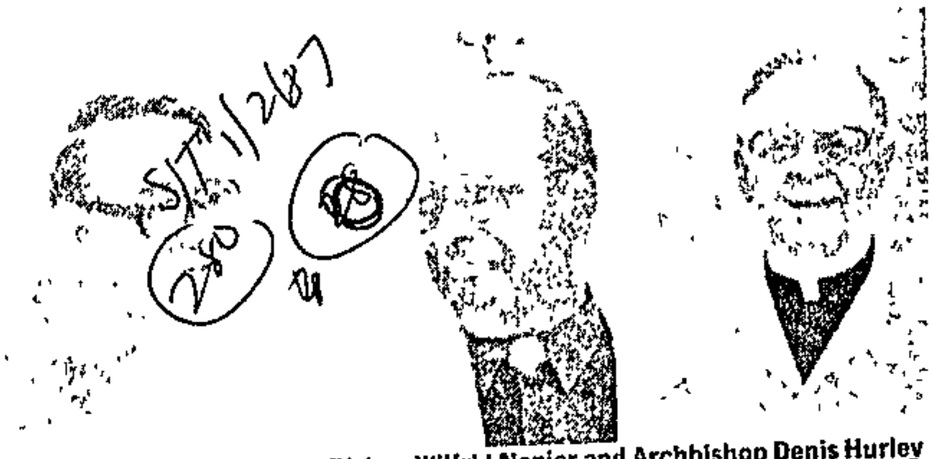
Exacerbate

Now the commission has warned the bishops that care is needed in relying on outside opinion to formulate policy for the church in Southern Africa

"The application, therefore, of economic pressures against the country is only going to exacerbate a serious situation, so that, despite optimistic observations by certain business commentators that the economy of the country is starting to recover tentatively, it is reasonable to assume that, as sanctions become more and more effective, the tentative recovery heralded by these commentators is likely to be destroyed," said the report, extracts of which have been released

In May last year the SACBC qualified its support of economic pressures with "In our view, intensified pressure can be justified only if applied in such a way as not to destroy the country's economy

In fact, reported the commission, the South African economy would suffer grievously in the long term



Bishop Reginald Orsmond, Bishop Wilfrid Napier and Archbishop Denis Hurley

Inflation

"It seems that an effective trade boycott is likely to be more detrimental than any disinvestment action Export-oriented sectors which would be most vulnerable to trade boycotts are also the main employers of black la bour"

Unemployment was set increase, prices in a denied export scope rise and inflation would rock et — all trends which hit the black worker and family, the report said

South Africa, rank eighth in world product iron ore and exporting 41 pe cent to Asia and Europe ploys 450 000 workers i steel and related indus with 2,5 million people pendent on their income

Mobil: Exxon pull-out won't affect our role in SA

The Star Bureau

WASHINGTON — The departure from South Africa of the world's biggest oil company, Exxon Corporation, will not dislodge competitor Mobil Oil as the disinvestment flow swells.

"Exxon's announcement has not affected Mobil's position at all," said company spokesman Mr John Lord after Exxon's disclosure yesterday.

He would not, however, comment on the psychological impact Exxon's exit would have on other oil companies and American firms in general. Two other major American companies, General Motors and IBM have left in the past three months.

Multi-nationals such as Coca-Cola, General Electric, and Eastman Kodak have also announced their withdrawals.

Mobil, one of the largest American employers in South Africa, has been at the forefront of efforts to resist the growing cry in America for disinvestment, believing the company could be a force for positive change in the country.

However, industry analysts and corporate spokesmen agree that huge corporations such as those leaving add enormous momentum to the disinvestment flow, influencing boardroom calculations powerfully.

Anti-apartheid activists have welcomed Exxon's departure, and hope other major oil companies will follow, thus damaging the country's fuel supply.

Exxon became the 36th United States firm to sell its assets in South Africa this year. There are still 234 American companies operating in South Africa, including 12 which have stated they intend leaving.

The Exxon move came as the state of California prepared to sell off more than $9,2 billion (R20 billion) in shares in American companies doing business in South Africa. The sell-off starts in terms of legislation passed this year and which takes effect tomorrow.

Exxon president Mr Lawrence Rawl said deterioration of the South African economic and business climate caused by "continuing interna and external constraints" hac affected the corporation's busi ness and potential for growth.

"In view of the fact that we were not able to sell our operations, we did not want to shut them down and abandon our employees. Consequently, a trust was established," he said.

An Exxon spokesman refused to name the company which had been appointed as the first trustee. "We are selecting the initial trustees based on business and financial expertise," the official said.

The names Exxon and Esso would disappear from South Africa within a few months. The trust would include provisions for employee profit-sharing, continued support for social responsibility programmes, and profit distribution to "social beneficiaries" in South Africa after Exxon had been paid the value of its operations.

...tionary seat of Johannesburg ... tions on May 6, the PFP said in a statement yesterday.

CAPE TIMES 2/2/87

Sasol 'delight' at US move

JOHANNESBURG. — South Africa's petrol-from-coal company Sasol "is delighted" at being removed from the list of South African parastatal organizations subject to sanctions by the United States, a company spokesman said last night.

Three to fast over university's SA links

WALTHAM, Massachusetts — Three chaplains at Brandeis University began a two-week, liquids-only fast yesterday to press the school to sell its investments in US companies doing business in South Africa.

"Some might call it blackmail — I call it a political and moral move," said Mr Gordon Fellman, spokesman for the divestiture movement.

The 3 500-student institution in Boston has $1,5 million (R3,4 million) of its $100 million (R220 million) endowment invested in companies with SA ties.

In December 100 students staged an all-night study-in at Brandeis library after the school's trustees voted to wait until May before reviewing the university's divestment policy.
— Sapa-AP

280 S Eve Post 2/2/87

280 (6) 2/2/87

Canada to institute tougher sanctions

DAKAR — Canada will institute tougher sanctions against South Africa, Canadian Prime Minister Brian Mulroney said on Saturday.

Speaking at a luncheon given by Senegalese President Abdou Diouf, Mr Mulroney said: "The objective of Canada is clear. We have instituted sanctions against South Africa and we are going to impose others because apartheid constitutes a wrong and a shame."

Mr Mulroney said South Africa had refused to change its system of "prejudice and racism" despite pressure from the international community.

'"We Canadians are and shall remain in solidarity with all those who seek justice and equality for the citizens of South Africa". — Sapa-AP

Israel faces dilemma over SA links

Dispatch Bureau

LONDON — The Israeli Government faces a deepening dilemma over pressure from the United States Congress to scale down its commercial and military links with South Africa.

Congress has asked President Reagan to report by March on recipients of American aid who supply military equipment to Pretoria.

Under a law passed last September, such countries stand to lose all US military aid which, in Israel's case, amounts to more than $1 billion a year.

The danger has split the coalition government headed by the Prime Minister Mr Yitzak Shamir, writes the Jerusalem correspondent of The Sunday Telegraph.

The controversy cuts through party lines. The strongest advocate of the South African connection is the Minister of Defence, Mr Yitzak Rabin (Labour). But other Labour Party ministers call publicly for Israel to join the Western boycott of South Africa, and they are backed by some members of Mr Shamir's Likud party.

The extent of Israel's relationship with Pretoria is shrouded in bland statistics and awkward denials, says The Sunday Telegraph.

Government figures show imports worth $180 million dollars each year — much of it coal — and exports worth $80 million.

Some of these are classified as "electronics", but details are not available. There is official silence over foreign reports of arms transfers, technology agreements, of licences to manufacture Israeli warplanes, missile boats, assault rifles and naval rockets. And the periodic allegations that Israel and South Africa co-operate in a nuclear programme are always dismissed as Arab propaganda.

Propaganda or not, Israel's enemies are succeeding in lumping together Jerusalem and Pretoria in Western and Third World public consciousness — and that is a growing political problem for Israel, says The Sunday Telegraph.

The pro-Pretoria school rails against the hypocrisy of it all. The ambassador to the United Nations, Mr Benjamin Netanyahu said: "I can list half-a-dozen countries, including Britain, France and Holland, which still sell arms to South Africa despite their ostensible sanctions."

DAILY DI

Sasol taken off sanctions list

JOHANNESBURG — South Africa's petrol-from-coal company Sasol "is delighted" at being removed from the list of South African parastatal organisations subject to sanctions by the United States.

The US Department of Foreign Affairs has accepted representation that the degree of involvement by Sasol in the Industrial Development Corporation of South African was not to such an extent that it fell within the policy guidelined for parastatal companies.

Sasol's public relations officer in Johannesburg, Mr Jan Krynauw, said that Sasol had been a private company and listed on the Johannesburg Stock Exchange since 1979.

The company is still awaiting details from the US. — Sapa

Microfilm blow to SA varsities

Staff Reporters

SOUTH African universities have been cut off from vital research data and their international academic status is in jeopardy.

Universities Microfilm International (UMI), a major supplier of microfilmed information, has withdrawn from the country and librarians and academics said today the academic status of universities would suffer as a result.

This meant the loss of a list of unpublished doctoral theses which was of vital importance to researchers, the chief librarian at the University of Cape Town, Mr Tony Hooper, said

In a letter to all South African universities, UMI said it was withdrawing from South Africa to stand by the policy of their American affiliate, Bell and Howell Corporation, which had suspended South African imports of its products

A Danish publishing company's prohibition on the export of journals to South Africa — in line with Denmark's sanctions package — had also hit academics hard, particularly medical faculties, said chief medical librarian at UCT Miss Shirley Katcher

Only service

University librarians and academics around the country said that UMI's service was the only information service from the US on unpublished dissertations and doctoral theses

Miss Katcher said the implications were "enormous"

The medical library was forced to suspend subscriptions to eight Danish journals which were "of considerable importance"

The dean of the medical faculty, Professor George Dall, said the withdrawal of UMI put the university "at a great disadvantage"

Mr Hooper said "The basis of all universities is the need to know the boundaries of research so that further research can be undertaken The major criterion to get a doctorate is a unique contribution to knowledge, but you cannot contribute when you don't know the boundaries of research"

The University of South Africa's senior deputy director of library services, Mr Thys du Preez, described the "embargo on scientific knowledge" as "disgusting" and said he had already started investigating "alternative channels"

Hampering

Mr du Preez said the letter from UMI was apologetic and it appeared UMI did not like the idea of hampering access to research

Professor E D Gerryts, director of library services at the University of Pretoria, said the microfilm service was "the key source" of their library

The most important implication was that scientists and academics would no longer have easy access to American postgraduate theses and dissertations

Reaction in academic circles has been one of shock, with some academics warning about difficulties in keeping abreast of research abroad

Free-for-all at wrestling



WRESTLING CHAOS: White-haired wrestling promoter Willie Kohne tries to get Al Perez (long hair) and Tiger Singh back into the ring as security personnel and policemen intervene.

Chaos as fans, heavyweights get to grips

By LENNIE KLEINTJIES

ALL HELL broke loose at the Good Hope Centre last night when Indian wrestling champion Tiger Singh and American Al Perez left the ring and started a free-for-all.

The two wrestlers started their clash in the best sporting traditions, shaking hands after every move.

However, that sportsmanship was short-lived with both being disqualified in the sixth round.

They left the confines of the ring and started a brawl among the spectators

Some fans tried to get involved and Singh had to fight his way out of an attack by a spectator while facing a blood-thirsty Perez

Promoter Willie Kohne said "Some of the spectators let their emotions get the better of them.

"If the spectators remained in their seats and allowed the wrestlers to sort themselves out, we would not have these chaotic scenes"

Singh had more of the spectator support and after Perez bashed him over the head with a chair, the American was the wanted man

Singh said last night: "I only arrived in Cape Town at 3 30pm today after a long trip from London I expected the tournament to be on Tuesday or Wednesday night To my surprise I was told it was tonight

"So I hardly had time to rest

"Spectators should be reminded that if they interfere with the wrestlers they could get very hurt, and I mean very hurt"

The wrestlers, who were level on one fall each when they were disqualified, are likely to be rematched on the next Cape Town bill scheduled for March 2.

● See Page 14





Above: Tiger Singh has American Al Perez shouting for mercy ... after they were both disqualified.

Right: Al Perez uses a chair in an effort to subdue Indian wrestling champion Tiger Singh

Pictures WILLIE DE KLERK, The Argus

Sex attack on four boys: Man arrested

Crime Reporter

A 22-year-old Ocean View man has been arrested in connection with the sexual assault of four Fish Hoek schoolboys at the weekend

He will appear in the Simon's Town Magistrate's Court tomorrow.

The man was detained for questioning late yesterday after police received a tip-off that a man who might be able to help their investigations would be travelling between Fish Hoek and Ocean View, near Kommetjie

MANHUNT

Detectives saw the man on the back of a bakkie about 6pm and the vehicle was stopped

The man was detained and later arrested

The arrest ends a manhunt launched after the sexual assault of four boys aged between 10 and 14 in the hills above Kommetjie on Sunday

The boys were accosted by a knife-wielding man while out for a walk He forced them to strip and tied them up with shoelaces

Culprit to hand in Pollock's missing gloves

From MICHAEL OWEN-SMITH

PORT ELIZABETH — Graeme Pollock will be reunited with his favourite batting gloves this afternoon.

The gloves disappeared during the tea interval on Sunday Pollock left them to dry on the fence in front of the players' enclosure at St George's Park from where they were removed by a souvenir hunter.

TIGARE

Sanctions dodgers monitored

BDay 289 3/2/87

GABORONE — SA companies are attempting to penetrate neighbouring states to avoid losing lucrative import and export markets when economic sanctions begin to bite, Zimbabwe's semi-official Ziana news agency reports.

Zimbabwean representatives in Gaborone have begun monitoring the number of SA-based firms setting up in Botswana to trade with Zimbabwe when the Frontline states cut SA trade links.

A customs alert by Zimbabwe is aimed at preventing potential sanctions-busting SA businesses from benefiting from the Open General Import Licence (OGIL) agreement with Botswana to continue trade with Zimbabwe.

Under the agreement, Zimbabwe allows goods from Botswana with at least 25% local content to be imported without a licence. The limit on textiles is a local content of 20%.

The Botswana Government is being kept informed of Zimbabwe's monitoring to ensure co-operation between the two countries.

The volume of trade between Zimbabwe and Botswana spiralled during the past 15 months.

Ziana said there were also suspicions that Botswana could be used by SA as a gateway to overseas markets in the wake of increasing international sanctions.

A Southern African Development Co-ordination Conference meeting in Gaborone this week is to consider contingency plans to protect the economies of member states against possible retaliatory action by SA when Frontline states impose sanctions. — Sapa.

Film blow to SA academics

JOHANNESBURG — South African academics have suffered a severe blow with the announcement by an American company that it was terminating the only available microfilm reference service to South African universities

In the most drastic development in the country's growing academic isolation, University Microfilms International (UMI) apparently informed all South African universities that it was terminating its service to South Africa.

The Unisa librarian, Mr Thys du Preez, confirmed the development in Pretoria yesterday, and said the step could be linked to the fact that UMI was a subsidiary of the United States' Bell and Howell company.

Bell and Howell has sold off its South African operations.

Academics warned yesterday that they would experience difficulties in keeping abreast of research abroad, and that even their status as "academics" could be called into question eventually by the international academic community.

University librarians and academics said that the microfilm service was the main — and indeed only — information conduit from the US on unpublished dissertations and doctoral theses.

The development might compel South African universities to resort to "academic sanctions-busting" — Sapa

Mulroney may cut all ties

3/2/87 DD.

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

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

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

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

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

CT IF

– 2038
– 2194
– 2224
– 2062
– 2115

– 237
– 224/358
– 224/358
– 334/344
– 334/344
– 261
– 261
– 245

FOR THE

Summit status for Mozambique

London Bureau

BRITAIN will not stand in the way of an application by Mozambique for observer status at the Commonwealth heads of state summit in Vancouver in October

This was confirmed by official sources yesterday as Mr Christopher Patten, the Minister for Overseas Development, left on a key mission to boost Britain's relations with the front-line states.

Draft agendas are already being drawn up for the Vancouver summit to become the most strongly orchestrated call yet for the implementation of mandatory sanctions on South Africa.

Britain would normally veto the presence of a country such as Mozambique and the Conservative Government's willingness to have the marxist Frelimo Government's representatives at the Summit is interpreted as a further warning to South Africa of the urgent need for effective reform

The mood of accord will be strongly supported by Mr Patten's new aid package for the region which he will detail when he addresses the Southern African Development Co-ordination Conference annual meeting in Botswana on Thursday.

Many Zimbabweans will agree that little is to be gained from a token dose of sanctions by the frontline states, reports ROBIN DREW of The Argus Africa News Service.

ARGUS 4/2/87

It's only a talking point

Dateline: HARARE

THE belief is hardening in the wake of the visit to Zimbabwe by the Canandian Prime Minister, Mr Brian Mulroney, that frontline state sanctions on South Africa will remain a talking point rather than a subject for action

Zimbabwe and Zambia had planned to introduce the selective measures, including a ban on airlinks, drawn up at the Commonwealth mini-summit in August and to do so before the end of last year

Three weeks after that deadline had passed, Prime Minister, Mr Robert Mugabe, promised action "very soon".

However at the end of his visit to Harare last week, Mr Mulroney, who is on good terms with Mr Mugabe, came back to the point that it was not for the frontline states to endanger their fragile economies and risk devastation by pressing on with sanctions, but for the industrialised world to tighten its economic pressure on South Africa.

It was during Mr Mulroney's visit that Zimbabwe's main newspaper, The Herald, said it was becoming clear that





Top left: Canadian Prime Minister, Mr Brian Mulroney. Above: Prime Minister of Zimbabwe, Mr Robert Mugabe.

Report
ROBIN DREW
Argus Africa
News Service

Zimbabwe and its allies were not going to go blindly into unchartered territory but were closely studying possible repercussions and counter-measures which could follow sanctions.

In private conversation, many Zimbabweans will agree that little is to be gained from a token dose of sanctions by the frontline states.

■■■■

And no one in any position of responsibility is suggesting that Zimbabwe is anywhere near contemplating sweeping sanctions however much this may be talked about as the right way for the world to bring Pretoria to its senses.

The fact remains that South Africa is still the chief single supplier of goods to Zimbabwe, that it takes about one fifth of its exports, and transports up to 90 percent of its traffic.

On paper, plans exist to reduce this dependency. Millions of rand and some years will have to be spent translating the blueprint into reality.

But for the present, Zimbabwe and Zambia cannot afford to gamble that South Africa will accept a twist of its tail without snapping back.

There is a view, however, that Mr Mugabe has gone too far down the road of promising action, and that he will insist on an airlink cut, if nothing else.

■■■■

The cynical hypothesis is that as the Zimbabwean economy is heading for its most critical years with savage foreign exchange allocation cuts biting into commerce and industry, the blame for closures anbd unemployment can be shifted somewhat if Zimbabwe were to apply some sanctions and South Africa were to retaliate.

The same argument could well be applied to Zambia whose pressing economic difficulties are even more obvious.

It seems more likely, however, that both countries will appreciate the need to strengthen their own positions and to see a substantial inflow of money into the Africa Fund, set up to cushion the after effects of sanctions, before taking action.

Safe transport routes to the coast and sufficiency in food and fuel are the minimum requirements demanded to deal with possible retaliation.

■■■■

Plans exist for building silos to store grain and Zimbabwe has said it intends to increase its fuel storage capacity.

In December, Energy Minister, Mr Kumbirai Kangai, said there was about two months' supply in stock and while he did not reveal what they were, he said the Government had contingency plans to deal with the situation should the pipeline from Beira experience problems.

As is well known, pumping problems on the pipeline because of sabotage of power installations in Mozambique forced Zimbabwe to import fuel from South Africa in December and January.

A total of 34 000 tons were ordered. It is not so well known however that Zimbabwe has for some time been importing some of its fuel requirements from the south, mainly to serve outlets in Matabeleland.

This reduces pressure on the internal transport system which would otherwise have to rail or truck fuel right across the country from the Mutare storage depot.

■■■■

It is believed that a recent order of 8 000 tons of fuel fell into this category of supplementary fuel deliveries, some of which has been railed from Maputo through South Africa.

Sanctions and the consequences that could flow from their adoption will be debated again this week during the Gaborone meeting of S A D C C countries and donor agencies.

And no doubt a talking point will be Mr Mulroney's advice that for now sanctions would be better left to the industrialised world.

An uneasy balancing game
Divestment and influence:

By MICHAEL MORRIS
Weekend Argus Foreign Service

THE WEST would probably lose interest in South Africa and lose its influence in the region as a whole if all foreign companies disinvested entirely, warns British author and journalist, Anthony Sampson.

But, equally, foreign businesses will be spurned in Africa unless they make clear they have changed sides and have confidence in a future black government.

He told the Royal Commonwealth Society last week: "The debate has tended to suggest that once companies got out of South Africa, the West's links will have been cut and the struggle will be much simpler.

"That is a mistake. The most important thing companies can do is not just to disinvest, but to change sides. I believe this has more impact on Pretoria and on many blacks in South Africa than simply getting out."

Sampson, whose new book *Black and Gold* — about the relationship between "revolutionaries" and "tycoons" in South Africa — is to be published here soon, said he had had the privilege of a "front row seat in the stalls for this impressive drama'.

He believed the issue of disinvestment was the most important "facing us today" and he referred repeatedly to the "astonishing and immense" impact of the withdrawal of confidence by world bankers, which precipitated the rescheduling crisis.

"One of the ironies is that campaigners have achieved more through disinvestment campaigning than by more tactful options ... but there is a danger that if it were to succeed completely — as it could in the US — it could be followed by a lack of interest in Africa as a whole, and particularly South Africa."

The South African business community, he said, was in a "unique situation", though it had always been reluctant to enter the minefield of politics".

"But it is difficult to avoid the role, since modern South Africa is in part an invention of business.

"The idea grew up that business and politics were uniquely separated in a country where they are, in fact, uniquely linked ... and that realisation has now dawned.

"The more one looks at the history of the last two years, the fearful, tragic fact is that it was the explosion of violence which produced a change in thinking by people."

Reflecting on the watershed meeting between a group of South African business leaders and the ANC's exiled leadership, he said it was striking that businessmen had "that ability and pragmatism to look ahead and make that leap".

While he admitted to disappointment at "their inability to follow it through", he believed businessmen "can be more flexible than politicians who are often caught in the dogma of fixed traditions".

He cited Barclays, which has extensive interests in the rest of Africa, which had "gone out its way to show they have confidence in black Africa and have openly been seen talking to the ANC when that was regarded as heretical".

Besides presenting bolder challenges on the home front, "it is becoming increasingly possible for companies to show extreme doubts about the regime, by calling on Zambia (the ANC), on a possible government of the future. There is nothing more worrying to Botha."

On the vexing question of sanctions, Sampson said that although "we keep hearing sanctions are not working and that they have no effect or are counter-productive ... there is no doubt they have immense effect."

Panel suggests broad sanctions after failure of US policy

More pressure on SA urged

(280) Star 11/2/87 (280)

By Neil Lurssen, The Star Bureau

Washington

A special advisory committee of leading Americans has told President Reagan that concerted international pressure must be part of any plan to bring the South African Government to the bargaining table with its black opponents.

The panel recommended that the President begin urgent consultations with US allies, especially Britain, Canada, West Germany, France, Japan and Israel, to win support for a multilateral programme of sanctions drawn from last year's congressional sanctions.

"We believe that the urgency of the situation demands that such a multilateral programme of sanctions be put in place unless the South African Government releases all political prisoners, unbans the ANC and other political parties, and terminates the state of emergency," the panel said in its report, handed to the Secretary of State, Mr George Shultz, yesterday.

The call for international sanctions — certain to be resisted by the Reagan Administration — is one of many recommendations made by the committee in its bleak report on South Africa.

After more than a year of debate and hearing testimony from expert witnesses in the US and South Africa, the committee concluded that President Reagan's policy of constructive engagement had failed.

The first priority of a new policy should be to facilitate "good faith" negotiations between the SA Government and representative black leaders.

The report warned that in the absence of evidence that whites would accept fundamental changes far beyond the SA Government's limited reforms, internal unrest would escalate and international pressure for sanctions would grow.

'Human tragedy'

"The US cannot stand aside as a human tragedy of potentially immense proportions threatens to unfold in South Africa. The stakes are too high," the report said.

"At risk are the lives of thousands, possibly millions, of South Africans, black and white, and future political and economic viability of the entire southern third of the African continent, and history's judgment of the US."

The committee said the US could not dictate the form of government or type of economy to be adopted in a post-apartheid South Africa — but that lasting political stability and economic viability were unlikely unless the following were achieved:

- The abolition of apartheid.
- The establishment of a non-racial democratic political system with guaranteed citizenship and equal rights.
- A constitutionally protected legal system ensuring due process and individual freedoms including freedom of the Press.
- A growing economy that provided all South Africans with opportunities.
- A political system that did not substitute black tyranny and domination for white tyranny.

● See Page 15

The guidelines

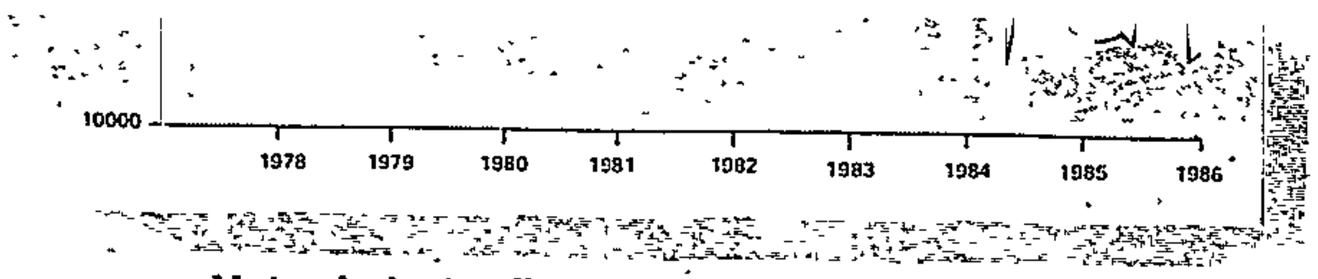
By The Star Bureau

WASHINGTON — The Advisory Committee on South Africa — the so-called "panel of wise men" — has recommended in its report, the following guidelines for United States policy toward South Africa:

- **The US must make it clear that it opposes the South African Government's racial policies and practices and will do nothing to support the discriminatory system.**
- **The US must open lines of communication with individuals and groups to whom blacks look for leadership.**
- **Washington must help set in motion negotiation and reconciliation that will establish a non-racial, democratic system.**
- **It must strengthen the efforts of public and private American institutions that support people inside South Africa struggling to replace apartheid with a democratic system.**
- **The US must recognise that those who seek change must address the fears of whites about a post-apartheid South Africa.**
- **Americans must convey their commitment to assist the transition to a post-apartheid society.**
- **The international community must be mobilised in a concerted effort to promote negotiations in South Africa and prevent escalating conflict throughout the region.**

"An urgent task for US policymakers is to develop a good working relationship with South Africa's black majority."

"Without such a relationship the ability of the US to play an effective mediating role will be limited," the report stated.



Motor industry figures: the worst in ten years

Statistics courtesy of Barclays Bank

balance of payments situation will probably also exceed last year's surplus of R5,9-billion. Thus, our position in relation to other countries is comparatively healthy.

A few *caveats* are, however, necessary. First, while exports are clearly benefitting from the low rand, the next year should see exporters of strategic commodities (mostly oil) by the authorities. If the sanctions net tightens next year stockpiling may increase, driving up the import bill further.

To sum up: two swallows do not make a spring and neither do two good years of trade figures; but for those who want to see the economy

A note of clerical caution on sanctions

W|Mail 30|1-5|2|87 280

Weekly Mail Reporter

THE sanctions-disinvestment debate re-opened this week at an unexpected forum — a church conference — where a report detailed the effects trade action could have on the economy.

A report compiled for the SA Catholic Bishops' Conference found that a trade boycott would be more detrimental than any disinvestment — and, if implemented, could cripple industries aimed at the export market.

And it is these industries, it adds, that are the major employers. Action affecting them could throw hundreds of thousands of people out of work.

Pointing out that the economy is particularly vulnerable to foreign influences such as disinvestment and sanctions, the report says: "The application of economic pressures can only exacerbate an already-serious situation."

An effective trade boycott, it says, would hit the agricultural sector hard, which has "serious implications for employment, particularly where labour input is relatively high and which are largely export-orientated — for example maize, sugar, wool, deciduous and citrus fruits".

The report cites, with apparent approval, conclusions arrived at by the Association of Chambers of Commerce (Assocom), which are summarised as:

- A high rate of inflation.
- Increased emigration of skilled workers.
- Stricter control of capital transfers.
- Increased unemployment, which will adversely affect certain regions and towns. The Eastern Cape will be hard hit because of the concentration of the motor and related industries; the Western Cape due to the production of deciduous fruit and the wine industry; and the Northern and Eastern Transvaal due to the production of citrus.

The SACBC report corresponds with recent research by the Community Resource and Information Centre (Cric), which also notes that the economy is dependant on its international trading relations — exports accounting for 30 percent of gross domestic product, and imports 25 percent.

Cric points out that if South Africa's export earnings are cut, sanctions make any prospect of growth fade, and even threaten the survival of certain sectors.

Commodities which are already oversupplied in world markets can and will be summarily cut out, for example sugar and steel. The SA exports have no unique qualities to ensure their demand, and by blocking them overseas producers will be reducing the current glut and aiding their own exports.

Although SA fruit exports are highly regarded by overseas consumers, alternatives exist. Ironically, two equally controversial states, Chile and Israel, would quickly step in — and in today's highly competitive world markets, it is unlikely that SA exporters would ever win back that lost market share.

For many of these sectors, overseas earnings represent the most lucrative side of their business, and with the local market in recession they have depended on exports to keep going. This means reduced exports would have a disproportionate effect on their viability. Capital expenditure would be curtailed, jobs cut and wage levels forced down to compensate.

The regional knock-on is even more serious. The Cric report shows that the Western Cape depends integrally on its wine, fruit and canning industries.

About half the workers employed in the deciduous fruit industry are involved in export production, 85 percent of which goes to Britain and the EEC. Over 70 percent of canned fruit production is for export.

If these exports are cut, over 100 000 workers will lose their jobs — and, because they live on the farms, their houses as well. Their dependants will lose their access to farm schools.

The canning factories, packaging plants, printing firms, railway lines and harbours dependant on fruit exports will also suffer. The regional economy would be slaughtered, and yet the effect on SA's export earnings would be minimal, as fruit makes up less than one percent.

Northern Natal would be affected by sanctions against coal and sugar, says Cric, and the Eastern Transvaal would be devastated by reduced steel, coal, sugar and fruit earnings. The Northern Cape depends heavily on copper, tin and iron ore exports, and in the absence of these, the railway line to Saldanha, and the harbour itself, may have to close.

Black dependence on SA basis of top talks

GABORONE — Southern Africa's black states, struggling to shake off their economic dependency on South Africa, tomorrow open key talks with Western backers buoyed by widening support as the threat of sanctions hangs over the region.

The two-day meeting, which will be attended by 300 senior delegates, is the annual get-together of the Southern African Development Coordination Conference (SADCC) and its 34 aid-donor nations to review the past year and define new goals.

SADCC includes Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe

Nearly all depend heavily on SA for trade and transport routes and SADCC's efforts to break those links have been given added urgency as Pretoria has threatened to pass on the effects of international economic sanctions to its weaker neighbours.

SADCC has drawn up a $2 billion (R4,4 billion) development programme and has received, or been pledged, funds for more than half the projects.

● President Ronald Reagan is proposing a $93 million (R194 million) increase in aid to a group of impoverished African nations

Zimbabwe and Zambia cannot afford to gamble that South Africa will accept a twist of its tail without snapping back, writes Robin Drew in Harare.

Frontline sanctions a fading prospect

The belief is hardening in the wake of the visit to Zimbabwe by the Canadian Prime Minister, Mr Brian Mulroney, that sanctions on South Africa by Frontline states will remain a talking point rather than a subject for action.

Zimbabwe and Zambia had planned to introduce the selective measures, including a ban on air links, drawn up at the Commonwealth mini-summit in August and to do so before the end of last year.

Three weeks after that deadline had passed, Prime Minister Robert Mugabe promised action "very soon".

However, at the end of his visit to Harare last week, Mr Mulroney, who is on extremely good terms with Mr Mugabe, came back to the point that it was not for the Frontline states to endanger their fragile economies and risk devastation by pressing on with sanctions, but for the industrialised world to tighten its economic pressure on South Africa.

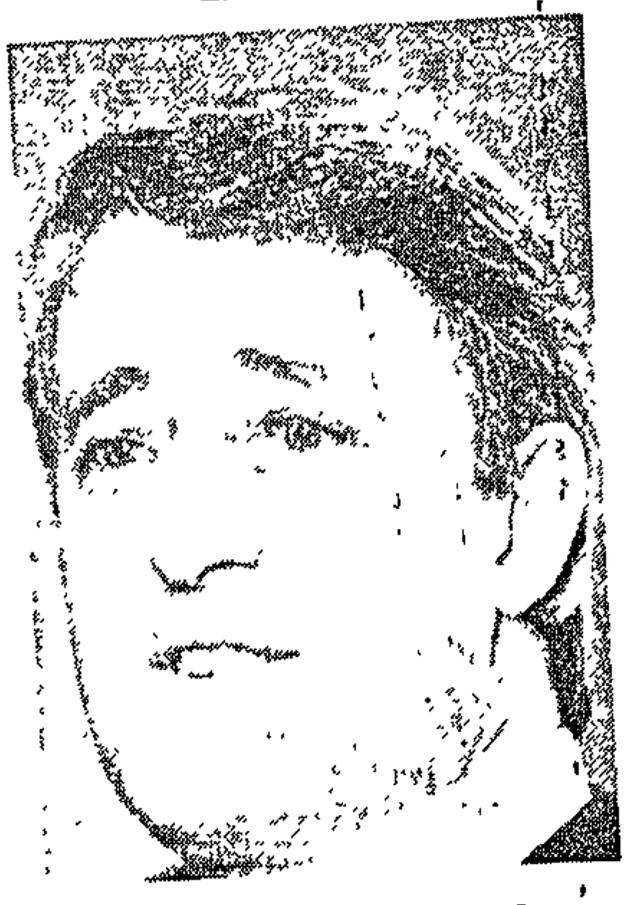
It was during Mr Mulroney's visit that Zimbabwe's main newspaper, *The Herald*, said it was becoming clear that Zimbabwe and its allies were not going to go blindly into uncharted territory but were closely studying possible repercussions and counter-measures which could fol low sanctions.

In private conversation, many Zimbabweans will agree that little is to be gained from a token dose of sanctions by the Frontline states.

And no one in any position of responsibility is suggesting that Zimbabwe is anywhere near contemplating sweeping sanctions, however much this may be talked about as the right way for the world to bring Pretoria to its senses.

The fact remains that South Africa is still the chief single supplier of goods for Zimbabwe, that it takes about one fifth of its exports and transports up to 90 percent of its traffic.

On paper, plans exist to reduce this dependency. Millions of rands and some years will have to be spent translating the blueprint into reality.



Mulroney . . . advice taken?

But for the present, Zimbabwe and Zambia cannot afford to gamble that South Africa will accept a twist of its tail without snapping back.

There is a view, however, that Mr Mugabe has gone too far down the road of promising action and that he will insist on an air link cut, if nothing else.

The cynical hypothesis is that as the Zimbabwean economy is heading for its most critical years, with savage foreign exchange allocation cuts biting into commerce and industry, the blame for closures and unemployment could be shifted somewhat if Zimbabwe were to apply some sanctions and South Africa were to retaliate.

The same argument could well be applied to Zambia, whose pressing economic difficulties are even more obvious.

But it seems more likely that both countries will appreciate the need to strengthen their own positions and to see a substantial inflow of money into the Africa Fund, set up to cushion the after-effects of sanctions, before taking action.

Safe transport routes to the coast and sufficiency in food and fuel are the minimum requirements demanded to deal with possible retaliation.

Plans exist for building silos to store grain and Zimbabwe has said it intends to increase its fuel storage capacity.

Contingency plans

In December, Energy Minister Mr Kumbirai Kangai said there was about two months' supply in stock and while he did not reveal what they were, he said the Government had contingency plans to deal with the situation should the pipeline from Beira experience problems.

As is well known, pumping problems on the pipeline because of sabotage of power installations in Mozambique forced Zimbabwe to import fuel from South Africa in December and January. A total of 34 000 tons was ordered.

It is not so well known that Zimbabwe has for some time been importing some of its fuel requirements from the south, mainly to serve outlets in Matabeleland.

This reduces pressure on the internal transport system which would otherwise have to rail or truck fuel right across the country from the Mutare storage depot.

It is believed that a recent order of 8 000 tons of fuel fell into this category of supplementary fuel deliveries, some of which has been railed from Maputo through South Africa.

Sanctions and the conseuqences that could flow from their adoption will be debated again this week during the Gaborone meeting of SADCC countries and donor agencies.

And no doubt a talking point will be Mr Mulroney's advice that at present, sanctions would be better left to the industrialised world.

— The Star's Africa News Service.

ANC GROUNDS AMAMPONDO

Overseas tour cancelled

A SIX-MONTH tour by the eight member black South African band, *Amampondo*, has been cancelled after an African National Congress ruling that it should be subject to the UN's cultural boycott, the *Sowetan's* London office reported on Monday.



THEMBI Nyandeni . . . Amampondo's dancer.

By THABISO LESHOAI

The band was to have played in Glasgow's Mayfest and the Edinburgh Festival in May

In Johannesburg *Amampondo's* manager, Mr Marina Zini, said he was "baffled" by the ANC ruling. He said when Amampondo performed in Edinburgh last year, alongside the casts of *Asinamali* and *Bopha*, ANC members had seen and "loved" the show and there had been no talk of boycott action against the band.

"Maybe the ANC doesn't like the idea of a white manager for the band," he said.

The ANC would not comment yesterday saying the person in charge of cultural activities was not in the office.

A Mayfest spokeswoman said the ANC verdict had to be accepted but countered suggestions that the band, which played to big crowds in Edinburgh last year, was apolitical

"One of their songs is called *State of Emergency*," she said, "it all seems to me really silly."

A Fleet Street, London columnist commented on Tuesday: "Curiously, earlier this year a black South African production of *Bopha* at the National Theatre escaped the curse The ANC explained that it waited to be asked before proferring its opinions on productions."

Amampondo are currently doing a series of shows in Mmabatho, Bophuthatswana, until the end of the week. They are also preparing for shows at Wits sometime in May when they will play alongside Mbongeni Ngema's new production, *Sefarina*, and the newly revived *Sakhile* combo.

Sanctions expected

HARARE — Zimbabwe will declare sanctions against South Africa within the next three months, the country's ambassador to the United States, Mr Edmond Garwe, said, according to a report from the semi-official Ziana news agency.

He was addressing the first annual Martin Luther King Junior Symposium on Southern Africa held in Washington.

He stressed Zimbabwe's trade with SA had been reduced recently.

"So gradually we are in a position to honour our commitment on sanctions." — Sapa

Curbs sank govt's belief in West — writer

Dispatch Bureau

LONDON — The most important effect of the international sanctions campaign has been that it has destroyed the South African government's 40-year belief that in the last resort the West would be compelled to join it in an anti-communist crusade, the author Anthony Sampson said here yesterday.

Mr Sampson, who edited Drum magazine in Johannesburg in the 1950's, addressed the Royal Commonwealth Society on: Blacks and Business in South Africa: After Sanctions.

His most recent book, Black and Gold, is about South Africa.

After 1948, Mr Sampson said, an attempt had been made to keep politics and business in South Africa separate, but most businessmen realised now that the two were uniquely linked.

Businessmen in fact were able to take a more "creative" long-term view of politics than politicians could.

Their pragmatism enabled them to do business with almost anyone, Mr Sampson says.

United States disinvestment was not a response to market forces. It had been very carefully planned over a very long period.

The danger of disinvestment was that instead of bringing increasing pressure to bear on Pretoria, it could cause American companies to lose interest in Africa and South Africa — to say "to hell with Africa".

Mr Sampson suggested that disinvestment was a tactical weapon rather than a rigid principle, and that partial disinvestment sometimes could be more effective than total disinvestment.

Psychologically, the important effect was for companies to be seen to be changing sides in the apartheid struggle.

The release of Nelson Mandela from prison might have averted the decision by Chase Manhattan to call in its loans to South Africa.

His release also might have stopped the consequent follow-up by other US banks and the collapse of the rand.

New target: sanctions loopholes

There is a growing belief in some quarters that South African minerals are not as essential to US industry as they were originally thought to be, writes Neil Lurssen of The Star's Washington Bureau.

Although no additional sanctions against South Africa are expected to be approved by Congress this year, the big American economic squeeze on apartheid is likely to get tighter.

The extra pressure will come in the form of closing loopholes in the existing sanctions legislation, the Comprehensive Anti-Apartheid Act of 1986, tightening licensing agreements and technology exchanges and pushing hard to reduce US reliance on South Africa's strategic minerals which are not at present covered by the sanctions law.

While the latter course will take years since the development and mining of mineral ores is very much a long-term and financially risky project, there are indications that the Americans intend to give it high priority.

Two concerns are at the heart of the drive to find alternative sources of minerals — the uncertainty over what additional steps the Congress may take against South Africa, including a possible ban on everything from the Republic, even minerals, and the instability of the Southern Africa region as the main source of supply.

US planners are nervous about the heavy reliance of industry, especially the giant defence industry, on supplies from or through South Africa. They are worried too about the punitive steps that could be taken by a liberal Democratic Administration should the Republicans be ousted in the 1988 presidential eections.

According to sources, there is a growing belief in some quarters of the US Government that South African minerals are not as essential as they were originally thought to be.

They cite the fact that the US Office of Management and Budget favours selling off large portions of the strategic stockpile for two reasons: the sale would help reduce the Budget deficit, and it is unecessarily large.

Mr John Chettle, outgoing director of the SA Foundation in the US, said this week the Australians and Canadians were trying to take advantage of the situation. Through their embassies and law firms, he said, they were trying to bring information about their resources and their greater security to the attention of American officials and congressmen.

"The US Bureau of Mines is receiving regular presentations from governmental and industry representatives. Brazil is also pushing its claims," said Mr Chettle, who is leaving his job at the end of March.

The State Department must report to Congress this month on the extent of US aid that should be set aside to develop mineral resources in other countries to reduce dependence on South Africa.

In addition, funds are being made available to develop resources within the US itself, such as the Stillwater platinum complex in Montana which, until recently, was considered by many to be economically unviable.

A more immediate problem for South Africa is a drive among liberal congressmen and some officials to close loopholes that have emerged in the sanctions.

An important one permits the import of millions of tons of uranium ore for enrichment and onward shipment to third countries. Senators who had voted for a ban on all South African uranium were startled to learn later that the sanctions would cost thousands of jobs in the US.

Under their pressure, the Administration left that loophole open — but there is a move in the Congress now to close it and others. Committee hearings will be held in Washington soon to specify the loopholes and to decide what can be done about them.

Mr Chettle said he knew of plans to prohibit licensing agreements between US and South African companies and to end the exchange of technology between the two countries.

"They might be able to do this by merely altering the definition of new investment to include US technological developments," he said. "This could put US corporations and their South African licensees in a very difficult position."

It is thought unlikely, however, that attempts to impose new sanctions this year will succeed in Congress.

But analysts expect the sanctions onslaught on Pretoria to resume in 1988 when a presidential election will give the Democrats another opportunity to embarrass the Republican Administration — and when the current sanctions will be old news.

The analysts note, however, that a strong sanctions momentum could still develop this year if the South African Government shows no sign of introducing real reforms or does something that angers the American public.

US firm to break curbs in Q'town?

Dispatch Reporter

QUEENSTOWN — An American publishing company is considering setting up a business in Queendustria, the industrial centre here, in spite of sanctions imposed by that country.

The text of a letter from the company released yesterday by Mr Peter McEwen, the managing director of Jalc Finance, the town's industrial consultants, who is also chairman of the chamber of commerce, reads:

"We would be a positive economic and moral influence on any community, and on South Africa as a nation, in explicitly and vigorously demonstrating the hypocrisy of the sanctions being hung on South Africa by the United States, the United Kingdom and other nations.

"Moreover, an American company now fearlessly moving to South Africa would be quite significant — a demonstration of a rational, objective truth over irrational attacks."

Mr McEwen said he preferred not to name the company concerned until negotiations were nearer completion.

In other international business developments, an East London businessman, Mr Chris van Rensburg, chairman of Jalc Holdings, parent company of Jalc Finance, has just returned from Europe whre he has been negotiating with industrialists in Italy and Austria to establish businesses here.

Businessmen from the Republic of China are expected to arrive here later this month to look into business prospects as a result of a series of seminars held in the Republic of China late last year by Mr McEwen.

Meanwhile Mr McEwen said industrialists had invested some R50 million in Queendustria over the past six years

More than 1 000 jobs have been provided in the area, generating wages and salaries of about R400 000 a month

There are about 20 businesses in the area.

Squash players cut SA links

LONDON — Seventeen top squash professionals, including half the top ten men players in the world rankings, have signed a joint public declaration that they are cutting all links with South Africa.

The declaration has been submitted to the United Nations Committee Against Apartheid and San-Roc (South African Non-Racial Olympic Committee).

The players declared: "I formally renounce the system of apartheid in South Africa and confirm that I have no intention of maintaining any future sporting contacts with that country."

There are also serious fears that individual South African professionals, including those using "passports of convenience", will be banned from all but a handful of the international squash grand prix tournaments this year.

The International Squash Players Association (ISPA) has posted a vote to exclude SA from world ranking points.

The most senior men squash professionals who have cut ties with South Africa are; Stuart Davenport (3), New Zealand, Phil Kenyon (4), Britain, Ross Thorn (6), Australia, Gawain Briars (8), Britain and Chris Dittmar (10), Australia. — DDC

 Argus 9/2/87

New US report spells out dependence on SA

From NEIL LURSSEN
The Argus Foreign Service

WASHINGTON. — The United States continues to depend heavily on South Africa for many strategic minerals and raw materials, according to a special report by the State Department.

None of the minerals it lists as vital for the economy or for defence is subject to sanctions

The report, requested by Congress in terms of last year's sanctions legislation, outlines the importance not only of South Africa's minerals but also of minerals shipped to the US through the country

In some cases, supplies come to the US from all over the world after they have been imported in their raw state from South Africa This makes the US "100-percent dependent" on South Africa

Third countries

An example is ferrovanadium The most recent figures show that the US imports nine percent of its needs direct from South Africa

However, the remaining 91 percent comes from third countries which process South African vanadium into ferro-alloy form

The report comes at a time when the US is looking for ways of reducing its dependence on South and Southern Africa because of the region's instability

Efforts are being made to find and mine supplies in the US and other parts of the world and to develop synthetic materials to replace the raw materials.

However, the message behind the statistics in the report is that the US is facing a hard time in the search

This applies especially to cobalt, manganese, chromium and platinum group metals, all vital to the multi-billion dollar American high-technology and defence industries

The report says South Africa, which produces 34 percent of the world's chromium, supplies 73 percent of American imports of chromium and 61 percent of its ferrochromium

By recycling, the US is able to meet some of its own needs but if it cuts supplies from South Africa it must go to the Soviet Union to make up the shortfall Chromium has many applications but its strategic importance comes from its use in jet engines

Rocket research

While South Africa produces very little cobalt, the US imports most of its cobalt from Zambia, Zaire and Zimbabwe through South Africa, making the US dependent on South Africa's transportation system, and this situation will continue unless the frontline states are able to move their exports to the sea by alternative routes

The report indirectly spells out the importance of the South African transport infrastructure in American rocket research It says the US gets all its amosite asbestos from Zimbabwe through South Africa.

Search for new sources of minerals is not faring well

Report stresses US dependence on SA

By Neil Lurssen, The Star Bureau

WASHINGTON — The United States continues to depend heavily on South Africa for many of the strategic minerals and raw materials required by the American economy and defence industry, says a special report by the State Department.

None of the minerals it lists is subject to sanctions.

The report, requested by the US Congress in terms of last year's sanctions legislation, outlines the importance not only of South Axica's essential minerals, but also of minerals shipped to the US via South Africa.

In some cases, supplies come to the US from countries around the world — after they have been imported in their raw state from South Africa. This makes the US 100 percent dependent on South Africa.

An example is ferrovanadium. The most recent figures show that the US imports 9 percent of its ferrovanadium direct from South Africa. However, the other 91 percent comes from third countries which process South African vanadium into ferro-alloy form. Thus all US imports of ferrovanadium have their origin in South Africa

The report comes at a time when the US is casting about for ways of reducing its dependence on South and Southern Africa because of the region's instability.

Efforts are being made to find and mine supplies in the US and other parts of the world, and to develop synthetics to replace the raw materials.

But the message behind the cold statistics in the State Department's new report is that the US is facing a hard time in the search.

High tech

This applies especially to cobalt, managanese, chromium and platinum group metals — all of which are vital to the multibillion-dollar US high technology and defence industries

At present, the report says, South Africa — which produces 34 percent of the world's chromium, supplies 73 percent of US imports of chromium and 61 percect of its ferrochromium.

Through recycling, the US is able to meet some of its own needs, but if it cuts off supplies from South Africa, it must go to the Soviet Union to make up the shortfall.

Though South Africa produces little cobalt, the US imports most of its cobalt from Zambia, Zaire and Zimbabwe via South Africa, so it is dependent on the country's transportation system — and will continue to be unless the Frontline states are able to move their exports to the sea by other routes.

The report indirectly spells out the importance of the South African transport infrastructure in US rocket research. It says the US gets all its amosite asbestos from Zimbabwe through South Africa.

Amosite asbestos is a special form of low-iron asbestos "which has important defence applications .. there are no known substitutes which can match its performance".

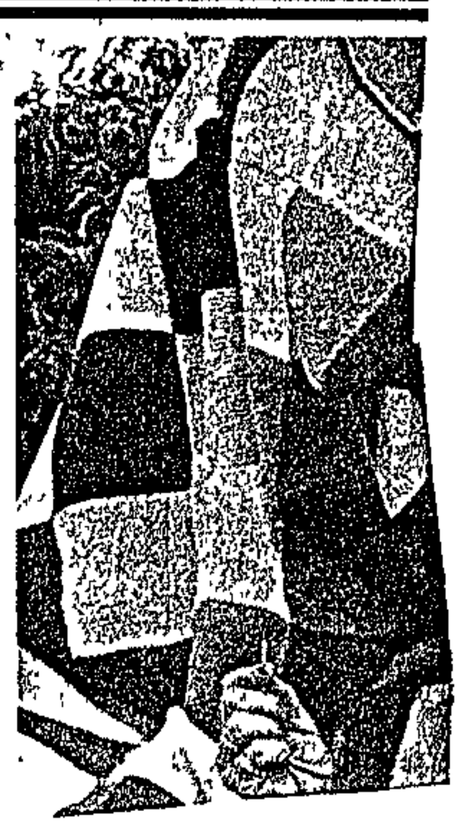
What the State Department report does not say is that amosite asbestos is used in the construction of space rockets and nuclear submarines.

Biggest blanket bid needs wool

A group of Johannesburg women are attempting to break the Guinness Book of Records' "largest blanket" record — but have run out of wool.

The group, which describe themselves as elderly bowlers and pioneers, are trying to beat the blanket record set in England in 1977 when 2 160 knitted squares were sewn together to produce a blanket of 20,7 m by 30,5 m.

About 20 Johannesburg women ...



'These management buy-outs are all very well. But why don't the sell-out companies encourage black shareholdings?'

Give blacks a chance!



Evening Post special report by DENISE BOUTALL

FOREIGN companies withdrawing from South Africa should take affirmative action by encouraging black shareholding in the local buy-outs thereby ensuring that blacks participate in the free enterprise system.

This was said yesterday by the policy and programmes manager of the Urban Foundation in the Eastern Cape, Mr Ernie Bergins.

His views were echoed by Professor Bill Davies of the Institute of Social and Economic Research at Rhodes University who warned that whites alone would not be able to secure the economic recovery of the Eastern Cape.

They were commenting on news last week that the American multi-national Emhart, which owns three companies in PE was disinvesting and negotiating for a local management buy-out.

Mr Bergins said there was a lot of resentment among blacks because they had little opportunity to participate in the economic system except as employees of usually white-owned companies or as small businessmen.

The local management buy-outs being negotiated by foreign companies disinvesting from SA could be an ideal opportunity to get blacks involved in the white economic sector.

While few black workers had the cash to buy shares there were many black savings clubs which were very successful in accumulating capital. In one case the participants in a scheme had recently built a service station

"Perhaps some of those people should consider getting involved in the local buy-outs."

Such a group could get representation on the company board and influence policy. It would also be an opportunity to transfer management and decision-making skills to blacks.

"I doubt that whites will be able to provide the entrepreneurial skills and capital to run the formal economy indefinitely At some point the black and white economic sectors are going to have to fuse and perhaps these management buy-outs are an opportunity that could be the start of such a fusion.

"Continued job creation is impossible without the full and free-participation of black entrepreneurs. And if PE wants to have sustained economic growth then local black people with capital must start investing in companies operating here."

Mr Bergins said there were well-developed systems both in the United States and Europe for worker shareholding in companies which could be explored by unions.

Speaking from Grahamstown Prof Davies said: "Without doubt there are blacks with enough money to make substantial investments. Given the opportunity they'd be prepared to participate to a significant extent."

He is working on a study of capital formation by blacks in PE and looking at the extent to which black people play a role in the formal economy and factors that prevent them from doing so.

"It is foolish to expect that whites on their own will be able to assure the economic recovery of the Eastern Cape. Yet blacks have the assigned the roles of workers or small businessmen. They also face legal obstacles that prevent them from functioning as entrepreneurs. For one thing, they are prohibited by law from owning any industrial land in Port Elizabeth."

The opening of the central business districts appeared to have had no impact on black participation in the white economy. "The CBD's are generally seen to be declining areas. The best returns are to be had in the suburban shopping centres where they are not allowed to trade."

Canadian firm to sell SA assets

CAPE TOWN — Moore Corporation has announced in Toronto that it has entered into an agreement to sell its operations in South Africa.

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

Commenting on the announcement, Mr Robert Spencer, chief executive of the Southern African region, said that negotiations were in progress which would result in the sale of business form producer Moore Paragon, Caribonum which manufactures carbon and paper roll products, Tilon Computer Media which specialises in mail order computer supplies and Transcarbon.

Mr Spencer said: "Until the negotiations are finalised, we are not at liberty to make any further disclosure at this stage."

Mr Spencer and the existing directorate of Mr Dave Bryington (production), Mr Jasper Coetzee (financial), Mr Keith Lawley (sales and marketing) will remain in their positions and the companies will continue with business as usual.

The new owners will assume all Moore's obligations with regard to employment, benefits and pensions.

Mr Spencer said it was fortunate that Moore's South African companies had always operated on a fairly autonomous basis. — Sapa

New basis for US mineral imports

280 CAPE TIMES 9/2/87

From Simon Barber

WASHINGTON. — A brief three-page report sent to Congress by the State Department last week will form the basis of a new minerals policy the Reagan administration is preparing to reduce US dependence on SA imports.

The new policy, mandated by the comprehensive Anti-Apartheid Act passed last October, must be completed by the end of the year.

The report lays out the percentages of economically and militarily critical commodities imported and consumed by the US in 1985 that were either produced in or shipped through SA.

Exemptions

Last month, the State Department issued a list of 10 commodities exempted from the sanctions contained in the CAAA. The chief inference of the new study is that the exemptions are likely to remain in force, effectively obviating any major new trade embargoes.

Also made clear is that US dependence on SA for certain items, especially cobalt and a grade of chrysotile asbestos essential the the defence industry but available only from Zimbabwe, could be drastically reduced by the development of alternate transport routes like the Beira Corridor.

The development of these routes is a high priority in the Southern African Aid Programme unveiled last week by the US agency for international development.

Dodging bans may not be easy

Sanctions buster in the steel arena

THE surprise attendance of John Erasmus, a leading sanctions buster under the Ian Smith administration in Rhodesia, at a metal merchants' conference at the weekend suggests getting around foreign bans on SA scrap steel exports may not be as easy as the industry first thought.

An undisclosed tonnage of steel scrap is still being landed in the EC countries and Japan — despite bans on SA steel.

But exporters believe the EC is hardening its attitude towards SA scrap slipping through the sanctions net.

Erasmus would only say "plans had to be made" to offset the effect of more sanctions and tighter controls on existing routes.

He spoke to exporters on an individual basis after the conference.

The industry was unmoved by last year's steel embargoes; and there were claims that scrap was a "faceless" commodity whose country of origin is hard to detect.

Ironically, a proposed 25% duty on ferrous scrap exports will, in many cases, obviate the need for sanctions to stop the industry trading with the EC and Japan.

SA's R400m a year scrap industry, represented by the Metal Merchants' Association (MMA), held its first national

HAMISH McINDOE

conference in Bophuthatswana amid fears that the government duty on ferrous and non-ferrous scrap will price the industry out of all foreign markets.

MMA chairman David Loewanthal slated the move as a "thinly-veiled mechanism for lowering the price of ferrous scrap to steelmakers".

The Rolled Steel Producers' Association, which represents the country's 10 primary steelmakers, says there is a local shortage of steel scrap.

However, lending support to the MMA, British Scrap Federation president Pat Neenan said: "The British scrap industry fought long and hard to win its export freedom against powerful calls on strategic grounds for duties.

"So it's imperative that the MMA becomes a force to be reckoned with."

Prospects of tighter pollution controls and other external factors are forcing this notoriously competitive and tightly-knit industry to make itself better known to government and the public.

Said MMA convention committee chairman Roger Hazell: "We've still got a long way to go before we reach the level of professionalism of our UK friends. But it's a start in the right direction."

Safmarine out of cargo service

Argus 10/2/87

280

The Argus Bureau

PORT ELIZABETH. — Political pressure has forced the break-up of Safocean, South Africa's only direct scheduled cargo link with Australia.

Safmarine withdrew yesterday from Safocean, a joint venture with Nedlloyd for 16 years.

Nedlloyd would, however, continue to operate a container service to Australia.

SANCTIONS

Sanctions are believed to have caused Safmarine's withdrawal. The service had previously encountered problems with dockers in Australian ports.

Last year Safocean introduced a 10 percent surcharge to cover the expense of delays caused by Australian trade unionists.

Two container vessels, each with a 500-container capacity, ran a monthly service between the two countries.

Safmarine owned the Safocean Nederburg and Nedlloyd the Safocean Mildura.

Mr Joop Weddepohl, head of Nedlloyd in Southern Africa, said the Nederburg would continue to operate for a month on charter to Nedlloyd and the service itself would continue unchanged.

He said: "Safocean ceases to operate as from now. Basically the reasons are political."

He declined to elaborate but said "sanctions didn't help" and when asked if union activity threatened the venture, said: "That is one of the reasons, but not the main one.

"There are a variety of political reasons. I would rather not comment, but the way things are going it's better to disband the joint venture."

UNION DELAYS

Asked if the association with Safmarine had been threatening other Nedlloyd operations in Australia, he said it had not.

However, he said, ships of all nations were encountering problems in Australia if they were carrying cargo to or from South Africa. The unions were causing delays.

Mr Weddepohl said Safocean had been the only dedicated return service between the two countries — other lines operated a one-way service or incorporated the crossing in other sailings.

He was unable to say what would happen to the Nederburg, its officers and crew.

US moves to cut dependence on SA imports

(280) 10/2/87 DD

Dispatch Bureau

WASHINGTON — A three-page report sent to Congress by the State Department last week will form the basis of a new minerals policy the Reagan administration is preparing to reduce US dependence on South African imports.

The new policy, mandated by the Anti-Apartheid Act passed last October, must be completed by the end of the year.

The report lays out the percentages of economically and militarily critical commodities imported and consumed by the US in 1985 that were either produced in or shipped through South Africa.

It reaches no broad conclusion and does not consider alternative sources, substitution, recycling or the effects of price changes, noting that "these and other factors will be taken into account" in the programme now under development.

Last month, the State Department issued a list of 10 commodities exempted from the sanctions contained in the act.

The chief inference of the new study is that the exemptions are likely to remain in force, effectively obviating new trade embargoes.

Also made clear is that US dependence on South Africa for certain items, especially cobalt and a grade of chrysotile asbestos essential in the defence industry, but available only from Zimbabwe, could be drastically reduced by the development of alternate transport routes like the Beira Corridor.

Frontline sanctions?

Feb. 1987

LUSAKA — The Zambian Prime Minister, Mr Kebby Musokotwane, has reaffirmed Zambia's determination to impose economic sanctions against South Africa but stopped short of saying when they would be introduced.

Mr Musokotwane, who is also acting as finance minister, told a meeting of the Economic Association of Zambia that sanctions were inevitable.

Sooner or later South Africa would go ahead and impose its own sanctions against the frontline states, he said.
— Sapa-RNS

280

FBI searches firm for SA tie

WASHINGTON — Agents of the Federal Bureau of Investigation and the US Customs Service forcibly removed records from a Californian military-documents dealer on Saturday, believing the dealer had illegally sold military flight manuals to the SA government.

The investigators had warrants to search the offices of Newport Aeronautical Sales and the home of one of its owners, George Posey, Posey's mother, Nadja, confirmed yesterday.

The FBI would not comment because the investigation was still in progress, but Mrs Posey, a co-owner of the firm, said the agents were looking for "invoices, telephone records, any connection between us and the Botha government".

Newport Aeronautical Sales obtains unclassified military specifications, manuals and other data for defence contractors and foreign governments.

SIMON BARBER

Mrs Posey said its services were advertised worldwide and it was frequently approached by foreign embassies.

She said the company did not do business with the Soviet bloc and frequently checked with the FBI to determine whether it should sell to certain borderline customers or governments.

She flatly denied doing business with SA, which she recognised would be illegal under existing sanctions law, and insisted the firm was "the victim of a false accusation".

She added, however, the sanctions were "stupid".

WASHINGTON — Americans are starting to question the value of their economic sanctions against South Africa in early assessments of the clamp on trade.

Doubts being aired here are similar to those also emerging on the worth of an exodus by US companies divesting themselves of their South African holdings, but maintaining business links with the Republic.

A stampede for the moral high ground on Capitol Hill in August last year saw lawmakers trample the few who raised concerns at sanctions, culminating in a hastily-written comprehensive Anti-Apartheid Act of 1986

President Reagan and the State Department warned against sanctions. But Congress thundered on over them too, overwhelmingly overriding a final "no" to sanctions from Mr Reagan on October 2.

America starts to question efficacy of sanctions

First signs now are that the tide is turning, with analysts and commentators starting to recognise that sanctions may well steer the South African Government, the intended target, the wrong way and hurt the very people they are meant to help.

"Have economic sanctions against South Africa backfired?" William Raspberry, a respected and influential columnist, asked in the *Washington Post* recently. "Probably yes".

His column would have delighted those in the White House and State Department who have all along fought sanctions. Those government officials who today still privately oppose sanctions as a means to budge Pretoria to reform, but have to implement them because they are US law, must be chortling

Impossible

Mr Raspberry added: "Is there anybody in America who supported sanctions who now thinks that maybe sanctions weren't such a wonderful idea after all? Probably not." Congress' sanctions, he said, would still be remembered as "such a magnificent victory for the forces of righteousness" that it may be impossible for pro-sanctions activists to have second thoughts.

"And yet the clear evidence is that Pretoria's principal reactions to international sanctions has been what seasoned observers of South Africa had long predicted a white retreat into the laager . . . and an end to any pretence of serious reform."

American newspapers are presently reflecting that withdrawal and closing of ranks in news reports as the May 6 general election draws nearer and National Party politicians turn up the volume of anti-US rhetoric.

Change

Citing the Southern African Catholic Bishops' Conference finding that sanctions were unlikely to force change in South Africa, Mr Raspberry asked how many intelligent, well-meaning Americans could have thought otherwise.

"The answer, I think, is that South Africa's racism is so clear-cut an evil, so conducive to good-guy/bad-guy analyses that it's difficult for anti-apartheid partisans to think their way from policy proposal to probably outcome," he said.

Threats of sanctions had caused at least cosmetic reforms but, once that damage was inflicted, the threat-induced incentive to move evaporated

"It is a bit like blackmail Threaten to make public my darkest secrets, and I might pay you hush money. Actually publish them, and you won't collect a dime."

Worse

The only way to convince the National Party to give up its power was to persuade it the alternative was worse. "It's hard to think of anything the United States could do that would strike Afrikaners as worse than giving up control: not constructive engagement, the ineffectual Reagan policy, not economically destructive disengagement, which sanctions have become.

The only people who could be cheered by events in South Africa, Mr Raspberry concluded, were those who believed bloody revolution was the only solution and that sanctions would bring it on by making conditions for blacks completely intolerable — "is that what we really want?" he asked.

The *Los Angeles Times*, in a weekend report, said the value of economic sanctions as a foreign policy tool was being challenged It said few analysts would question the assertion that sanctions hardly ever worked.

In many instances, the report found, the US ended up losing, with other countries rushing to replace American trade, aid or non-merchandise restrictions such as airline landing rights and so on.

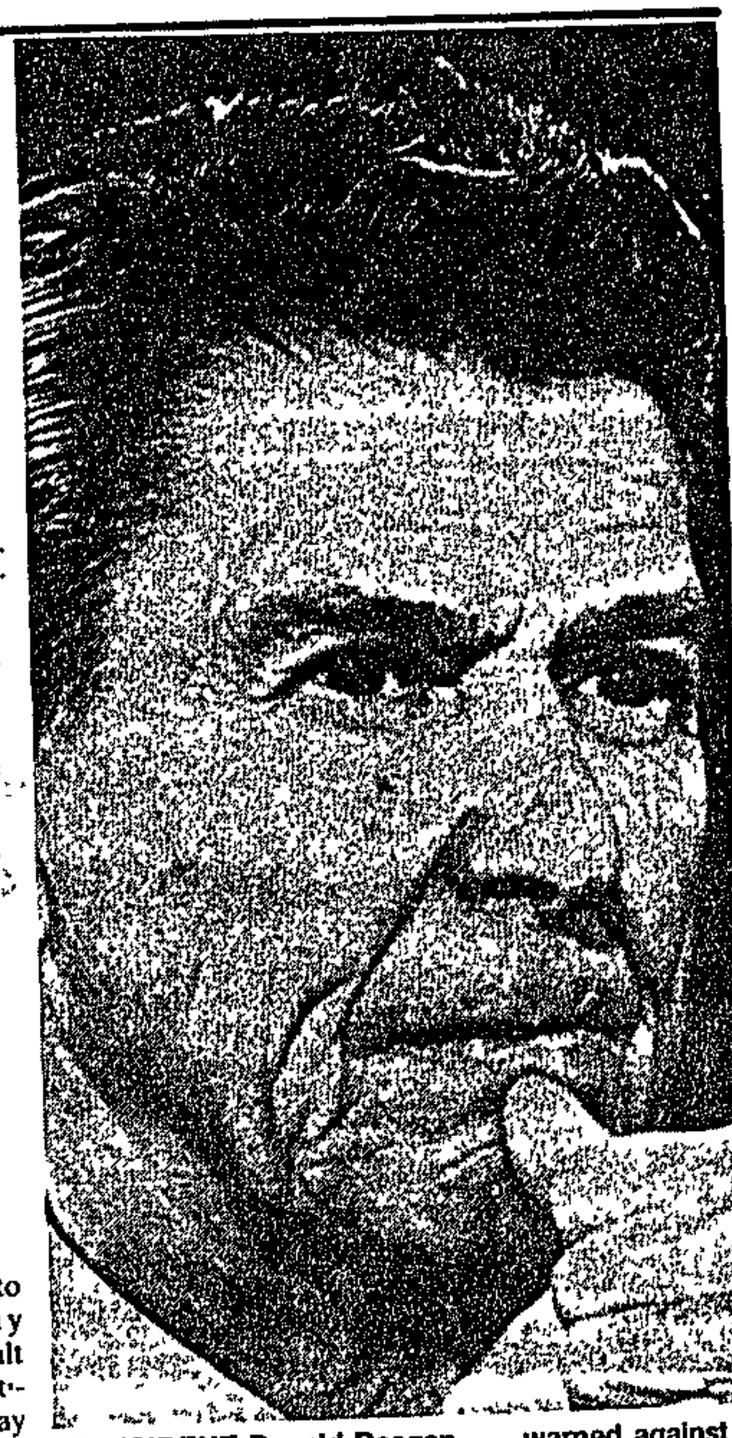
Experts

"Whatever South Africa needs, most experts agree, it will be able to acquire from suppliers other than Americans, although Pretoria may have a hard time finding buyers to replace the Americans who formerly purchased its fabrics, wine, foodstuffs like lobster and other banned goods," it said.

" . . . For all the publicity, the South African sanctions may not have as much economic impact as proponents apparently had hoped."

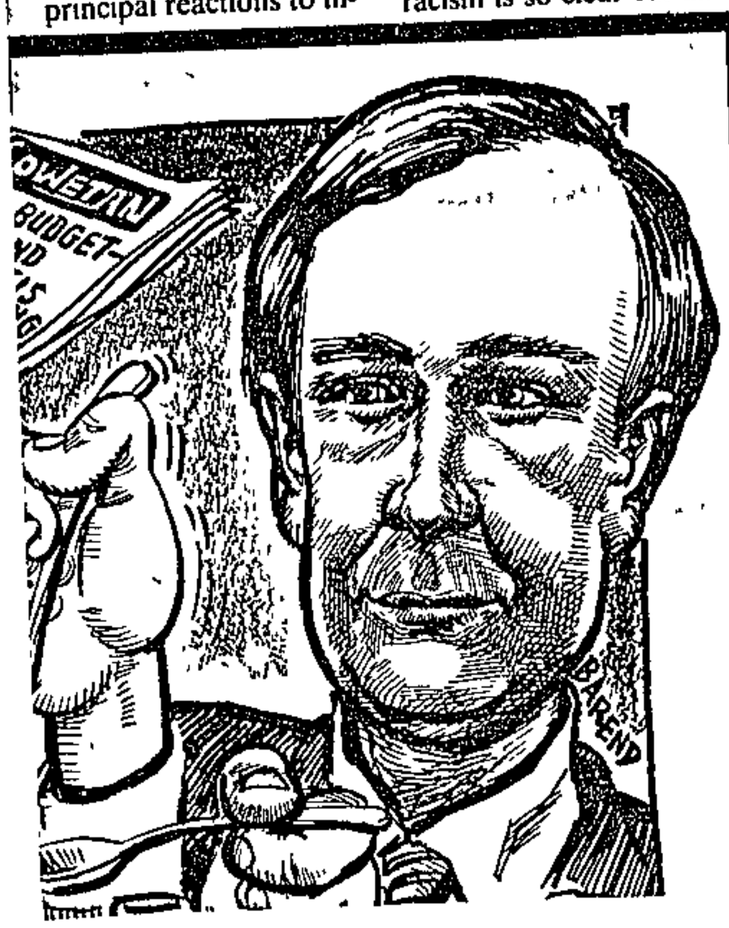
Because key South African exports like diamonds, gold, platinum and chrome were indistinguishable from the same products elsewhere, they were not embargoed If they were, they could simply be "laundered" through middlemen.

Another reason was national security: "If these products were embargoed, we would have to rely on the other principal source, the Soviet Union, which would drive up the price and put more dollars into Soviet hands," said Professor Gary Hufbauer, of Georgetown University, an expert in economic sanctions.



PRESIDENT Ronald Reagan . . . warned against sanctions.

FOCUS



Lest we forget...

THE *Sowetan* today remembers journalists around the country who are in detention:

- **Zwelakhe Sisulu, Editor of the the *New Nation*, who has been in detention under the emergency regulations for 60 days;**
- **Mxolisi Jackson Fuzile, *Veritas News Agency*, who has been detained under**

FBI searches firm's records for SA links

From SIMON BARBER

WASHINGTON. — Agents from the FBI and the US Customs Service removed records from a California military documents dealer on Saturday believing the dealer had illegally sold military flight manuals to the South African government.

The investigators had warrants to search the offices of Newport Aeronautical Sales Co. and the home of Mr George Posey, one of its owners. This was confirmed by Mr Posey's mother, Mrs Nadja Posey.

The FBI would not comment because the investigation was still in progress, but Mrs Posey, a co-owner of the firm, said the agents were looking for "invoices, telephone records, any connection between us and the Botha government".

Newport Aeronautical Sales obtains unclassified military specifications, manuals and other data for defence contractors and foreign governments. Its services are advertised world-wide and it is frequently approached by foreign embassies, Mrs Posey said.

She insisted that the company did not do business with the Soviet bloc and frequently checked with the FBI to determine whether it should sell to certain borderline customers or governments.

She denied doing business with SA which she recognized would be illegal under existing sanctions law and insisted the firm was "the victim of a false accusation".

She added, however, that the sanctions were "stupid" and her company "would like to do business with everyone".

There is no love lost between Mr Posey and the Pentagon. Several years ago he successfully sued the US Navy for not making non-sensitive data available so that he could pass it on to his clients.

"We make thousands of requests a year," he told a local newspaper, "mainly on behalf of small American firms that want to bid on government contracts."

Mr Posey, an ardent rugby enthusiast, visited SA four years ago with a team of fellow Californians. He returned the following year on his honeymoon.

His mother said the family was "in a state of shock" after returning home on Saturday afternoon to find the house being turned over by FBI men.

ROVER

Driving off

FM Feb. 1987

Britain's privatisation campaign has spilled over into SA with the announcement by the UK's Rover Group that it will sell its Leyland SA subsidiary to a local management team.

While Rover is still State-owned, the vehicle manufacturer's policy is to hive off all activities that are not at the core of its business. For example, the profitable Jaguar luxury car arm was sold two years ago.

The depressed state of the South African vehicle industry, and the heavy vehicle sector in particular, means it would make sense for Rover to let the local subsidiary, which builds mainly Land-Rovers and trucks, to go free.

Leyland SA's market has been shrinking and it has sustained heavy loses.

But MD Brian Fuller, who goes back to Britain when the local deal goes through, says costs have been brought under control and he has every confidence that the management team will be able to rationalise the company successfully.

It will be an uphill struggle, however, the heavy commercial sector, in which Leyland's activities are concentrated, experienced its worst year since 1962 last year.

However, the company's market share increased from 6,3% in 1985 to 7,2% in 1986 and the January figures just released show they have held 8,5% of the market. According to Fuller, the company's share in the over 20 t truck and bus sector increased by 50%, to 44 units, in the month.

The new management team will consist of the present chairman and deputy chairman Ellis Rhodes-Harrison and Francois Jacobs and four members of the production team — John Dean, Mike Elsbury, Meier Grottes and Jack Massardo. A new MD will be chosen from outside the team and the deal should be completed by May. ■

Fighting Big Brother

280

FIM 13/2/87

Robert Kirby recently experienced at first hand the effects of the cultural boycott against South African artists and their work, when he presented his play *The Bijers Sunbird* in London. He concludes that the boycott is not only immoral, but dangerous.

"Many South African artists do not want or require a political platform for their work, preferring to let it stand on its own merits. They also see as negative staying at home and leaving protest in the international arena to those who live outside SA. They are in the majority, by artistic definition, totally opposed to apartheid, unanimous in their desire for a multiracial SA and their right to express themselves is not dependent on the decision of a pressure group whose voice is, with all due respect, less relevant than theirs."

This paragraph comes from a letter to London's new daily newspaper, *The Independent*. It is an appropriate response to the call for a cultural boycott of SA, a call by the Anti-Apartheid Movement (AAM) in England. The letter was written by a South African musician now living in England, Robin Auld.

Auld's is not going to be the last word on the matter. If the production in London of my play, *The Bijers Sunbird*, served any purpose, it was to stimulate an energetic debate on the cultural boycott.

In this debate it is sad to report that the AAM has lost a considerable measure of credibility. Its leaders have no one to blame for this but themselves. Almost without exception their arguments and tactics have been ill-reasoned.

In particular their logic was tortured in regard to their agitation for a boycott of *Bijers*. Sean French, writing in *New Society*, commented: "To be told by the AAM that by attending an anti-apartheid play we are supporting racist SA puts something of a strain on the liberal conscience. The confusion is not dispersed by the official leaflet (of the AAM) distributed at the door. *The Bijers Sunbird*, we are informed, 'is a South African play with an all-white South Africa cast.' What is the relevance of 'all-white' here? This short play is about two white prisoners imprisoned on political charges. Should they have been played by black actors?"

The implication is quite clear. It's okay, according to the AAM, to boycott white actors and white playwrights. This is a ludicrous and frankly racist position to be adopted by a purportedly anti-racist organisation. And it didn't stop at that. Later it was to decide not to picket the London production of another South African play, *Bopha!*, which has black actors and a black playwright.

Here the AAM reserved its public outrage, and instead sent Percy Mtwa, the playwright-director, a stern letter admonishing him for having brought his play to England. Neither had the AAM picketed Fugard's all-white *Road to Mecca*, which had been on at the National Theatre a month or so previously.

Some of this apparent hypocrisy must have been realised by the organisers of the picket outside the Lyric Theatre. About halfway through the run of *Bijers* the leaflets being handed out changed from white to a furious yellow and all reference to the skin colour of the production was dropped. Instead the leaflet now stated: "As far as the cultural boycott goes, the content of the play is irrelevant. The point of all sanctions is the *total isolation of South Africa*. There can be no normal relations with SA and Namibia until their peoples are free."

These are resounding sentiments and would resound much more if only the AAM didn't feel that it was above obeying its own instructions. In a press release just prior to the yellow leaflets it stated: "Our objective is the total isolation of the regime and if this was to be achieved there would be a complete severance of all links and no contact whatsoever. In the meantime we receive documents, reports etc from within SA and make use of such material in our anti-apartheid work We have no desire to make an absurdity of the boycott."

One is tempted to observe that they have their hands full making an absurdity of themselves. What else may be concluded from the sight of one of their spokesman who appeared on British national television clutching a copy of the printed programme for Paul Slapolepszy's *Saturday Night at the Palace*, which was shown in London a year or two ago?

"This programme," said the AAM man, stabbing at it with his finger, "contains an advertisement for South African Airways. As SAA is a government airline it is quite clear that the South African government had a hand in exporting this play." Thus a simple commercial arrangement involving the acquisition of one free airline ticket is interpreted as being proof that a play is pro-apartheid.

It would be reassuring to know that all this grotesque thinking was endemic only to the Hammersmith functionaries of the AAM. But it is not. On the last day of our season a letter appeared in *The Independent* and which came from the chairman of the AAM, Robert Hughes, who is also Labour MP for Aberdeen North.

To call his letter self-righteous would be to understate. And it fairly throbbed with half-truth, supposition and innuendo; incontrovertible proof that the sucked thumb is a notorious oracle. "The cultural boycott has denied SA access to most of the world's stages" . . . "the promotional material for the production described *Bijers* as an 'Afrikaner terrorist' — terminology now only used by the apartheid regime or its apologists" . . . "Indeed most cultural performers genuinely engaged in the struggle against apartheid are either prohibited from travelling abroad or follow the lead of the nonracial sporting organisations and themselves impose a boycott on visits "

There's only one word for this kind of thing. Hughes went on to say: "A purportedly anti-apartheid play (*Bijers*) becomes by accident or design an opportunity to promote apartheid propaganda." By this he implies the production of the play in London was with the tacit sanction of the SA government.

Seen in the context of the rest of Hughes' letter, where he suggests that those "genuinely" engaged in the struggle against apartheid are prohibited from travelling abroad, it is clear that he believes that virtually everything presented on international stages by people like Fugard, Mtwa, Kani and Ntshona among others is part of a secret Botha export drive. In the opinion of the AAM none of these artists is "genuinely" opposed to apartheid. The more so, one suspects, because the tactics that have been chosen do not conform to those the AAM has deemed to be appropriate.

It is simply no good calling for a total isolation of SA without providing an argument to reinforce the call. This argument has not been forthcoming from the AAM, especially in regard to the cultural boycott. Vague advantages are hinted at, with phrases like "denying SA the respectability of visiting performers, actors etc." This isn't enough.

The South African government may well be deemed to have dealt itself out of any future cultural respectability. But this is by no means true of those who oppose the government.

By not recognising this, the AAM continues to be assiduous in not instructing itself in the realities of the struggle against apartheid as conducted *within* SA. In this way it is itself living proof of the consequences of a boycott of either culture or information from SA. Its protest is a loud and necessary one, but it is frustrated by lack of perception. It is notable, too, that the difference between culture and information is often not very marked.

The knowledge that the AAM and others have gained about conditions in SA has often, and in the most forceful of terms, been supplied to them by the very plays they now seek to stifle. It is in the play and the poem that the human cry becomes palpable, and it bespeaks a remarkable arrogance on the part of Robert Hughes and his lieutenants to deny any voice to the oppressed.

What they are doing is close to mere patronisation of the tragedy of apartheid. Thus their motives appear suspect and more than a little like those of some people we have here in SA who busy themselves with plays and novels which, as it were, do the black man's suffering for him. This is nicely chaste, but it is also dangerously akin to the purposes of apartheid itself.

Sanctions good for SA'

HELENA PATTEN

SANCTIONS will do SA "the world of good", said former Rhodesian Prime Minister Ian Smith yesterday.

Hard work, innovation through sheer necessity and the acceptance of hardships had given Rhodesia one of the highest growth rates in the world — sometimes above 10%. At the same time the inflation rate had been among the lowest in the world, at less than 3%.

● See Page 6

Israeli-SA ties to go beneath microscope

14/2/87.

DD

Dispatch Bureau

WASHINGTON — Israel's alleged military relationship with South Africa will be high on the agenda when Prime Minister Yitzhak Shamir arrives here next week.

The issue is threatening to become a major source of friction between Jerusalem and the United States as the US State Department prepares to release a report detailing Pretoria's foreign sources of arms and weapons technology.

The report, called for by the Comprehensive Anti-Apartheid Act (CAAA), is scheduled to be sent to Congress on April 2 and has triggered an intense internal debate within the Israeli Government, according to Reagan administration officials.

The law requires the administration to consider "terminating US military assistance" to any country identified in the study.

According to the Los Angeles Times, Jerusalem has quietly decided to phase out potentially embarrassing sales and technology transfers to South Africa under an agreement worked out between the Prime Minister, Mr Yitzhak Shamir, the Foreign minister, Mr Shimon Peres, and the Defence Minister, Mr Yitzhak Rabin.

The newspaper reported this week that Mr Shamir would brief the state department and congressional leaders on the pact.

Asked for confirmation, US officials said they were unaware that such a decision had been reached, and ascribed the paper's account to Israeli officials who "wished it was so".

"There's been no decision that we're aware of. There is still a lot of dissension within the Israeli cabinet and at the foreign ministry," a well-placed US government source said.

He added that, whether or not a decision had been taken, the issue would certainly come up while Mr Shamir was in Washington.

It is understood that an investigator was recently in Jerusalem preparing data for the report to Congress.

The idea of requiring the administration to name violators of the international arms embargo on South Africa was put forward by a retiring Republican senator, Mr Charles Matthias, during the senate foreign relations committee's deliberations on the CAAA last July.

Israel's ties with South Africa were criticised here this week by the Secretary of States' advisory committee on South Africa.

In its final recommendations, the group called on President Reagan "to adopt measures to prevent countries such as Israel thay import United States arms and defence material from transshipping such goods to South Africa and selling to South Africa technology and material critical to its efforts to attain military self suffiency."



MR SHAMIR

The Los Angeles Times charged that Israel had provided technology to build missile-firing patrol boats, missiles and avionics systems for fighter aircraft. More recently, the paper said, it helpd South Africa develop air-to-air refueling capability and a new surveillance aircraft.



AMERICAN politicians and President P W Botha are sharing a dirty little secret these days: the sanctions lion, so useful for stirring the masses to righteous indignation and patriotic zeal, is in fact a rather toothless tomcat.

Four months after the much-touted Bill was stampeded past President Reagan into law and four days after it was rubber-stamped by the largely forgotten President's Advisory Committee, it is, to all intents and purposes, business as usual for the two countries

South Africa's major exports to America — strategic minerals — continue to flow unabated into the US. SA farmers and textile manufacturers are rapidly finding new markets for their previously US-bound goods; the State Department is relieved that no counter sanctions have been issued from Pretoria.

What little damage has been inflicted — notably on South African Airways, which has seen a profitable route go down the drain — appears quite out of proportion either to the gusto with which Congress released the sanctions last September or to the jingoistic call-to-arms of South Africa's National Party Government

A close examination of the legislation, which stretches over a numbing 30 closely typed pages, reveals a plethora of contradictions, threatening but ultimately empty prohibitions, reiterations of already-instituted bans, vaguely worded injunctions fraught with loopholes and endless busy work for the various stoical government departments and US customs service

A few of the more blatant examples

● Having banned the import of steel, agricultural goods and textiles, the Act still lists these commodities for possible future sanctions

● Nuclear technology and arms have been embargoed for years, yet they are firmly embargoed once more in the new law The mostly symbolic year-old executive order has become enshrined in the law

● A ban on the import of SA uranium to be reprocessed by American companies has been seriously dented by the exemption of SA-origin uranium oxide sent by third countries to the US for reprocessing — representing the bulk of SA uranium imported into the US.



By PATRICIA CHENEY
In Washington

Why the sanctions lion is really a toothless tomcat

● The US has never imported much from Pretoria's parastatals, so the embargo is all but meaningless

What little was imported — a special lubricant from Sasol, South Africa's oil industry — has been exempted from the list as long as it doesn't accept new loans from Pretoria

Ironical

The presence of the law, however, requires US customs agents to inspect every SA-origin parcel in case it does come from a government-subsidised firm

An administration official noted that while bans on commodity imports are easy to monitor, keeping track of every SA company is not.

He also pointed out that a company-by-company sanction is easier to bust because *verboten* firms can simply ship stuff under pseudo names

● The termination of the tax treaty exempting US companies in South Africa from paying taxes in both countries is in danger of falling flat because the SA Government is choosing to interpret its tax law in the most advantageous way possible for the American firms

Ironically, the onus of enforcing the sanctions lies with the State Department, the very agency that worked to oppose them in the first place

Another irony is that just as the US sanctions are transfixing South Africans, the issue has largely fallen into abeyance in the US.

While the State Department is dismayed at the anti-American tones of the SA election campaign, officials said they were relieved the rhetoric hadn't taken the more concrete form of counter-sanctions from Pretoria

Polite observers describe Congress as being "in a period of assessment" regarding the sanctions

The unkinder remark being heard around town is that the Congress, having wrought its will, is now "lying back against the pillows smoking a cigarette"

A recent attempt by black Congressman Ron Dellums to reintroduce his complete trade embargo Bill was treated coolly in most quarters where the political battle-cry now is to throw money ($700-million) at the problems of the Black frontline states in the hopes it will reduce their dependence on South Africa.

Teetering

• The Reagan administration has proposed a more considered plan to give $500-million over the next five years, with $93-million earmarked for the first two years, but, given the controversy surrounding foreign aid generally and aid to Marxist states like Mozambique in particular, sources in both Congress and the administration predict that not one cent will ever find its way to Africa

The most useful provision is that black scholarship programmes, always teetering on the edge of becoming a victim of domestic politics, are now mandated under the law as are human rights and other economic programmes to help South African blacks

In October, a year after enactment of the legislation, the President must submit a report on Pretoria's progress and what new sanctions might be enforced if that progress is not satisfactory

Before then, Representative Howard Wolpe, a long-time sanctions proponent and chairman of the House Africa Sub-Committee, plans to hold review hearings which might throw some light on just what Congress might do next.

The problem is, few people in Washington think there's much more the US can do "We're certainly not giving up our strategic minerals," was one dry retort.

The advisory committee, made up of "12 wise men" convened by the President as part of his executive order in the now distant days of September 1985, found itself left in the dust by the hurly-burly of events.

It still managed to crank out 70 interminable pages on the ills of South Africa and, with some dissension, its solutions for the future of SA.

Taking its cue from Congress, the committee came up with some fine-sounding and meaningless "recommendations" to beat Pretoria into submission.

Votes

Chief among them is a ban on the import of gold. With Krugerrands already banned, the amount of SA gold coming into the US is, in the words of one source, "minute"

In the meantime, the commerce, treasury and state departments and the Agency for International Development are busily turning out the rules, regulations and certifications on no fewer than 11 reports mandated by Congress in the legislation.

US customs men are sorting through mountains of South African-origin imports and P W Botha is winning votes for the next election

UN debate to focus on US, Britain

Sanctions call likely to be vetoed

The Star's Foreign News Service

New York

Britain and the United States are expected to veto a United Nations Security Council call for sanctions against South Africa similar to those approved last year by the United States Congress.

The draft sanctions resolution is already being circulated and will form the basis for the Security Council debate which begins tomorrow. However, there are unconfirmed reports that the African group might ask for voluntary rather than mandatory sanctions so as to avoid a veto.

Although called by Egypt, on behalf of the African group, the proceedings will be conducted by Mr Peter Zuze, Zambia's UN Ambassador, in his capacity as president of the council for this month. Western diplomats said the debate would focus attention on the two permanent members of the council, Britain and the US, who last June vetoed a sanctions move.

"They are in for a bad time," according to one Western diplomat

In addition, the debate marks the first time South Africa's new Ambassador to the UN, Mr Les Manley, will address the council.

He presented his credentials to the UN Secretary-General last Thursday.

Western diplomats will be watching for any hint of reform by the South African Government in Mr Manley's speech.

They will also closely compare his style to that of his predecessor, Mr Kurt von Schirnding, an urbane, articulate and experienced diplomat who recently left the foreign service to head the South Africa Foundation

Mr Manley, although only 41, is au fait with Pretoria's thinking on the question of sanctions and other issues since he spent the past few years working in the inner cabinet of Foreign Minister Mr Pik Botha.

Previous postings

His previous postings outside South Africa include Maputo and London.

South Africa has asked to speak during the opening session of the council debate, which is expected to last until Friday, culminating in a vote According to sources, the South Africans will circulate documents indicating why sanctions will not work and will harm the people they are designed to help.

West Germany was likely to vote against mandatory sanctions while France, Italy and Japan could be expected to abstain, said diplomats.

This would leave the remaining nine members of the council to vote "yes".

Only the five permanent council members — Britain, France, the US, the Soviet Union and China — have veto powers.

Call for probe into Britain's SA coal imports

The Star Bureau

LONDON — The Labour Party has demanded an investigation into the import of cheap South African coal to Britain.

Six Labour MPs, in a Commons motion, accused a British company of being involved in the imports, which they claim threaten the jobs of British miners.

The motion is aimed at re-opening the debate on whether Britain should impose an embargo on South African coal. Britain was prepared to back a coal embargo by the European Community last year, but the embargo was vetoed by West Germany and Portugal.

CONNECTION

The MPs claim Burnett and Hallamshire Holdings, of Nottinghamshire, has a South African connection via Rand London Corporation, which exports coal from Richard's Bay to Amsterdam, Rotterdam and Antwerp.

There it is mixed with other coal, imported via Seaham Harbour Dock Company — a Burnett and Hallamshire subsidiary — and then taken by lorry to Yorkshire and Nottinghamshire, where it is mixed with open cast coal.

The company's finance director, Mr Graham Edwards, has confirmed that his company has a 44,79 percent holding in the Rand London Corporation, a South African mining company with world-wide export markets, but said he did not know whether Burnett and Hallamshire imported South African coal through a subsidiary.

The Department of Trade and Industry said the value of South African coal being imported had fallen from R63 million in 1985 to R17 million last year.

Israel looks again at SA ties

TEL AVIV — A revaluation of Israel's relations with South Africa, including the phasing out of arms sales and reducing cultural, scientific and political visits, is reported to have taken place in advance of the nine-day visit to the United States of Israel's Prime Minister, Mr Yitzhak Shamir, which begins today.

Mr Shamir is expected to face tough questioning from members of the US Congress about Israel's trade and weapons sales to Pretoria.

Israel's coalition government has emphasised that its trade with South Africa is miniscule when compared with America's allies in Europe and has argued that it cannot break diplomatic ties because of the 120 000 Jews in South Africa.

On the other hand, some Israeli officials feel a more vigorous anti-apartheid policy and even some sanctions may be necessary to appease Congress, the source of $3 billion a year in economic and military assistance to Israel.

One source who spoke on condition of anonymity said Mr Shamir, his Defence Minister, Mr Yitzhak Rabin, and his Foreign Minister, Mr Shimon Peres, had met recently to consider phasing out existing agreements.

The Los Angeles Times reported that during his US visit Mr Shamir would inform officials that the arms policy had been changed.

Another source said Israeli leaders told a visiting US State Department investigator recently that Israel had not had any new arms agreements with Pretoria since 1979.

280 b/Day

Mugabe, Kaunda 'dropped sanctions'

LONDON — Zambia and Zimbabwe "quietly dropped plans for sweeping economic sanctions against SA" because they would be worst hit, London's *Sunday Telegraph* said yesterday, quoting unidentified Western diplomats.

It said SA could "dramatically deepen Zambia's chronic economic difficulties by closing down supply routes", as most imported goods on sale in Zambia travelled through SA.

It also said Zambian President Kenneth Kaunda feared that "economic hardships a boycott would bring could provoke unrest and ultimately topple his regime".

Breached

Zimbabwean Prime Minister Robert Mugabe "so far has breached four times his self-imposed deadline for putting sanctions threats into practice".

The *Sunday Telegraph* said: "Politicians and advisers in the ministries most affected warned Mugabe not to embark on a sanctions war with Pretoria.

"They have drummed home the drastic consequences for Zimbabwe's economy should SA retaliate by closing its borders to Zimbabwean trade.

"More than 90% of Zimbabwe's imports and exports pass through SA."

It said Mugabe met Kaunda and Mozambique's President Joaguim Chissano on December 30 at Kariba where: "Chissano told Mugabe he could expect no support from him if he went ahead with sanctions."

The *Sunday Telegraph* said new calls for a blockade of SA were expected at the UN and from the British Commonwealth. — Sapa-AP.

Sanctions set for another veto

London Bureau

THE United Nations Security Council meets tomorrow to discuss South Africa, thereby forcing Britain and the United States to show their hand by opposing sanctions once again.

Western diplomats say both nations will veto a new attempt by African nations to apply sanctions similar to those approved by the U S Congress last October.

London and Washington are against apartheid and will express these views during the debate, which is expected to end on Friday

However, African and non-aligned nations will undoubtedly use the occasion to take a swipe at Mrs Thatcher's policies, which are strongly opposed to economic sanctions as a way to get the Government in South Africa to mend its approach to the black majority population.

The Security Council has not met to discuss the situation in South Africa since last June, when Britain and America vetoed a similar call for sanctions.

At the time, the council heard that the British intention was to 'bring down apartheid and not the South African economy'.

Western nations are anxious to see how the remainder of the council will vote on the sanctions question.

Last month, West Germany began a two-year term on the council, joined by other allies such as Italy and Japan.

Chancellor Kohl's Government has previously resisted pressures from its European allies to take a hard punitive line with Pretoria, and last year it blocked coal sanctions by the EEC.

Dow Chemicals 'selling reluctantly'

JOHANNESBURG — Dow Chemicals says it is "reluctantly" selling its R140-million-a-year South African pharmaceutical operation "because of poor SA business conditions and US pressure from anti-apartheid lobbyists".

Reacting to the announcement from the Dow Chemicals American chairman, Mr Paul Oreffice, the managing director of the Port Elizabeth-based pharmaceutical manufacturer, Lennon Ltd, Mr Clive Stanton, said many similar disinvestments in the industry were expected this year.

"The Dow Chemicals disinvestment doesn't affect us," Mr Stanton said today.

"We're going to see a lot of disinvestment in our industry and I believe the competition will remain, as it has in the past — and we'll continue to meet this competition," he added.

The switch in control of Dow Chemicals' SA subsidiary to Premier Milling will put Dow into the already massive Anglo American/JCI/SA Breweries/Edgars/OK Bazaars/Amalgamated Retail stable. — Sapa-AP

(18) (280) (62) Cpost 16/2/87

(280) DD 17/2/87

DAILY DISI

SA needs world trade says Worrall

Dispatch Correspondent

LONDON — Dr Denis Worrall, the former South African ambassador to London, told Britons before leaving here that the government and many South Africans were under-estimating "our connections with the world" — which were enormous.

For a third world country, South Africa was technologically a very advanced country he told the BBC news service.

"We are a trading nation. We need the world and, in particular, we need countries like the United Kingdom, France, Germany, Japan and the West."

However, there was a further consideration.

"The kind of values which we believe underlie this country and its potential, the kind of values we want to build into the South Africa of tomorrow are essentially Western values."

Dr Worrall said he did not believe South Africa could isolate itself and there was a failure in South Africa to realise just how many well-wishers the country had in the West.

"The fact is that the message we are getting across is not projecting a vision. We are not showing people we have got the answers.

"I think that the problems in South Africa are extremely complex, with no easy answers, but we are not projecting that image and certainly the style of government has been very confrontational."

He said he did not believe that this defiant attitude towards the world was universally shared within the South African Government.

"I would doubt that very much. Also, I think this is to some extent a reaction to international attitudes over the past few years.

"From the government's perspective, a lot has changed in South Africa and objective observers would say that was true, but the government has not been given the credit for this," he said.

"So I think this is a psychological attitude. It is certainly experienced in a very real way by certain members of the government. It has its uses from an electoral point of view. Whether it will characterise government attitudes after the election remains to be seen

"I think a lot depends on what happens in this election. I am hoping that what I want to do and the people who are working with me will be supported If we can succeed then the government will be given a real mandate.

"I think that will also have a bearing, not only on international perceptions of South Africa. It will have a bearing also on the government's response to these," Dr Worrall said.

BUSINESS DAY, Tuesday, February 17 1987

Talks on US landing rights for SAA on the cards

HAMISH McINDOE

THE Department of Foreign Affairs, tired of waiting for a US court judgment on SAA's application to have its landing rights ban overturned, is expected to initiate talks with Washington.

The talks will lay the groundwork for getting SAA's twice-weekly flights to the US resumed at least until October 10.

The 39-year-old Air Services Agreement, which requires one year's notice of cancellation, was overriden last November by a presidential order banning SAA flights as part of wider sanctions mandated by Congress.

Foreign Affairs senior legal advisor Advocate John Vial said yesterday: "We cannot wait indefinitely for the Columbia District Court of Appeals to hand down its judgment on the ban.

"The department is now anxious to get bilateral talks at government level underway, preferably by the end of the month."

The Columbia court had been expected to give judgment between the end of January and the first week of February.

In terms of the air agreement, Foreign Affairs consultations with the US State Department are a prerequisite for starting arbitration proceedings should talks fail.

SAA may, as a last resort, try sue for damages for one year's lo of revenue should all appeal o tions in the US be exhausted.

But SAA CE Gert van der Ve stressed last year that the ma thrust of the airway's legal actio in the US was to "keep flying .. rather than claim damages at th stage".

Kentucky Fried Chicken to leave

LOUISVILLE — Kentucky Fried Chicken Corporation announced yesterday it plans to withdraw company assets and operations in South Africa over a period of time.

"The company has been constantly reviewing its position in the light of our own progress in South Africa and the prevailing US point of view about doing business in that country," the company said in a statement.

"We've concluded it's time to withdraw assets and company operations in a manner that will minimise economic disruption in the lives of our employees and franchises," it said.

There are approximately 180 Kentucky Fried Chicken outlets in South Africa, of which a third are company-owned and two-thirds are franchised. A quarter of the franchised restaurants are owned by blacks.

Staff composition is 85% black in SA as are 66% of management personnel.

No timetable has been set because plans have not been finalised.

Kentucky Fried Chicken is the world's second largest restaurant chain with 6 500 outlets. Its $3,5 billion (about R7,4 billion) in sales ranks third behind McDonald's Corporation and Burger King. — Sapa-AP

Kentucky Fried move not 'total or immediate'

HAMISH McINDOE

AMERICA'S Kentucky Fried Chicken Corporation (KFC) is pulling out of SA but the move is neither "total nor immediate", a company spokesman said at a franchisers and management meeting in Sun City yesterday.

The franchisers, which comprise two-third's of KFC's 180 outlets in SA, will be unaffected by the move.

About 60 company-owned restaurants will be sold into the existing franchising system to complete KFC's divestment of its SA assets.

KFC's Johannesburg head office called the managers of these outlets to an emergency meeting yesterday afternoon.

They were told that any franchiser could buy into company-owned outlets.

The company will still trade under the KFC trademark in SA and will probably maintain its presence here under licensing agreements.

The franchisers and management are in Sun City until Thursday to discuss KFC's future in SA.

The company is ranked as the world's second biggest restaurant chain on $3,5bn sales, after McDonalds and Burger King.

☐LINDA ENSOR reports that, in a development affecting another company, negotiations are under way for a management buy-out of the local operations of Canadian business forms manufacturer Moore Corporation, which announced its withdrawal from SA two weeks ago.

US fast-food group to pull out of SA

JOHANNESBURG — America's Kentucky Fried Chicken Corporation (KFC) is pulling out of South Africa but the move is neither "total nor immediate", a company spokesman said at a franchisers and management meeting in Pilanesberg yesterday.

The franchisers, which comprise two-thirds of KFC's 180 outlets in SA, will be unaffected by the move.

About 60 company-owned outlets will be sold into the existing franchising system to complete KFC's divestment of its South African assets.

KFC's Johannesburg head office called the managers of these outlets to an emergency meeting.

They were told that any franchiser could buy into company-owned outlets.

None of these outlets were aware of KFC's pullout before the meeting. Said the manager of one restaurant: "We were just told to be there. They didn't say what it was all about".

The company will still trade under the KFC trademark in SA and will probably maintain its presence here under licensing agreement.

The franchisers and management are meeting until tomorrow to discuss KFC's future in South Africa.

KFC has imposed a news blackout on developments until after the conference.

In a statement quoted by Sapa-AP the corporation said it has been "constantly reviewing its position in light of our own progress in South Africa and the prevailing US point of view about doing business in that country.

"We've concluded that it's time to withdraw assets and company operations in a manner that will minimize economic disruption in the lives of our employees and franchisers".

There are some 180 Kentucky Fried Chicken restaurants in South Africa. One third are company owned and two thirds are franchised. Of those, one quarter are owned by blacks, coloureds and Indians.

Employees are 85 per cent black, coloured and Indian as are 66 per cent of management personnel, the statement said.

KFC has been an active supportive participant in the Sullivan Code since its inception, the statement added.

The company is ranked as the world's second biggest restaurant chain and its $3,5 billion sales lie third after McDonalds and Burger King. — DDC

Sanctions will delay reform, UN is told

Star 18/2/87
280

By Michael Kallenbach,
The Star's Foreign News Service

NEW YORK — The United Nations Security Council was warned last night that mandatory sanctions against South Africa would retard the process of reform inside the country and punish millions of people in black Africa.

The twin-pronged attack was the theme of the message relayed to the council by the newly appointed South African Ambassador to the UN, Mr Les Manley.

He reminded the hushed chamber that Pretoria had repeatedly said South Africa's neighbours would be hardest hit by punitive UN actions

"It (the Government) has pointed out that millions of people, mainly black, in Southern Africa would suffer,' he stated

"I therefore appeal to the responsible nations here present to reflect carefully on this matter before deciding on anything which could have disastrous consequences for a large and important part of Africa"

Mr Manley added "The drive for sanctions against South Africa is based on a false premise — that sanctions promote the interests of the black people of South Africa and constitute a peaceful alternative to violence. This is an illusion"

Mr Manley spelt out in detail how and where the Government had moved along the road of reform, a process which he termed as "necessary and just".

Violence

Mr Manley did not mention the May election but he did refer to the recent spate of violence in the country

He warned those who intended to vote for sanctions at the end of the current debate that they would be siding with the forces of violence and anarchy

These nations, he said, through terror and intimidation, would be seeking the "overthrow of democracy in South Africa and its replacement by a Marxist-dominated dictatorship under which the cry for one-man, one-vote will be a hollow one indeed"

"Power in South Africa resides in the hands of the moderate majority We intend to create a South Africa which will be strong and provide for the political, economic and social needs of all"

The current debate, which is expected to last until Friday, was called by Egypt on behalf of the African group

Britain, Japan and India are expected to address the council today African nations are still working on the wording of a draft resolution calling for selective mandatory sanctions.

Sanctions climbdown

FRONTLINE STRATEGY COLLAPSE AS KAUNDA & CO 'QUIETLY DROP PLANS'

PLANS for sweeping economic sanctions against South Africa have been quietly dropped by the frontline states.

This is despite the fact that new calls for a blockade of Pretoria are expected at the UN and from the Commonwealth.

Sunday Times Reporter: London

President Kenneth Kaunda of Zambia has conceded to Western diplomats that the measures he has threatened against Pretoria could endanger his own beleagured regime.

He is now privately opposed to pursuing sanctions

And, according to a report in today's London Sunday Telegraph, Mr Robert Mugabe, Prime Minister of Zimbabwe, who warned his countrymen to prepare for great sacrifices in an "all-out economic war", has also been forced to climb down under pressure from his Finance Ministry and leading party supporters

Diplomatic correspondent Norman Kirkham and Harare correspondent Patrick Bishop report that no other state in Southern Africa dependent on Pretoria for its supply routes has been able to implement any of the measures decided at the Commonwealth mini-summit in London last August.

The collapse of the strategy and a current "minibooom" in the South African economy are proving to be an embarrassment for Commonwealth leaders.

They insisted on tough sanctions against Pretoria in the face of strong opposition from Mrs Thatcher.

President Kaunda threatened last year to withdraw from the Commonwealth unless Britain lined up behind the rest of the member countries.

He adopted a package of measures including cutting air links and banning South African agricultural imports.

Stringent

He claimed the British Prime Minister "worships platinum and gold", accused her of "kissing apartheid" and wept during one outburst against British policy delivered to Foreign Secretary Sir Geoffery Howe during a tour of Southern Africa.

Despite abandoning plans to impose sanctions of his own, President Kaunda will use Zambia's current presidency of the United Nations Security Council to press the UN to adopt the package of measures vetoed by the United States Congress last autumn.

There will also be a further attempt to persuade the Commonwealth to adopt an even more stringent boycott than already proposed when heads of government meet in Vancouver this October.

President Kaunda's change of heart, say Western diplomats, has been forced by fears that the economic hardships that a boycott would inevitably provoke could cause unrest and

mately topple his regime.

Last December a government order to remove food subsidies on maize meal sparked off riots in Zambia's Copper Belt in which at least three people died.

He was forced to restore the subsidy and bring down prices which had risen by 100 percent.

Since the Commonwealth meeting, Prime Minister Mugabe has threatened repeatedly to go it alone with a sanctions package in Zimbabwe.

Defiance

But so far he has breached his self-imposed deadline for putting the threats into practice four times.

Western diplomats report that in a rare show of defiance politicians and advisers in the Ministeries most affected have warned Mr Mugabe not to embark on a sanctions war with Pretoria.

They have drummed home the drastic consequences for Zimbabwe's economy should South Africa retaliate by closing its borders to Zimbabwean trade.

More than 90 percent of Zimbabwe's exports and imports pass through South African territory.

Mugabe is believed to have received further discouragement when he met Kaunda at Lake Kariba on December 30.

At the same meeting the new President of Mozambique, Joaquim Chissano, told him that he could expect no support from him if he [illegible] with sanctions.

[illegible] mains com[illegible] to at lea[illegible]

280 DD 19/2/87

African states in call for sanctions

NEW YORK — A group of African nations asked the Security Council yesterday to order all states to impose economic sanctions against South Africa in a bid to end apartheid.

The chairman of the African group, Mr Abdel Halim Badawi of Egypt, proposed selective measures that he did not specify, but which are understood to parallel those imposed by the United States.

Washington imposed sanctions against Pretoria last year when the Senate voted to override a veto by President Ronald Reagan.

Mr Badawi said sanctions would be a practical and peaceful way to force Pretoria to respond to the will of the international community and dismantle apartheid.

He said South Africa was going in circles of increasing violence and repression and changes in apartheid announced by the government were only cosmetic.

The South African delegate, Mr Les Manley, replied that Pretoria's detractors were mistaken if they thought they would coerce his government into accepting their "disastrous prescriptions".

"The type of pressure which is being put on South Africa by the United States Congress and European Economic Community and which is being attempted here is already causing hardship and suffering to the communities which they profess to be helping," he said.

Diplomatic sources predict that any resolution to impose sanctions would be vetoed by the US and Britain. — Sapa-RNS

PUSH POST

0c (45c + 5c tax)
For other prices, see Back Page

Natal, Western Province, Eastern Province 80c (71c + 9c

B/Day 19/2/87

Zambian MP slams anti-SA sanctions

LUSAKA — A Zambian MP denounced President Kenneth Kaunda's proposed economic sanctions against SA as "suicide" on Tuesday, drawing cheers and applause from backbenchers of the ruling party.

Backbencher Lawrence Sinyani also said Unita leader Jonas Savimbi was a "freedom fighter"and criticised Zambia for supporting the Angolan government.

Kaunda has consistently stated his determination to cut Zambia's economic links with SA in protest against apartheid.

Zambia relies on rail routes to SA ports for about half its external trade and the government has not yet announced when it intends to start applying sanctions.

"If we say that we want sanctions against South Africa ... we are saying that we are imposing sanctions against ourselves," Sinyani said to shouts of "Hear, Hear" from other members of parliament.

"I know we condemn what South Africa is doing, but it is dangerous for the party and its government to mix trade with politics.

"This will cause Zambia a lot of problems," he added.

Sinyani said that to impose sanction would be "suicide on ourselves" and he challenged the government to say how far it had gone in pursuing the matter.

There was a headed debate last week between Mugabe and the Economic Association of Zambia on the economic viability of sanctions. — Sapa-Reuter

Kaunda's sanctions suicide?

LUSAKA — A Zambian MP denounced President Kenneth Kaunda's proposed economic sanctions against South Africa as "suicide", drawing cheers and applause from backbenchers of the ruling party.

A backbencher, Mr Lawrence Sinyani, also told the one-party chamber the Angolan rebel leader, Dr Jonas Savimbi, was a "freedom fighter" and he criticised the government for supporting the MPLA government in Luanda.

Dr Kaunda has consistently stated his determination to cut Zambia's economic links with South Africa in protest against apartheid.

Zambia relies on rail routes to South African ports for about half its external trade and the government has not yet announced when it intends to start applying sanctions.

"If we say that we want sanctions against South Africa ... we are saying that we are imposing sanctions against ourselves," Mr Sinyani said to shouts of "Hear, Hear" from other Members of Parliament of the ruling United National Independence Party .—Sapa

SA truck firm buyout likely

DD 9/2/87

Dispatch Bureau

LONDON — The Rover Group is set to sell its South African subsidiary, Leyland South Africa.

The state-controlled group disclosed it was studying a management buyout plan for its lossmaking commercial vehicle and bus assembly business.

The approach has come from a management team led by the financial director, Mr John Dean. The managing director, Mr Brian Fuller, on secondment from the Rover parent, will be returning home although his departure was scheduled before the buyout move.

Rover was in the middle of a reappraisal of the South African operation when the approach came. The company said the assessment was being made on business rather than political grounds.

The subsidiary, based at Blackheath near Cape Town, employs 635 — including 140 black people — and last year sold 789 commercial vehicles, buses and Land Rovers in a market where lorry sales were around the 7 000 mark.

Rover has been shipping out some kits for assembly at the plant. The South African company sold 227 Land Rovers and 489 trucks and buses.

The buyout talks come as the subsidiary embarked on another rationalisation phase involving further redundancies among the workforce. Rover, then British Leyland, withdrew from car production in South Africa in 1983.

The company has already agreed a similar management buyout restructuring for its Australian business.

W|Mail|13/2–19/2/87

Reagan 12 rebuff US line on SA

By PIPPA GREEN, New York

A COMMITTEE appointed by the Reagan administration to fend off the first US sanctions Bill this week called for a concerted international attempt to isolate South Africa economically if Pretoria remains intransigent.

In what has been described as a "significant rebuff of Reagan policy on South Africa," the 12-member committee said constructive engagement had failed.

Chaired by former transportation secretary William Coleman and former IBM chairman Frank Carey, the committee was appointed by executive order of President Ronald Reagan in 1985 to find an alternative to sanctions.

Now it has urged Reagan to persuade other Western nations to impose sanctions comparable to those already enforced by the US.

The report further threatens multilater al trade embargoes against South Africa if there has been no change by October 1987.

But two dissenting committee members and anti-apartheid activists charge that it does not go far enough. Where the report noted that US aid for Unita rebels in Angola had alienated black people in South Africa, committee member Owen Bieder recommended an immediate end to that aid.

And the Reverend Leon Sullivan, author of the Sullivan Principles, warned that if apartheid was not abolished by the October deadline, he would call for the withdrawal of all US firms from South Africa and a total trade embargo.

Jennifer Davis, head of the OACA, a major anti-apartheid group, said the report was significant in that US government advisers were no longer saying sanctions were impossible.

"They are still playing around with it," she said.

There was also dissent to the right and three committee members filed a minority report opposing increased sanctions. They were GM chairman Roger Smith, former under-Secretary of State Laurence Eagleburger, and former Republican congressman John Dellenback.

Space age sanctions

SA has moved smoothly into its age of sanctions as expertise from the public and private sectors merged and co-operated. "Sanctions busting" has become a new and highly effective business which clearly bolstered Finance Minister Barend du Plessis in his prediction that SA would again produce a current account surplus in 1987.

Those getting goods in and out of SA against the new international rules — businessmen, accountants, lawyers, political insurance brokers, public authorities and the inevitable fly-by-nights — are understandably tight-lipped.

The most important single body in the sanctions business is probably the Kleu Committee on export incentives (*FM* February 13). It is investigating each sector of commerce and industry to see how the annual R500m cost of export incentives can be more effectively spent.

Clearly the advent of sanctions is at the top of Kleu's agenda. Apart from technical issues such as how to simplify the process of claiming incentives, Kleu will be looking at how exporting businesses most hit by sanctions can best recoup extra expenses associated with sanctions.

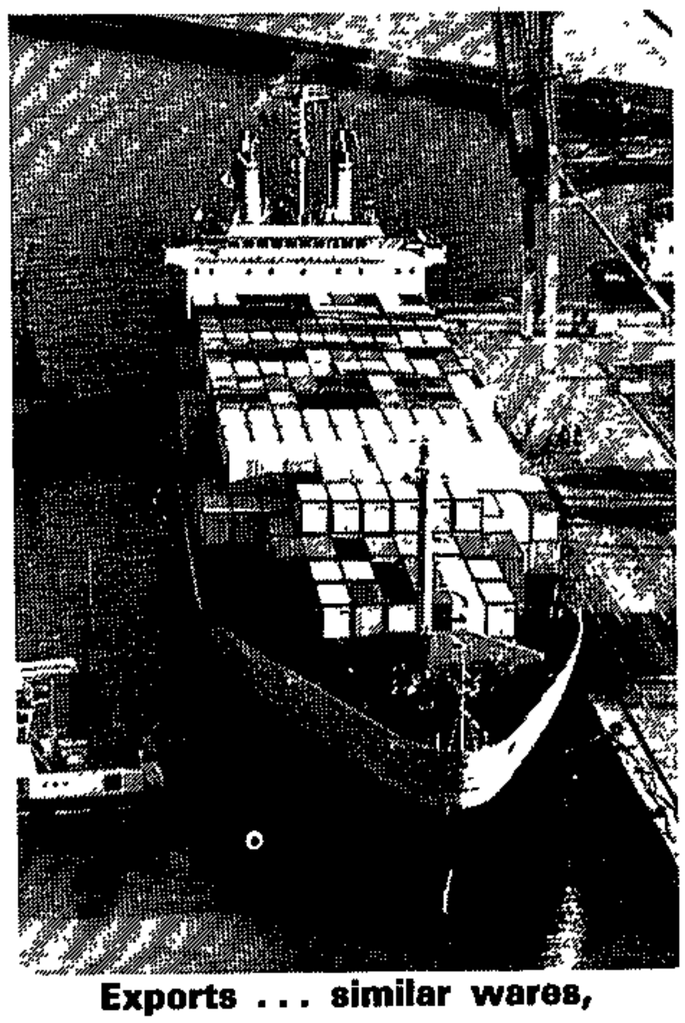
Cost is virtually synonymous with sanctions. As Ernst & Whinney's Pat Quarmby points out, businesses in export and import markets, or both, have to painstakingly investigate three main issues: method of payment, the physical passage of the goods, and the shareholding structure of the company involved.

The costs vary according to the type of goods exported or imported. Highly visible consumer goods, because of the potent emotional impact of SA sanctions — particularly in the West — carry the highest cost. Traders of more basic products such as coal *know* it's from SA but do not deliver it in that form to consumers.

A vital point for Kleu to consider is that the sanctions game is decades old and well known. A Johannesburg-based political risks broker points to trade with countries behind the Iron Curtain, and more recently events in Libya involving "Gaddafi bonds" as reasons why his London underwriters did not bat an eyelid at the new SA sanctions blanket.

What Kleu wants, essentially, is continuing improvement on SA's 1986 trade figures. Exports of R42 billion and imports of R27 billion produced a trade surplus of R15 billion and a R6 billion current account surplus. Some R13 billion worth of exports can be traced to metals and minerals, with gold accounting for a further R10 billion.

The international metals and commodities markets rate as the most sophisticated after financial markets, and they carry the feature of intrinsic self-immunity to sanctions. And SA's export prodigy — military hardware produced in real rather than simulated war zones — operates in a market with amoral rules.



Exports ... similar wares, different routes

SA, after all, has been under an oil and arms embargo for some time without visible suffering. The exception is increased cost: SA must pay a premium on imports and discount exports to neutralise the castigation if the foreign trader is caught with his fingers in the cookie jar.

There are more encouraging pointers for the future of SA's trade. Last year's statistics show that the largest increase in import-export trade came from Asia. The Far East appears more pragmatic than the West about SA sanctions: Asian businessmen and governments tend, rightly, to put their own economic welfare first.

But even the West opens itself to numerous opportunities through its double standards. Despite last week's US call for an international multilateral programme of sanctions, the US will continue to import certain SA metals. From that, unfortunately, comes the implication of a certain danger.

A foreign business threatened competitively by SA goods may spill the beans that SA is trading in that market. Back home, by the same token, a local worker who sees embargoed goods being imported by his company may do likewise.

By all accounts Kleu is doing a sterling job, due largely to the composition of his committee. It includes Bryan Clarke of the CSIR, John Parsons of the NPI, Richard Savage of Reunert, Wim Holtes of Safto, Colin McCarthy of Stellenbosch University and Hennie Reynders.

SA is busting sanctions, and there's no point in blowing the trumpet on details.

The real tragedy of sanctions missing from the Kleu canvas is the amount of money that will be made by unscrupulous middlemen. Foreign operators are already said to be ordering goods by the container-load, but investigations by political risk brokers find front-companies with no tangible assets.

Not that Bjelke-Petersen espouses apartheid. He deplores the system, but says that while SA undoubtedly has severe racial problems to overcome, it must be allowed to solve them without

In the eyes of many expatriates at least, Bjelke-Petersen's march to Canberra and his ability to test Labour at the polls cannot come quickly enough. For SAA, it may just come in the nick of time.

Fast foods, faster profits

NORMAN SHEPHERD

THE potential of the R700m-a-year fast food, restaurant and catering franchising industry had hardly begun to be exploited, Federated Hotel, Liquor and Catering Association (Fedhasa) operations executive president Fred Thermann said.

"Only a small percentage of total retail sales in SA are through franchises, compared with 35% in the US, which is said to be a roughly comparable market," he said.

Thermann said the industry had recession-proof 20% annual growth and interest in it had never been greater, with 1 372 franchises of all kinds and 79 franchisers in SA.

"SA franchises can expect a return of 35% a year and a break-even point within seven months," he said.

"About 90% of franchised businesses succeed, compared with the 85% of failures among untried businesses lacking management skills and proven systems.

"The big growth area in the market now is among black clientele generally, with their greater disposable incomes, and among speciality groups such as weight-watchers and fitness enthusiasts.

"A potential pitfall is that a popular concept today can become a spent fad tomorrow, while too rapid expansion without adequate management skills and systems can be fatal to a franchise business."

Thermann said Fedhasa was addressing the issue by organising a seminar on franchising trends, potential and pitfalls on Monday, February 23, at the Sandton Sun Hotel in Sandton.

AIRLINE MOVEMENTS

officer.

Dow Chemicals to disinvest

By PHILLIP VAN NIEKERK

DOW Chemicals — the American giant which acquired notoriety during the Sixties for manufacturing napalm used in the Vietnam war — is set to disinvest from South Africa.

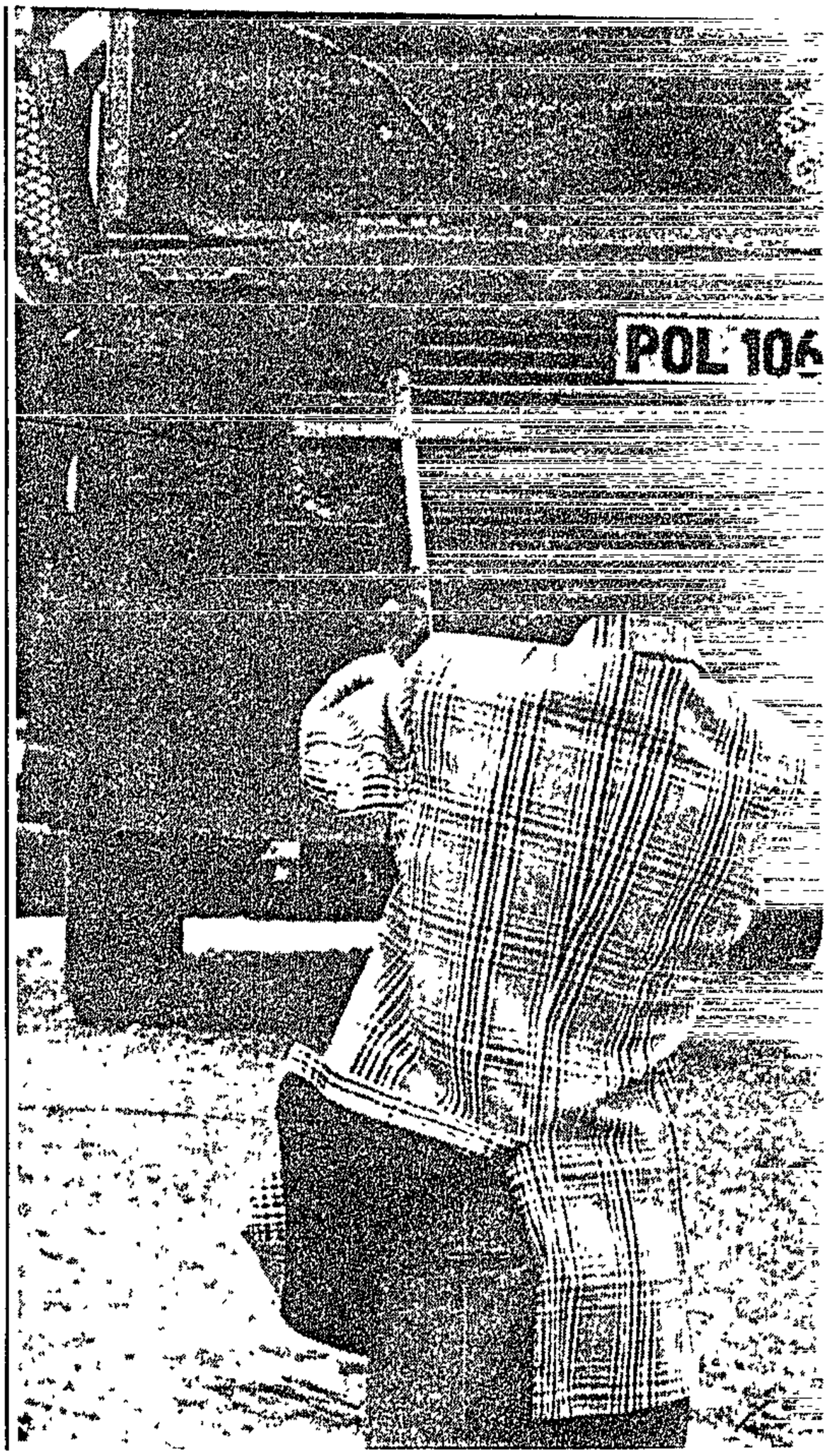
A representative of the company this week refused to comment on the pending pull-out, but reliable sources said one unit of the local operation would be transferred to local management and one unit would be sold to outside buyers.

Dow is one of the largest chemical companies in the world, but its local operation — which manufactures agricultural and industrial chemicals as well as pharmaceuticals — is relatively small.

In 1983 the company employed 200 workers and had investment in South Africa valued at $32-million (about R60-million at current exchange rates).

Dow is the fourth American company to disinvestment from South Africa since the beginning of the year. The news of its pending departure is the third report in the past week of a foreign multinational leaving the country, following the announced withdrawals of Canadian companies Moore, which manufactures business forms, and Falconbridge, 49 percent owner of Western Platinum.

Ken Mason, director of the American Chamber of Commerce in South Africa, said yesterday that investment in South Africa by US companies had declined from $2,8-billion (about R5,4-billion) in 1983 to $1,3-billion (about R2,5-billion) in 1987.


POL 104

Kentucky chicken steals Jackson's thunder

WASHINGTON — The Kentucky fried chicken corporation (KFC) inadvertently stole the Reverend Jesse Jackson's thunder in announcing its withdrawal from South Africa and the Chicago preacher is furious.

Mr Jackson had scheduled a press conference in Louisville, Kentucky, where KFC is based, to denounce the firm's continued presence in South Africa and to threaten a possible boycott, but found himself pre-empted by the announcement.

Even more annoying for him, KFC would not even let the former presidential candidate take credit for the move, flatly denying his insinuations that he was responsible.

"Our decision and his showing up on our doorstep were completely coincidental," a company official said.



MR JACKSON

Mr Jackson now appears to be taking his revenge by blasting the fast-food giant for not closing down its South African restaurants entirely, even though a quarter of them are black-owned.

There are currently 180 KFC outlets in South Africa — 120 owned and operated by franchisees, the remainder directly owned by the company. The latter are to be sold to local buyers. All franchise agreements will be honoured, and the company will continue to receive royalties.

Though KFC will no longer have assets in South Africa, a spokesman, Mr Greg Reynolds said South Africans will still be able to eat chicken sold under its brand name and cooked according to its recipe.

This is not good enough for Mr Jackson, who told KFC executives: "Every day you sell chicken in South Africa, you pay taxes to South Africa. South Africa is using these taxes to oppress and kill people and persecute the church." — Sapa-AP

Democrats in new push for full sanctions

The Star Bureau

WASHINGTON — Liberal Democrats are trying again to get the US Congress to approve complete sanctions and total disinvestment against South Africa.

Yesterday they introduced new legislation in both the Senate and the House of Representatives that would cut all South African ties with the US economy.

Their Bill is similar to the stringent sanctions measure that was approved by the House last year, but watered down considerably in the Senate.

The new Bill was introduced in the Senate yesterday by Senator Alan Cranston of California, supported by Senator Edward Kennedy, and in the House by Congressman Ron Dellums, also of California, with 47 co-sponsors from a wide range of states.

Meanwhile, the United States signaled yesterday its intention to veto selective mandatory sanctions against South Africa under consideration by the Security Council.

"As of now it looks as if we will vote against obligatory sanctions," US Ambassador Mr Vernon Walters told a news conference.

His comments came yesterday as the Security Council debated mandatory sanctions for the third day.

Ford UK stops trade with SA

The Star Bureau

LONDON — Ford UK is to cease trading with South Africa.

Present trade links of R140 million a year, mostly exports to South Africa of spares and components for the Sierra range, are to be phased out. Legally binding contractual arrangements will run their course, but will not be renewed.

This will leave Samcor, which was Ford SA until 1985, without its British supplies of body panels, components and service parts for the Ford Sierra.

The move follows intensifying anti-apartheid pressure from trade unions and activists, but Ford UK says the decision to phase out its supplies to Samcor is based largely on commercial considerations.

It says the same applies to the cancellation last year of imports from South Africa of P100 pick-up vans

The Anti-Apartheid Movement has hailed the announcement as a major victory.

Ford not cutting imports

By Jeremy Sinek

There is no danger to Ford's continued operations with Sierra and Bantam in South Africa, said Samcor's managing director Mr Spence Sterling yesterday.

He was reacting to reports that Ford UK had bowed to anti-apartheid pressure from trade unions, by phasing out exports of components to South Africa.

Ford UK had said that legally binding contractual arrangements would run their course:

"At this point there is no end to our contractual commitments."

Ford UK spokesman Mr Martin Watkins confirmed: "We have no intention of stopping the export to South Africa of components and spares for the Sierra range."

MISINTERPRETATION

The original report that Ford UK was to end exports to South Africa, described by Mr Watkins as a "misinterpretation", had appeared in an Anti-Apartheid Movement newsletter.

Mr Sterling said the AAM claimed credit for something that had been going on for some time.

"The volume of our business with Ford UK has been reducing for some years for purely commercial reasons," he said.

Only a small proportion of parts are imported from Ford UK. "We make a lot here, and we source a lot out of Europe or from outside suppliers.

"Ford UK will continue to meet its obligations, which will last at least as long as this Sierra model — until 1992.

"We have plenty of time to plan what to do after that. We have access to a lot of alternatives in both the Ford and Mazda worlds."

Apart from the UK the Ford Sierra is currently also manufactured in Germany and Belgium.

Last year the Sierra was the 11th most popular car in South Africa with 7 678 sales.

FOR SUBSCRIPTION INQUIRIES — TELEPHONE EAST LONDON 261

US customs probe alleged crayfish sanctions busting

Dispatch Bureau

WASHINGTON — The United States customs service is investigating an alleged sanctions-busting conspiracy to import 150 tons of highly-prized crayfish from Cape Town in defiance of the congressional ban on South African foodstuffs.

Tipped off by an unidentified South African informant, agents have recently examined two shipments of frozen crayfish tails marked "product of the Cayman Islands", according to customs spokesman, Mrs Liz Orgeron.

The informant claimed that a Cayman's-registered vessel, the Southern Freedom, took on the already frozen and packed crayfish in Cape Town several weeks after the October 3 food embargo. He charged that the cargo was relabelled and transferred to two US-bound ships, the Frost Olympus and the Icelandic, in Montevideo, Uruguay, in mid-December.

Frost Olympus unloaded at Gloucester, Massachussets, on January 2, and the Icelandic in New York in early February. Both consignments were checked by customs but their origin could not be verified, Mrs Orgeron said.

If the crayfish were caught by the Southern Freedom, the shipments would be legal. Under the treasury department's rules implementing the sanctions law, what matters is not the waters in which the fish were caught, but the nationality of the vessel that caught them.

As one state department official explained "what else can we do? ask the animals if they speak Afrikaans?"

Because the sea crayfish season does not open until November 1, the informant argued, Southern Freedom could not possibly have caught 150 tons and made it to Montevideo by mid-December its cargo must, therefore, have been the previous season's catch obtained from a Cape Town packinghouse.

The attention focussed on the crayfish by the investigation is bad news for a pair of South African businessmen who have set up an entirely legal pipeline around the embargo.

Mr Eric Kiwi, a South African-born vice-president of the New York-based Specialty Seafoods Inc, confirmed yesterday that his company obtains crayfish from SA waters through the Caymans-based South Atlantic Fishing Company (Safco).

Specialty Seafoods occupies the same premises as the now defunct SA Rock Lobster Services, which for 40 years was the sole agent for South African crayfish.

Before sanctions went into effect, the managing director of Cape Town's Atlantic Fishing Enterprises Pty Ltd, Mr Peter Kuttle, sold eight of his ships to Safco and now acts as the Caymans-registered fleet's South African agent.

The Pretoria government has reportedly cooperated by granting SAFCO the necessary permits and quotas to lift crayfish from its territorial waters — a privilege not normally available to foreign fleets.

One problem with this arrangement was that Mr Kiwi had to market the catch as a product of the Caymans, whose crayfish are not nearly so highly sought after as the SA variety "We are not selling South African crayfish any more."

Another problem is likely to be the newly-alerted US congress. Congressman William Gray, who has assumed the role of watchdog to ensure that sanctions are fully implemented, has asked his staff to check into the continuing crayfish trade. "If there is a loophole in the law, we can make specific changes."

Ford UK denies trade stoppage

LONDON — The Ford Motor Company in Britain said yesterday it did not intend stopping trade with South Africa and the export of components and spares for the Sierra range would continue.

Ford spokesman, Mr Martin Watkins, reacting to reports that the company was cutting its links, said: "No such decision has been taken, and indeed even if we wanted to, no such decision could be taken because we have contractual obligations."

He said Ford's business with Samcor, which was Ford SA until 1985, was diminishing for "purely commercial reasons" which had nothing to do with external pressures.

But he confirmed: "We will continue with our contractual arrangements."

Samcor, which is South Africa's largest motor vehicle manufacturer, also denied in Pretoria yesterday that a decision had been taken to cut its R140 million trade links with the United Kingdom.

Total sales of Samcor vehicles last year were 54 000 — behind leader Toyota's 78 000. — Sapa

US will veto call for SA sanctions

NEW YORK — The US ambassador to the United Nations, Mr Vernon Walters yesterday confirmed the United States was set to veto a resolution, expected to be introduced shortly in the security council, calling for mandatory sanctions against South Africa.

"As of now, it looks as if we will vote against obligatory sanctions," the American envoy said at a news conference.

Mr Walters' reply confirmed expectations that the United States would use its veto to block mandatory measures against the Pretoria government during a council debate that began on Tuesday.

He said if sanctions were imposed and the situation in South Africa later improved, a single big power could veto the lifting of those sanctions.

"In other words, you are tying your hands for the future, and I think that is part of our trouble with it," he said.

Mr Walters said the United States itself had already imposed a range of sanctions against South Africa and had been the first to bar the sale of arms and police equipment to that country. — Sapa-RNS

Britain and US block sanctions move at UN

But Italy backs call for a clamp on SA

NEW YORK — The United States and Britain last night vetoed a UN Security Council resolution calling for mandatory economic sanctions against South Africa as a way of ending its race policies.

West Germany also opposed the draft, while France and Japan abstained.

There was something of a surprise when Italy, the other Western member of the 15-nation council, voted for the resolution.

Italy's Mr Maurizio Bucci said selective mandatory sanctions could play a useful role as a "powerful political message and as an instrument to exert gradual pressure for change" on the South African Government.

The vote came at the end of a four-day debate on racial turmoil in South Africa, where a state of emergency is in force.

The resolution was sponsored by five non-aligned countries — Argentina, Congo, Ghana, the United Arab Emirates and Zambia.

Also voting in favour were Bulgaria, China, the Soviet Union and Venezuela.

The resolution, expressing outrage at the "Pretoria racist regime's further intensification of its repressive rule", would have imposed a range of mandatory sanctions by member countries similar to those enacted last year by the US Congress over President Reagan's veto.

It would have barred imports of Krugerrands, military goods, sugar, uranium, coal, iron, steel, and agricultural products.

It would have prohibited exports to South Africa of computers, crude oil and petroleum products.

Air links, nuclear trade, South African deposit accounts and the promotion of tourism would also have been banned, and tax treaties terminated.

Speaking immediately before the vote, US Ambassador Mr Herbert Okun said Washington "totally rejects the notion that we should eliminate apartheid by provoking the collapse of the South African economy and a subsequent violent revolution".

The US did not believe the UN should lay down to all its members what their appropriate course of action should be, he said.

It would be all but impossible to enforce worldwide mandatory sanctions and it would also be very difficult to agree later whether sufficient progress had been made toward dismantling apartheid to warrant lifting them, Mr Okun said.

In Pretoria Foreign Affairs Minister Pik Botha said today he was convinced there were thousands of South Africans of Italian descent who, like himself, were astonished that Italy had voted in favour of the proposed sanctions.

Mr Botha said he would contact his Italian counterpart regarding the "inexplicable" action of the Italian Government.

The Minister said the "international vendetta" against South Africa had only been temporarily averted by the blocking of the Security Council move for mandatory sanctions.

He expected that new plans were already being formulated to instigate world-wide sanctions against South Africa and that SWA/Namibia would possibly be used in an attempt to bring this about.

— Sapa-Reuter

Israel bans visits to SA

JERUSALEM — In its latest move to deflect criticism over its ties with South Africa, the government here has formally forbidden any official visits by Israelis to the Republic.

This still leaves the door open for "private visits" but Foreign Ministry and other pressures will be applied to try and dissuade individuals or organisations from visiting the Republic.

According to a Press report here this edict includes theatrical and musical groups which might be invited to appear in South Africa.

Arms

The moves come as the United States is re-examining its aid programme to countries which supply military technology or arms to South Africa. Israel has come under fire in the US for what has been described as a continued strategic alliance with Pretoria.

Israel has been taking cover these past months, disclaiming South African ties, especially those with military or security aspects. Other ties are being downplayed, too. And Israel continues to try to persuade the Americans that it is far from special compared with those countries which have wide-ranging commercial relationships with the Republic.

According to a survey conducted here for a labour newspaper, *Davar*, Israel fears it could lose up to 500-million US dollars if it is immediately forced to cut ties with Pretoria — a most unlikely move.

Damage

The main damage would be to the defence industry here, in particular those branches dealing with aviation.

Israel has apparently explained to the Americans it needs about five years to wind up its links with Pretoria to avoid considerable financial losses.

This was no indication as to whether Mr Shamir actually promised to effect such a wind-down that, too, is unlikely.

Mr Shamir reportedly said Israel was interested in ending (unspecified) contacts with South Africa providing this could be done without affecting Israel's interests.

Pik: Italy's vote for sanctions is surprising

PRETORIA — The Minister of Foreign Affairs, Mr Pik Botha, said early yesterday that the vote in the UN Security Council on Saturday night on a resolution which would have imposed sanctions against South Africa had run its course as had been expected — except for the vote that had been brought out by Italy.

Mr Botha, in response to enquiries regarding the vote, said he was convinced that there were thousands of South Africans of Italian descent, who, like himself, were astonished by the fact that Italy had voted in favour of the proposed sanctions.

Mr Botha said he would, obviously, contact his Italian counterpart regarding the "inexplicable" action of the Italian Government.

The Minister said the international vendetta against South Africa had only been temporarily averted by the vetoes which had been exercised by the United Kingdom and the United States.

He expected that new plans were already being formulated to instigate worldwide sanctions against South Africa and that SWA/Namibia would possibly be used in an endeavour to bring this about.



MR BOTHA

Mr Botha said the strongest attempt to counteract the onslaught of sanctions was a united voice of all moderate South Africans. — Sapa

Concern over cutting of ties

TEL AVIV — If Israel were to immediately terminate its relations with South Africa, the Israeli economy would suffer a loss of half a billion dollars, a daily newspaper reported at the weekend.

Hardest hit would be Israel's defence and aviation industries, Davar reported. The newspaper said four years would be needed to find alternative markets to Pretoria.

US President Ronald Reagan is to present a report to Congress by April 1, naming those countries that maintain economic and military ties with the apartheid government. Countries that continue to co-operate with South Africa could face a cancellation or reduction of US economic aid.

Israel receives about $3 billion annually in military and civil aid from the United States.

Two opposition Democrats of the US Congress in Washington, senators Alan Cranston and Ronald Dellums, have introduced bills which would require divestment of American financial interests in South Africa and a trade embargo against Pretoria to protest against apartheid.

The bills would require an end to US investments in South Africa and a trade embargo and would prohibit any form of US military or intelligence co-operation with Pretoria.

They would also extend the sanctions to SWA.

President Reagan has consistently opposed tough economic sanctions against the Pretoria government. Congress passed a limited sanctions bill over his veto last October.

The two senators said they approved of the sanctions passed last year but believed more action was needed because of continuing repression in South Africa.

Meanwhile, the US Secretary of State, Mr George Shultz, while testifying before the Foreign Affairs Committee of the House of Representatives on how to promote such interests in other countries, said that US strategic interest calls for "active engagement" with all political parties in South Africa.

"In South Africa, this will require our active engagement with all parties in an effort to persuade them that dialogue and negotiation — rather than escalation of violence — are the only paths to the prospering, colour-blind democracy South Africans yearn for," he said. — Sapa-AP

Samcor denies UK trade break

JOHANNESBURG — The Guardian and The Morning Star today carried stories alleging that Ford of Britain had agreed to discontinue trade with South Africa.

But Samcor, which traded in South Africa as Ford SA until 1985, has issued a statement in which it says it "has been advised by Ford of Britain that this is not the case".

The statement says: "Journalists pursuing the story, which was raised in the publication, Anti-Apartheid News, were told that Ford of Britain's trade with South Africa was declining for commercial and economic reasons.

"Details were given to support this and it was made clear to journalists that no decision to stop trade with Samcor has been taken and that the reduction in business has not been influenced by external pressure."

Samcor's group managing director, Mr Spencer Sterling, said today: "There will be no interruption in parts supply to build Sierra cars or replace parts for the after market." — Sapa

(280) DD 23/2/87

Package given thumbs down

JOHANNESBURG — The Association of Italian Ex-Prisoners of War in South Africa yesterday criticised Italy's vote at the United Nations Security Council in favour of sanctions.

"The Italian community in South Africa feels strongly against the position taken," the association said in a telegram to the Minister of Foreign Affairs, Mr Pik Botha.

Italy was the only Wesern nation on the council to support the motion.

The deputy-chief US delegate, Mr Herbert Okun, said Washington "totally rejects the notion that we should eliminate apartheid by provoking the collapse of the South African economy and a subsequent violent revolution."

It would be all but impossible to enforce worldwide mandatory sanctions and very difficult to agree later whether sufficient progress had been made toward dismantling apartheid to warrant lifting them, Mr Okun said.

The British ambassador, Sir John Thomson, said sanctions would "encourage a siege mentality among white South Africans" and hinder reform. — Sapa-AP-RNS

Sanctions veto is condemned

HARARE — The British and American vetos of the United Nations' package of selective mandatory sanctions against South Africa drew widespread condemnation at the weekend.

Condemning the US veto, the chairman of the Non-Aligned Movement's (Nam) council of ministers and the Foreign Minister of Zimbabwe, Dr Witness Mangwende, said African and Nam countries had called on the Security Council to adopt a package of selective sanctions based on those enacted by the US Congress last year over President Ronald Reagan's veto.

The package would have barred imports of South African Krugerrands, military goods, sugar, uranium, coal, iron, steel and agricultural products, and would have prohibited exports to South Africa of computers, crude oil and petroleum products.

Air links, nuclear trade, South African deposit accounts and the promotion of tourism would also have been banned and tax treaties terminated.

"We viewed it as the most tangible and meaningful package passed so far," Dr Mangwende said at the weekend.

The African and Nam caucus in the Security Council "knew there were forces that would be against this in the UN but we felt that they would be prepared to agree to measures that they themselves have adopted," he said.

However, the US and Britain vetoed the resolution. The Federal Republic of Germany, which does not have a right to veto in the security council, voted against the resolution.

"We were very dissappointed by the actions of the US, Britain and West Germany. The US itself has said it was going to impose that very same package of measures passed by the Congress," Dr Mangwende said. "At the same time it hypocritically vetoes that package in the UN."

He said the US administration had acted against the wishes of the majority of American people who had thrown their weight behind the sanctions bill passed by Congress.

"The international community can see who the friends of South Africa are and that they are protecting their own interests by not putting pressure on South Africa," he said.

Meanwhile, President Kenneth Kaunda said in Lusaka economic sanctions were the only way to end apartheid, despite opposition from those who feared adverse effects on Zambia's economy.

Dr Kaunda was speaking at a state dinner at the weekend for the visiting Mozambique President, Mr Joaquim Chissano, who also advocated sanctions.

Criticising the Western nations' veto Dr Kaunda, who is also chairman of the front-line states, "they continue to use outmoded, unsubstantiated and patronising arguments to justify their opposition to sanctions".

In London, anti-apartheid campaigners criticised the British Government for vetoing the resolution.

The president of Britain's Anti-Apartheid Movement, Bishop Trevor Huddleston, described the move as "a morally indefensible abuse of the veto power".

He said in a statement that by vetoing the sanctions package the British Prime Minister, Mrs Margaret Thatcher, and President Reagan had gone against a majority of nations and were "equally at odds with public opinion in their own countries".

"I have a simple message to Mrs Thatcher — you have shamed our country once again by your support for apartheid." — Sapa-RNS

City Italians condemn sanctions vote at UN

Dispatch Reporter

EAST LONDON — A group of 15 Italians living in East London have attacked the Italian Government's vote in favour of sanctions against South Africa, saying they felt "cheated" by their government.

In a statement to the Daily Dispatch yesterday, signed by "A Group Of Concerned East London Residents", the spokesman, Mr Vittorio Tabanelli, said they would like to add their voice to a declaration issued by the Association of Italian ex-Prisoners of War in South Africa, which said the Italian representative in New York had acted against South Africa.

"We feel cheated by our own government that instead of caring about its nationals they acted against the feelings of an overwhelming majority of Italians living here, deciding to take a stand that is not shared or supported by us," Mr Tabanelli said.

"This has been possible because, by not having the (voting) right for elections shortly to be held in Italy, we are deprived of our rights and our representatives feel free to act against our interests and feelings.

"We pledge our loyalty towards this country that has welcomed us in such a friendly way and has given us the opportunity to work and live with dignity," Mr Tabanelli concluded.

The group are : V. A. Tabanelli, V. Frigerio, D. Olivieri, D. Benetello, V. Zanoncelli, E. Zanoncelli, R. G. Zanoncelli, M. Flavio, V. Flavio, A. Flavio, C. Frigerio, L. Spezialetti, E. D'Appuzo, V. Vergara and S. Marfia.

Trimark in deal over Kodak's labs, staff

B/Day

20/2/87

280

KAY TURVEY

TELTRON associate, Trimark Agencies, is to buy Kodak laboratories in a deal scheduled to be concluded early next week, industry sources say.

The deal, which has been agreed to in principle, comes after Eastman Kodak's decision last year to pull out of South Africa. The US photographic giant hopes to have fully withdrawn by the end of June.

Kodak is believed to have lost heavily on the sale of its operations because of the hastiness of its pullout and the piecemeal basis on which the company's operations are being sold.

Trimark will take over Kodak's nine colour laboratories in major centres countrywide.

It is understood there are to be no retrenchments, with the buyer agreeing to take over the existing staff of 160 to 170.

Teltron, part of the Premier stable, recently acquired a 60%-holding in Trimark Agencies.

Kodak was the first company to tie its withdrawal to a total ban on the sale of its products in SA.

Shipments of Kodak products are to end by April.

This will not affect laboratory operations.

Specialist laboratory equipment is to be sold with spares already in stock. Staff members are to be trained in equipment maintenance.

SA seafood worth R21-m sent to US despite ban, paper claims

NEW YORK — As much as $10 million (about R21 million) worth of South African lobster tails has been shipped to the United States despite a ban on a wide range of South African goods enacted last year, the *Journal of Commerce* reported yesterday.

"There's no doubt that the spirit, if not the letter, of the law is not being complied with," said a US investigator, who spoke on condition of anonymity, according to the report.

Officials told the paper that one of the biggest problems, in the case of seafood, is that the country of origin is technically determined by the flag of the ship that catches or processes it rather than by the ownership of the cargo or the vessel.

South African seafood may be sold legally in the United States by other countries.

One shipment of 85 t of lobster tails — worth $2,7 million (about R5,6 million) — was transferred from the Southern Freedom, a ship registered in the Cayman Islands, to a Panamanian-registered vessel in Montevideo, Uruguray, and then shipped to Gloucester, Massachusetts, in early January, the newspaper said.

A second shipment of 244 t worth up to $7,8 million (about R16,2 million) was transferred from the Southern Freedom to the Spitsbergen, a Cyprus-registered vessel, in mid-February and was also believed to be bound for Gloucester, the paper said.

It quoted a Uruguayan shipping agent as saying that the Southern Freedom was owned by the South Atlantic Fishing Comapany, located in the Caymans.

The company appeared to be linked to a Cape Town firm, the paper said. — Sapa-Associated Press.

'Black group have doubts about whether they are a good idea'

SOBERING THOUGHT ABOUT SANCTIONS

Sowetan 26/2/87 (28)

By US Secretary of State George Shultz

WASHINGTON, — The Reagan Administration is doing everything it can to help American companies stay in South Africa, the secretary of state, Mr George Shultz, has told the US Congress.

SOWETAN Foreign News Service

But the political atmosphere that had been created around their operations in South Africa has made things very difficult for them, the secretary told a senate committee in Washington

"And it's a shame because they have been doing a terrific job — not only in trying to do their business but in being good corporate citizens," he said.

Chide

Mr Shultz chided Republican Senator Richard Lugar for saying that the congress had tried last year to divorce sanctions from disinvestment and had tried to encourage Americans to stay in South Africa while at the same time sending a signal to the SA Government.

"The fact of the matter is that we have given a message to our companies that they ought to leave, and they're leaving," Mr Shultz said.

The secretary of state was asked why the US had vetoed mandatory sanctions on South African by the United Nations last Friday when the proposed measures went no further than sanctions already imposed by the US Congress.

He replied that the administration disagreed with the principle of mandatory UN sanctions. There were constant attempts, for instance, to impose them on Israel.

Differ

"Santions have the best chance of working if they are applied uniformly by leading countries, and when that is not the case, they basically do not work,' Mr Shultz said

"We have consultations with other countries about what we are doing and we tell them what we are doing They differ with US quite sharply in many cases "

Mr Shultz added that the US was not campaigning to get other countries to impose sanctions on South Africa.

Doubts

He had spoken to South Africans, especially representatives of black groups. Now that they saw US companies leaving, they had doubts about whether it was a good idea.

"It's a little sobering," Mr Shultz told the senators.

Forbes says buyouts are bargains

Cheery side of disinvestment is highlighted

280

BDay 27/2/87

THERE may be cause to be cheerful about the corporate run from SA.

According to the latest edition of *Forbes* magazine, managers of foreign-owned SA companies "have a very good reason to feel euphoric" about sanctions. The magazine says embargoes have made them rich.

Says *Forbes* correspondent Peter Brimelow: "This has happened because foreign corporations couldn't simply pick up their factories and go home, as advocates of disinvestment seemed to think they would. They had to sell them, frequently to the incumbent managers in the form of leveraged buyouts, often for a fraction of market value because everyone knew they were desperate."

Brimelow says disinvestment has been a cheap form of corporate restructuring, "quite possibly enhancing the efficiency of the SA economy".

In the short-term, he estimates, disinvestment and fewer capital imports will cause SA's economic growth to average around 3% a year against 5% to 6% in the '60s. "But it will grow. And it will be that much less vulnerable."

Business Day Reporter

Brimelow adds: "To the extent that sanctions are effective, the SA economy will reorient itself away from exports and towards import substitution,

"At a price, the South Africans have the technical capacity to produce practically anything."

The private sector is seen as confident about its ability to export embargoed goods, with sanctions-busting "already developing into a high art".

The article says a "good part" of further US aid to black Africa will find its way into the SA fiscus from purchases of local goods and services.

Unequivocal support is given to the notion that sanctions will hurt SA's blacks. "In theory, the whites could pass most of the costs of sanctions through to the blacks in general and to the Frontline states in particular. In practice they have been less ruthless — up to now."

On US pressure, Brimelow writes: "Sanctions were important as a threat; as a reality they are like pushing on a string."

SELL OUT!

Renewed pressure on Church of England to end all direct investment in South Africa

Sowetan 27/2/87

LONDON — The Church of England came under renewed pressure this week to disinvest completely from South Africa with a motion calling for an end to all indirect church investment in the white-led country.

Sapa-Reuter

The debate by the general synod — a parliament of laity, clergy and bishops — followed new recommendations by the church's financiers not to sell any more shares in companies involved in South Africa.

The church's central board of finance, which controls worldwide investments totalling R900 million said financial links with South Africa had been reduced to a minimum practical level.

Target

Forty four companies, many of which are the target of this week's motion, make up 48 per cent of the church's total British and American holdings.

It said selling any more shares in those companies would be impractical and financially irresponsible.

"These interests, which are mainly small in relation to their total operations, have been declining in 1985/86 and are expected to fall further as more companies disinvest from South Africa due to the political and commercial outlook," the board said.

The Church of England, mother church of the 70 million-strong world-wide Anglican communion, has not invested directly in South Africa since 1958 when it deemed drawing income from the country morally inappropriate.

This week's motion, calling for blanket disinvestment in all companies and institutions with significant investments in South Africa, followed an inconclusive debate in November on a proposal to withdraw investments specifically from British companies involved in South Africa.

More than 60 British and American companies, including Barclays Bank, General Motors and IBM, have withdrawn from South Africa in the past year and both the United States and the European community have imposed sanctions against Pretoria.

Companies whose shares would have to be sold if the synod motion were passed include Shell, British Petroleum, ICI, GEC, BTR and Unilever. Sapa-Reuter/RK.



Zimbabwe's Mugabe ... pushed both ways

import 13 000 t of oil monthly from SA this year, raises new doubts over Prime Minister Robert Mugabe's long-threatened sanctions announcement. It has become increasingly clear that the Zanu-PF politburo and Cabinet is deeply divided on sanctions.

Pragmatists and those responsible for economic management are urging Mugabe to drop sanctions altogether or, at worst, to confine moves to "cosmetics," such as severing air links. But more political ministries, such as foreign affairs and information, are arguing that as leader of the Non-aligned Movement and the most vociferous Frontline state, Zimbabwe cannot afford to back down now.

Mugabe has promised sanctions since last August's Commonwealth mini-summit, but his consensus style of management invariably results in delayed decision-making. In his most recent major public announcement on sanctions — at New Year — Mugabe denied there was any policy change, saying he was still awaiting his sanctions advisory task force's report.

Zimbabwe and Zambia were in the forefront of last week's African motion at the Security Council seeking selective mandatory sanctions against Pretoria. Despite this, neither country relishes economic confrontation with their powerful neighbour.

Zambia's President Kenneth Kaunda, whose economy has been deteriorating for the past 10 years, is obviously reluctant to take the plunge. It seems clear that his hesitancy and Botswana's open opposition have stymied Mugabe's calls for a concerted frontline move. Botswana has repeatedly emphasised that it is not prepared to impose sanctions and President Quett Masire's critics within the liberation movements complain that his government, along with Swaziland, is preparing to cash in on sanctions.

With its stronger and more broadly based economy, Zimbabwe is far better placed than Zambia to impose limited sanctions, but the new import cuts and the sobering realisation that debt service costs will absorb more than 30% of export earnings for the rest of the Eighties appears to have engendered a new determination among businessmen, officials and some ministers to press for cosmetic measures that will not seriously damage the economy.

The most obvious would be to cut air links, but Zimbabwe could also ban certain imports from SA and perhaps restrict tourism (in both directions) without serious economic damage. There would, however, be severe personal inconvenience.

Most recent trade figures suggest that last year Zimbabwe imported some US$180m of goods (about one fifth of total imports) from SA, mostly chemicals, raw materials, spares and capital equipment. Exports are estimated at around US$110m (some 8% of total exports) leaving Pretoria with a healthy favourable trade balance of US$70m.

The real imortance of this trade lies in the fact that while — in theory — Zimbabwe could replace many imports it currently buys from the south, the logistics of moving them through a non-South African port and the cost of procurement would create major problems for local industry.

In reverse, about 40% of Zimbabwe's manufactured exports go to SA, and a high proportion of benefit from the preferential trade agreement with Pretoria. This would be a sanctions casualty if Mugabe sticks to the letter of the Commonwealth agreement.

In any event, transport is the key issue, with upwards of 80% of Zimbabwe's foreign trade going through SA. In this situation, it is hard to see how Mugabe could afford to implement the full Commonwealth package. Certainly, he is being advised against it, not just by London and Washington, but by India's Rajiv Gandhi, the Australians and, more recently, by the Canadians who have changed direction since their study last year purporting to show that the frontline states could take sanctions in their stride.

This diverse advice militates against Mugabe provoking a confrontation with Pretoria, at least until after the May 6 poll Even then, however, a strong rightwing election showing would encourage SA to retaliate fiercely.

The shrewd money remains on the cosmetic sanctions option Mugabe cannot go as far as he would like, but he must at least make the start to satisfy his own hardliners Those limited sanctions could be in place by mid-year. ■

ZIMBABWE SANCTIONS

Hedging bets

Zimbabwe's belated public acknowledgment of its serious foreign exchange situation, implicit in the 40% cut in 1987 first-half import allocations, underlines yet again the country's vulnerability to counter-sanctions measures from Pretoria.

This, and the news that Zimbabwe is to

SA buyout as Foster Wheeler disinvests

ALAN SENDZUL

US CHEMICAL engineering firm Foster Wheeler Energy Corporation said yesterday its British affiliate company had disinvested from SA through a local management buyout.

The new company will be known as Foster Wheeler SA (FWSA) and the deal, which passed control of the UK-owned subsidiary into SA hands, was entirely funded by local money.

Foster Wheeler's annual turnover is estimated at R50m. It has a staff of 300, all whom will retain their jobs.

The firm's main asset — because of the nature of its business — is expertise. Contracting work covers oil refineries, petrochemical plants, pharmecutical factories and other capital intense production plants.

FWSA said it would continue to honour existing contracts and preliminary design work on the Mossel Bay project will be unaffected by the change.

The new directors, all SA residents, are Bill Howe, Horst Filip and Brian Wedgwood, who will act as managing director.

In terms of the buyout, the sale, which is still subject to the approval of the SA authorities, cannot be quantified. It also prevents the foreign sellers from buying into the company at a later date.

No JSE listing is envisaged.

US alert for ship carrying SA crayfish

GLOUCESTER (Massachusetts). — The United States Coast Guard said today it was watching out for a ship believed to be carrying millions of dollars worth of South African lobster tails whose import into the United States is banned.

A Coast Guard spokesman said that Customs would be alerted if the Spitsbergen, a vessel registered in Cyprus, arrived in Gloucester, a major seafood products centre.

He said it was suspected that the vessel was carrying lobster tails from South Africa.

The Journal of Commerce reported on Tuesday that the Spitsbergen had taken on 244 tons of lobster tails in Montevideo, Uruguay earlier this month and was headed for Gloucester.

The New York-based newspaper said the cargo was transferred from the South Freedom, a ship that apparently has links to a South African company.

Lobster tails and other South African food are banned under sanctions imposed by the US Congress last year.

CIRCUMVENTING BAN

The Journal of Commerce said that South African exporters were circumventing the ban by transferring cargoes between ships in foreign ports and by re-registering their ships under other national flags.

It said that in December the South Freedom transferred 85 tons of South African lobster tails in Montevideo to the Frost Olympos, a ship registered in Panama.

The Frost Olympos docked in Gloucester on January 5 and was unloaded, the newspaper said.

A Customs spokesman said an investigation of that cargo was under way. The cargo was in cold storage but he refused to say whether it had originated in South Africa. — Sapa-Reuter.

US is now uneasily aware of complexities of sanctions

CAPE TIMES 27/2/87

The departure of American companies will continue this year as the South African government pushes reform aside and attempts to reunify white voters for the forthcoming elections. Liberal-minded Americans are, however, becoming uneasily aware of the complexities of South Africa's problems. JOHN CHETTLE, the South Africa Foundation's director in Washington, looks at relations between the two countries.

ONE would have thought it hard for the confusion in Washington about relations between the United States and South Africa to become worse, but the current crisis gripping the White House has succeeded in making prediction even more difficult.

The controversy surrounding the provision of arms to Iran, and the diversion of funds from those arms sales to the forces fighting the Sandinista regime in Nicaragua, now pre-occupies the foreign policy apparatus of the United States to the exclusion of almost everything else.

This is not an exaggeration: one authority has observed that, because of the extent to which final decisions have to be made by the same small group of people, it is hard for the United States to deal with more than one crisis at a time. It may well be that the crisis is even more profound than is generally realized abroad.

The difference between this crisis and Watergate, with which it is often loosely compared, is that Watergate was a domestic crisis with some national security implications.

THIS crisis, while it has important domestic repercussions, profoundly influences the way that the United States is able to act in the world, and will influence how its resolution and its ability to make decisions are appraised.

It is impossible to determine how long this investigation wil go on, and what it will mean by the time it has run its course, but it weakens the White House and the Republican Party at the very time that the resurgent Democrats have taken control of the Congress and are looking to end the so-called "lock on the presidency" which has caused the Republicans to win five of the last six presidential elections.

But the results, in terms of policy towards South Africa, are also difficult to determine. Superficially, by weakening the administration still further, it may appear to assist the Democratic Party and make further sanctions against South Africa even more likely.

This may, of course, be the case. The House Africa Subcommittee will almost certainly come up with a new list of sanctions during the forthcoming session of Congress. If such measures actually come to the floor, they will be passed.

Similarly the Senate, now under Democratic control, could well initiate legislation of its own. But the difference between 1987 and 1986 may well be that there is no obligation on the Republican Senate leadership to formulate its own proposals. It can put the onus on the Democratic Party to come up with proposals, in the full knowledge that, if they go wrong, the Democrats must take the blame.

There may be less inclination on the part of the Senate Republicans to go along with such a programme, and a greater willingness to support a presidential veto of legislation that appears to go too far. The great paradox may be, therefore, that a Democratically controlled Senate will be less inclined to override a presidential veto. What makes this hypothesis more credible is the growing and almost palpable unease in informed circles about the consequences of the sanctions policy.

This was articulated most cogently by former ambassador Herman Nickel in an article in the second leader page of the New York Times. He noted that "there can no longer be any doubt that the anti-apartheid act of 1986 has made it even more difficult than it was before for the United States to influence the course of events in South Africa. Predictably, the South African government has not become more amenable to American pressures and persuasion. On the contrary, it is now more oblivious and truculent".

After noting a number of issues on which the South African government had been obliged to take account of American sensitivities in the past, he contrasted President Botha's recent "vitriolic reaction" to a congressionally mandated investigation of hunger in the homelands, the arrest in Venda of the Lutheran leader Dean Farisani, and Pretoria's refusal to heed American protests against the relocation of a black township near the city of Brits. The signs, he noted, could not be clearer.

He pointed to a further phenomenon, not yet widely remarked on in the American press.

THE forthcoming election on May 6 will no longer be fought on reform issues but rather on the theme of re-unifying white voters to stand against a meddlesome world. Already, he commented, the need to work together to beat sanctions has turned the previously adversarial relationship between the government and the reformist business community into a co-operative one.

The exodus of leading American companies has further eroded American influence. "Now, however, one hears less rejoicing by disinvestment advocates like Archbishop Desmond Tutu and the Reverend Allan Boesak and more concern about the future from among the black workers of General Motors and other companies." Finally, Ambassador Nickel refers to the relationship between South Africa and its neighbours, and the danger that a loss of American influence may set in train a destructive cycle of reciprocal measures by South Africa and its neighbours.

This warning by Ambassador Nickel could be taken, perhaps, as the utterance of an official committed to supposedly discredited policies, if it were not for the fact that the evidence coming out of South Africa, and from other sources, so strongly corroborates his observations. The imposition of sanctions, for example, was supposed to cause an already frantic South African business community to put even more pressure on the Nat government, noted William Claiborne, in the Washington Post, but instead has resulted in a shift in emphasis from reform towards business survival.

INTERESTINGLY enough, the apprehensions about the actual effect of sanctions have been most cogently expressed by black Americans.

Bishop John Walker, the Bishop of Washington, called for American corporations to stay and contribute to change in South Africa, an apparent departure from his previous position, and a sharp break from that of the black national leadership.

William Raspberry, the black nationally syndicated columnist of the Washington Post, also expressed his unease about the effect of sanctions. He asked whether they were intended to persuade pragmatic whites to adjust to new realities, or merely to punish them, whether the sanctions would actually ease the process of change in South Africa, or make whites resolute to fight them every step of the way, and whether the South Africa that blacks would find, when they ever enter upon their inheritance, would be a desert.

There is no doubt whatever that, whatever happens in the Iran controversy, 1987 is going to be a difficult year for South Africa.

There will be further departures of American corporations, and action taken in more state and city governments to make the continued presence of other US corporations impossible. This will be in addition to whatever manifests itself in Congress

But it is abundantly clear that the full complexities of the subject are becoming more apparent, and that liberal minded Americans are becoming uneasily aware that they may not have all the answers.

● *With acknowledgements to the South Africa Foundation.*