

SANCTIONS

1st - 31st July 1986

Moderate senator proposes measures against SA

New sanctions move afoot in US

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The Star Bureau

WASHINGTON — A moderate United States senator has introduced a package of sanctions against South Africa.

And this month the US Secretary of State, Mr George Shultz, will announce the outcome of a major review by the Reagan Administration of its policy on Southern Africa.

The South African Restrictions Bill designed by Senator Nancy Kassebaum would prohibit landing rights to South African aircraft, new loans to banks, new investments in the

country, nuclear trade, and would forbid the import of South African arms, ammunition or military vehicles.

Senator Kassebaum is chairman of the Senate's Foreign Relations Sub-committee on Africa, and the legislation can be seen as a moderate legislative compromise amid a strong anti-Pretoria mood in Congress.

The Kassebaum Bill also calls for a three-year stockpile of strategic minerals "in the event of a cut-off of supply from South Africa".

The Senate Foreign Relations Committee, chaired by Senator Richard Lugar, is due to hold hearings on the pending Bill in the last week of this month.

Secretary of State Mr Shultz said he would outline results of the policy review at a Senate Foreign Relations Committee hearing on July 22.

The review is expected to involve a shift towards more open dialogue with black leaders, including non-communist members of the African National Congress leadership.

Mr Shultz said he was sure the reassessment would not reverse the policy of constructive engagement or involve measures that might weaken South Africa's economy. Those advocating harsh sanctions had not taken account of the damage these would inflict on economies of neighbouring countries.

Senator Nancy's new pack of SA curbs

From ALAN DUNN
The Argus Foreign Service

WASHINGTON. — A key United States senator on African issues has introduced a fresh package of sanctions against South Africa as the anti-apartheid debate raging on Capitol Hill focuses this month on the Senate.

The South African Restrictions Bill prohibits landing rights to South African aircraft, new loans to banks or new investments, nuclear trade, and forbids the import of South African arms, ammunition or military vehicles.

These measures were designed by Senator Nancy Kassebaum, chairman of the Senate's Foreign Relations subcommittee on Africa, and can be seen as a legislative compromise amid a strong anti-Pretoria mood in Congress.

The Kassebaum legislation could well find general support in the Republican-dominated Senate which is expressing growing concern at the South African situation.

The Bill also calls for a three-year stockpile of strategic minerals "in the event of a cut-off of supply from South Africa".

It stipulates further that the US President should discuss with the frontline states the effects on them of disruptions in transport or other economic links through South Africa, and means to reduce those effects.

Senator Kassebaum, a moderate of the Republican centre who has so far not supported sanctions, told Congress it was legislation "I had hoped would never become necessary".

But events in South Africa in
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New sanctions submitted

Continued from Page 1

recent weeks had forced them to take a much tougher stand on Pretoria's "repressive" policies. Five years of co-operative, conciliatory American approach had reached a dead end.

"DEFIANCE"

"The South African Government now has adopted an attitude of defiance and confrontation. It has become so intransigent that our policies appear to be entirely irrelevant.

"The Government simply does not care about what we think or do, and goes out of its way to tell us so," she said.

"Black disaffection and insistence on change are growing inexorably. If the South African Government does not begin negotiations for political change soon, it may find that that option is lost forever to a violent alternative."

Congress has before it two sanctions Bills. The Kennedy-Weicker Anti-Apartheid Act of 1986 carries tougher prohibitions, and the Dellums Bill, passed by the House of Repre-

sentatives last month, cuts almost all trade and business ties.

The Senate Foreign Relations Committee is to hold hearings on the Bills in the last week of this month.

The Kassebaum legislation withdraws many of the punitive measures if South Africa frees political prisoners, enters "good faith" negotiations with true black leaders, and totally dismantles apartheid.

● Shultz to present new US policy view on SA — Page 4.

Thatcher calls for dialogue to begin

Sanctions not the path to follow, says Britain

LONDON — The British Prime Minister, Mrs Margaret Thatcher, yesterday repeated her opposition to sanctions against South Africa but urged Pretoria to open talks with its black opponents to restore stability to the country.

Mrs Thatcher also called for the release of Nelson Mandela, jailed head of the African National Congress.

"There are some people who say nothing has worked, therefore sanctions will work. Sanctions have not worked throughout history. They won't work in a country like South Africa with enormous internal resources, a strong economy and an immense coastline," she said in a television interview.

Her comments coincided with threats from

Zambian President Dr Kenneth Kaunda, that he would leave the Commonwealth unless the 49-nation grouping agreed to sanctions against South Africa.

Opposition Labour Party politician Mr Denis Healey, who returned from a visit to South Africa and Zambia, said President Kaunda had told him: "If we do not get sanctions at the Commonwealth summit I do not ever want to sit at the same table with the British Prime Minister again."

"And so he threatened to take Zambia out of the Commonwealth," Mr Healey said.

Mrs Thatcher said the South African Government needed to lift its ban on the ANC and release Mr Mandela to allow negotiations to get underway. "It is worth trying," she said.

Mrs Thatcher said there should be a suspension of violence on all sides for the dialogue to go ahead.

It would be futile to try to force Pretoria to introduce further reforms by threatening it with sanctions. "It does not work with the government of South Africa," she said.

Mr Healey said the Commonwealth summit in August would provide an ideal forum to adopt punitive measures against South Africa.

The Labour Foreign Affairs spokesman said he had seen the names of at least 1 500 people detained since the state of emergency was declared.

Meanwhile, former Australian Prime Minister Mr Malcolm Fraser, a member of the Commonwealth Eminent Persons' Group which tried to initiate dialogue between Pretoria and its opponents, said only severe sanctions would force South Africa to change course.

"Blacks in South Africa are now in a worse condition than five or six years ago. The view that the South African Government does not respond to pressure is incorrect," he wrote in The Times of London.

● In Kuala Lumpur, Malaysia, a visiting British cabinet minister and a senior Malaysian official disagreed on the means to end apartheid in South Africa.

Deputy Foreign Minister, Mr Abdul Kadir Sheikh Fadzir, said after talks with Mr Timothy Renton, visiting British minister of state at the Commonwealth and Foreign Office, that he had reiterated Malaysia's call for Britain and other countries to impose sanctions against South Africa.

This pressure, he said, would force Pretoria to end apartheid.

But Mr Renton repeated the British view that economic sanctions could be counter-productive — Sapa-RNS-AP

Healey slams Howe's mission

LONDON — Mr Denis Healey flew into London yesterday after visiting South Africa and said black leaders in the country would refuse to meet the British Foreign Secretary, Sir Geoffrey Howe, when he arrived on his peace mission.

"If he doesn't go threatening sanctions he might as well stay at home. The plain fact is that the blacks won't see anybody who is a member of Mrs Thatcher's government," the opposition Labour Party's shadow Foreign Secretary said.

Mr Healey, who did not meet South African Government representatives when he visited the country, said he agreed with the Commonwealth Eminent Persons' group that the situation would deteriorate.

He said the planned visit to South Africa by Sir Geoffrey was a transparent device to avoid facing the facts.

He was not going until the House of Commons had risen for the summer recess, so he would not be questioned on his return. And he would be back only a day or two before the Commonwealth Summit in London.

Mr Healey said he had no doubt Sir Geoffrey would be waving a little piece of paper when he came back from South Africa, just like Neville Chamberlain on his return from Munich, claiming this was "peace in our time".

"You will remember what happened after that," he said.

Mr Healey said he spent some time with President Kenneth Kaunda trying to persuade him that he would not advance any of his objectives by withdrawing from the Commonwealth.

"I don't think people who leave organisations because they disagree ever do much good by it. And if he's annoyed with Mrs Thatcher, he should do something to damage Mrs Thatcher and not an institution which can be relied on to do something against apartheid."



MR HEALEY

Turning to Chief Mangosuthu Buthelezi, he said he was sorry that Chief Buthelezi, whom he had known and admired on his previous visit to South Africa, had broken with the anti-apartheid movement in the late seventies.

Until then he had co-operated quite closely with the ANC, but now he seemed to be trying to go it alone and form a chauvinistic ethnic Zulu state with support from the South African Government. — Sapa-RNS-DDC

A little sweetness expected

Investment staff

SUGAR farmers Crookes Brothers expect taxed profits to be higher in the current year and, if an increase is achieved, dividends are set to rise.

Chairman I F G Gillatt says in the annual report that average prices paid to sugar farmers in the current season should be higher than in the last one because of improved world prices.

He said this should be sufficient to offset a drop in consumption on the local market following the price hike.

Group output should be up 8% at 382 000 tons.

In Swaziland, production is expected to be up 9%, but no major change is expected in the sucrose price.

Citrus exports are expected to rise by 14% on last year, but competing exports from South America and the Mediterranean and political considerations could affect profits in this sector which, in the absence of any adverse effects, would be higher.

More visitors are expected to visit the crocodile farm and the breeding section has good prospects.

Dividend income is expected to be slightly lower. The group has sold its holding in Farm-Ag but retains its interest in C G Smith Ltd.

Dunair goes for R2,5m

Investment staff

DUNDEE Industries has sold Dunair, its loss-making motor vehicle air conditioning interest, for R2,5m.

The sale increased Dundee's net worth by 27c a share. At end-February 1985 the share was worth 216c.

The amount of the sale has been released ahead of the group's 1986 results expected at end-July.

However, Dunair made a loss of R1,7m, equivalent to about 93c a share in the 1986 year.

SA-linked UK firms rejoice at EC delay

LONDON — A wide range of UK companies — from Consolidated Goldfields to RTZ, Reckitt & Coleman, Cadbury Schweppes and BOC, breathed a sigh of relief this weekend, writes Robert Tyerman in the *Sunday Telegraph*.

They are among the many UK companies whose combined profits from SA accounts for 2% of total UK company profits.

Earnings from the £2,7bn of UK direct investment in SA are believed to be over £400m a year. That is why so many UK boardrooms are cheering Prime Minister Margaret Thatcher's success against tough diplomatic odds in persuading the EC to postpone any decision on sanctions against Pretoria for three months.

As Foreign Minister Sir Geoffrey Howe flies off for an 11th hour attempt to reach an acceptable compromise with the SA government, he will have no shortage of goodwill from the UK corporate sector.

The fear is not that sanctions would directly hit profits, but that Pretoria might be forced to react by forbidding companies to send their profits back to Britain.

Stockbroker L Messel has worked out which are the UK companies with the greatest exposure to the troubled Republic — they range from Cadbury Schweppes and BOC, with an estimated 5% apiece, to Metal Closures with 55%.

Unilever, Rowntree Mackintosh, BTR and Barclays Bank have stakes of between 2% and 5%.

These companies have been cutting down their relative exposure

Own Correspondent

where possible — and remitting as much as they can to the UK.

Mining house ConsGold, which derives between 40% and 50% of profits from SA, has for years been steering new investment to North and South America, and elsewhere.

RTZ with 20% of profits from SA, and a key interest in the giant Rossing uranium mine in Namibia, has also been emphasising new investments in other parts of the world, including the US.

Also remitting "millions back home" is the Delta Group with 13% of profits from SA — whose interests include 42% of a giant manganese refinery making 60% of the world's high purity manganese supplies.

Nor are the reasons entirely negative. Within SA, business is booming thanks to the weakness of the rand, which has sent the gold price soaring and has enabled SA manufacturers to undercut even their poorer neighbours to the north.

Without a comprehensive and effectively enforceable world embargo on exports from SA — which produces 55% of the world's gold, 60% of its manganese, 85% of its platinum and the great bulk of its chrome — profits will continue to be buoyant in rand terms.

And if the politicians do show themselves statesmen and produce a lasting settlement, companies now earning a tenth, a quarter or half their profits from SA with the rand at its present level, would receive a huge boost as the currency recovered.

Airline merger approved

WASHINGTON — US Transportation Department hearing examiner Ronnie Yoder has recommended government approval of the proposed merger of NWA Inc's Northwest Airlines and Republic Airlines.

Yoder, a department administrative law judge, rejected the Justice Department's contention that the Northwest plan to acquire Republic would reduce airline com-

petition and lead to higher fares in the markets served by the carriers.

The issue next goes to Transportation Secretary Elizabeth Dole, who plans to decide toward the end of this month whether to approve.

Her decision is subject to review by President Ronald Reagan, but he can overturn it only on foreign-policy or national-security grounds. — AP-DJ.

Howe's SA mission a 'delaying tactic'

11/7/86 BUS DAY 280

CHRIS CAIRNCROSS

THE planned visit by British Foreign Secretary Sir Geoffrey Howe to SA at the end of this month is viewed as little more than a delaying tactic, according to official government sources in Cape Town.

They do not see the one-man mission achieving anything more than did the abortive Commonwealth Eminent Persons' Group (EPG).

In fact, initial indications are that Howe can expect a somewhat cooler reception.

This is despite the leading role UK Prime Minister Margaret Thatcher has been playing in blocking the European sanctions effort.

Meanwhile MARGARET SMITH reports from London that shadow foreign secretary Denis Healey has called Howe's mission "degrading", referring to him as a "faithful St Bernard".

The plain fact was, he added, that blacks wouldn't see anybody who was a member of Thatcher's government. They hated and detested her — and said so.

Healey said he would not regret sanctions being taken against Thatcher, but was opposed to any sanctions Common-

wealth countries might take that would harm the British people.

In SA, there appears to be some confusion as to when Howe's mission is due.

London sources have suggested it could be as early as next week, while Cape Town Foreign Affairs sources doubted anything meaningful could be arranged locally before the end of the month.

The implication is that the planned mission is already viewed in SA as a

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Howe's visit 'delaying tactic'

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wasted effort even before it gets underway.

Implementation of a comprehensive economic and diplomatic sanctions package by the European Community (EC) and the 49-nation Commonwealth appears now to have been accepted as an inevitability — with the timing and extent of the package the only remaining question mark.

Indeed, official SA reaction to the

sanctions threat reflects this, with rhetoric switching from a conciliatory stance to thinly-veiled threats of retaliatory action.

Government has clearly decided to adopt a hard line, refusing to be seen as bowing to the increasing international pressures now being exerted against SA.

Tougher Aussie sanctions on cards

The Star's Foreign
News Service

CANBERRA — The Australian Government has taken a major step towards imposing tough new sanctions on South Africa.

The Cabinet last night gave broad approval to new sanctions, including the severing of air links and the scaling down of diplomatic, trade and tourist ties between Australia and South Africa.

The sanctions will not come into effect until Commonwealth heads of Government meet in London early next month to consider the report of the Eminent Persons Group.

SUPPORT

From Melbourne it is reported that the Australian Government is likely to provide groups opposing the South African Government with substantial financial support.

It is believed that grants of about R90 000 will be made to the outlawed African National Congress and the South West African People's Organisation.

It will be the first time an Australian Government has given money to liberation groups dedicated to overthrowing a government with which Australia has diplomatic relations.

The money would be intended for office rents, administrative costs and travel.

A meeting in Melbourne tomorrow will discuss how much money should be given and when it will be handed over.

Worrall's threat on debt repayments

prepared to come forward and negotiate a new constitution," Dr Worrall said.

He told the committee that the press restrictions were necessary because there were situations where the "media is used by opponents of the government."

●The Minister of Finance, Mr Barend du Plessis, said last night he was not prepared to comment on Dr Worrall's statement until he saw it.

The Governor of the Reserve Bank, Dr Gerhard de Kock, also said as he had not heard or seen Dr Worrall's statement he did not wish to comment.

However, he stressed that the government was "sticking scrupulously to the letter and spirit of the interim debt agreement and has every intention of doing so in future."

See also page 9.

South Africa would consider the repatriation of hundreds of thousands of black workers and the withdrawal of infrastructural services to neighbouring states.

"We are already hurting as a result of economic action taken against South Africa," he said.

But the government was sick of governing under the threat of sanctions.

Dr Worrall said there was a place for foreign diplomatic initiatives and for outsiders to break the cycle of violence and facilitate dialogue in South Africa.

But he was non-committal on the likely success of British Foreign Secretary Sir Geoffrey Howe's forthcoming peace mission.

He said the mission's success would depend on how the state of emergency developed, the timing of Sir Geoffrey's visit and the mood of the government at the time.

"The hope is that with the state of emergency and with the demonstration by the SA Government of its power, moderate blacks will be

LONDON — South Africa would consider not repaying its foreign debts if Commonwealth sanctions were imposed, the South African ambassador, Dr Denis Worrall, said here.

This could in turn threaten the whole international financial system, he said.

Dr Worrall was giving evidence to the House of Commons Foreign Affairs Committee which has extended its hearings to assess what economic sanctions Britain should impose on South Africa.

Dr Worrall said that further economic sanctions were bound to have serious consequences for the South African economy but would be counter-productive in promoting change.

He is the first government representative to give evidence to the committee.

He also repeated warnings by the Foreign Minister, Mr Puk Botha, that if sanctions led to worse black unemployment and hardship,

Police said the accident happened about 0.45pm about 8km from Clanwilliam on the N7. The bakkie was registered in Springbok.

3 die, 3 hurt in smash

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July 1986

Looking South through an East-West lens

Professor Peter Vale, director of the Institute of Social and Economic Research at Rhodes University, takes issue with President Reagan's speech this week

RONALD REAGAN'S speech this week on American policy towards South Africa marks a new low in the relations between the United States and black South Africa.

The US president has sent a clear signal to the majority in this country that this US administration will seek for the immediate future only a fine-tuning of the policy of constructive engagement, a policy which blacks have long rejected.

This policy tried to persuade the South African government to abandon apartheid. In the Southern African region, the policy aimed to get Pretoria to negotiate the destiny of Namibia with the international community, and to cease the destabilisation of its neighbours.

Six years later, South Africa retains its presence in Namibia, the Southern African region is in deep turmoil and the country is in the grip of a State of Emergency.

Blacks are deeply disillusioned with the Western World, particularly the United States and Britain. The signs of this anger are not only to be found in the powerful utterances of respected black leaders like Bishop Desmond Tutu, but in the growing public messages — from graffiti to the much-maligned red flag at Cradock — all deeply hostile to the West.

For the Reagan administration the South African issue is apparently best viewed through an East-West lens. This world view is shared by this country's present rulers, who have used the mythology of a "total onslaught" to impress upon themselves, their followers and many in the outside world that only they can provide this country with both political reform and stability.

As in many other instances in this country's political life, this view is not shared by black South Africans.

In aligning himself so closely with the prevailing myth of the Botha government, Reagan has chosen to disregard the perspectives on local and international events which black South Africans have repeatedly broadcast to the world. In short, the Reagan administration has disenfranchised black South Africans in the world, just as they are without franchise in this country.

All diplomacy relies on symbolism for effect. The extensive media hype which accompanied the latest review of American policy created the hope that even at this late stage, the United States might signal to black South Africa that it was finally prepared to stand up and be counted among the supporters of a non-racial South Africa.

Precisely because this speech was ear-marked for its importance, it will stand out in the minds of many, many blacks. The opportunity for sending an unequivocal signal of support to black South Africans was lost.

It will be difficult to pursue the increased contact with blacks which Reagan suggested in the speech. The hope that by increasing educational and other assistance to blacks in the belief that this will buy America goodwill is deeply insulting; it amounts to nothing more than the old colonial attempt to buy a continent, and a people, with a bag of shining beads. The day may be close at hand when blacks will refuse offers of educational and other incentives from the United States.

It is clear that all Americans cannot be held responsible for the actions of the Reagan administration and that many — perhaps even some in the state department — disagree with the thrust of the Reagan speech.

These people will hope that in the coming weeks and months significant pressure can be applied in the United States for the abandonment of constructive engagement. They will hope that, through the American political system, a route can be found to reverse the tide of anti-Americanism in South Africa which will surely be given new impetus by the Reagan speech.

Those who retain these hopes ought to recognise that they are asking black South Africans for a great deal of patience. They are asking them to be tolerant and to understand a political process which, as the Reagan performance shows, has hardly taken the trouble to understand their own political passions.

●Professor Peter Vale is director of the Institute of Social and Economic Research at Rhodes University, Grahamstown

Sanction impact needs research

July 1986

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From GERALD L'ANGE
Weekend Argus
Africa News Service

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JOHANNESBURG — As the world moves closer to economic sanctions against South Africa it is becoming clear that few of advocates of sanctions know what they are talking about

Imposition of mandatory, comprehensive sanctions against the Republic would be one of the major international political developments of this century. The implications are potentially huge for all of Southern Africa and would extend far wider.

Yet few of those advocating sanctions appear to have made careful studies of the implications.

Even some of the countries likely to be badly hurt, notably Zambia and Zimbabwe, are believed to have made no thorough research of the implications.

Largely because of the lack of accurate information, politicians and academics are split, not only over whether sanctions would succeed in forcing change in South Africa but also over how much damage they might do — among South Africa's neighbours as well as in the Republic itself.

How South Africa would react to effective sanctions is a matter of guesswork but there is much more certainty about their economic impact. The most serious studies support the view that this could be more severe among her neighbours than in the Republic itself.



Mr Kaunda

Severe sanctions might not only spread economic devastation through the sub-continent but they could also throw the region into political turmoil hampering its development for a long time to come.

Those pooh-poohing this view that sanctions would hurt South Africa less than its neighbours include respected academics, such as Professor Reginald Green of the Institute of Development Studies in Britain.

He believes sanctions would be painful but not fatal to South Africa's neighbours — provided South Africa does not retaliate. He says retaliation could also hurt South Africa by damaging its considerable export trade with its neighbours and South African businessmen would vehemently oppose such action.

This contention is supported by figures showing that at least half of South Africa's trade in Africa is with countries in Southern Africa.

Thus in 1984 about R1 000-million of South Africa's exports went to Southern African countries. These could be jeopardised by retaliatory sanctions — unless, of course, the neighbouring countries had already cut them off themselves by implementing a Commonwealth or United Nations trade embargo.

Professor Green claims that, barring retaliation, the major effects of sanctions could be offset by a R4 000-million international aid package that would include improvement of existing rail links and connecting Mozambique's Cahora Bassa dam to the Zimbabwe power grid.



Mr Mugabe

He overlooks some major factors, however. On the power issue alone, South Africa's neighbours — including much of southern Mozambique — rely wholly or partly on the Republic for electricity and cannot find alternative supplies quickly — if at all.

Pretoria could paralyse Lesotho and Maputo by flicking a switch.

In addition, it would not be enough simply to improve the Mozambique ports and rail links to provide alternatives to the routes through South Africa that now carry most of Southern Africa's imports and exports. It would also require an enormous military operation to protect the railways against attacks from the MNR rebels particularly if Pretoria were to restore and step up its open support of the rebels.

While it might initially be counter-productive for Pretoria to support the rebels in Mozambique or elsewhere the bite of sanctions could eventually persuade it to embark on massive retaliatory destabilisation in the whole region, raising the level of conflict and the possibility of outside military intervention. No studies appear to have been made of this aspect.

One of the most exhaustive studies that has been made of the sanctions issue was carried out by Dr Eric Leistner, director of the Africa Institute in Pretoria.

"It is widely assumed that it is merely a question of time and degree of violence until a fully democratic government comes to power in South Africa. It seems more probable, however, that all-out, armed internal conflict would for an indefinite period of time destroy the economic and political preconditions for democracy and lead to Marxist-Leninist dictatorship, not only in South Africa but throughout the region, and presumably well be-

Report predicts UK will be forced to act

July 1986

By Michael Morris
The Star Bureau

LONDON — A detailed parliamentary report today adds to the din of warning bells set off by the British Government's opposition to sanctions.

As Sir Geoffrey Howe flies home to admit his South African mission has floundered, if not failed, and the pressure on Mrs Thatcher to get tough with Pretoria rapidly intensifies, Britain's all-party Foreign Affairs Committee predicts the United Kingdom will be compelled to impose negative measures if South Africa fails to respond positively to "any alternative

strategy".

Events, it would seem, have overtaken the report.

Sir Geoffrey's mission is clearly the kind of "alternative strategy" the committee had in mind — and President P W Botha has certainly not responded positively to it.

COMMONWEALTH SUMMIT

The long-awaited preliminary report — especially produced ahead of the coming weekend's crucial Commonwealth summit — does not recommend sanctions.

But it does say the South African

Government will not, in the long term, be able to "ignore the effect of sanctions in the framing of its policies".

And it dismisses the notion — pursued by Chief Mangosuthu Buthe, lezi and leading South African businessmen — of the West helping to create the climate and the means for reform by injecting vast sums into the South African economy in the form of positive measures, instead of imposing sanctions.

The committee believes that "if there is time", the South African Government should be given the chance to agree to negotiations in return for a Marshall Plan-type injection of funds.

But this should only happen if South Africa is "prepared to accept the inevitability of rapid progress towards majority rule".

The Foreign Affairs Committee will continue to monitor the situation in South Africa and report to the Government.

But today's report is particularly significant in that it appears as Sir Geoffrey returns home empty-handed and Mrs Thatcher prepares for a rough ride through the Commonwealth summit and, undoubtedly, beyond.

While the committee concludes that there is no certainty that either the carrot of positive measures or the stick of sanctions will work, it argues that until Nelson Mandela and others are released, their organisations unbanned and negotiations are started, Britain will find the pressure for sanctions irresistible.

Assessing the likely impact of sanctions, the committee rejects the comparison with Rhodesia.

It believes, however, that South African economy might survive sanctions in the short term for longer than is "sometimes thought", though there would be negative long-term effects.

These would include increased unemployment and social instability.

Tories give committee their views on SA

The Star Bureau

LONDON — Sanctions will have no major impact on South Africa unless all industrialised nations impose them — and even then, South Africa will eventually offset the effect.

This is the view of the British Government contained in a detailed Foreign Office memorandum to the all-party Foreign Affairs Committee whose preliminary report on the South African crisis is published today.

The memorandum warns, nevertheless, of considerable adverse effects from sanctions for Britain.

South Africa is the 17th largest market for UK export goods and the total value of direct and indirect UK investment in South Africa is about R20-billion.

The Foreign Office warns that "all measures would be likely to damage the UK's extensive interests in South Africa and reduce the value of investments there"; British export firms would have difficulty finding alternative export markets; job losses would occur; a ban on imports would disrupt supplies and cause price increases for certain commodities, including strategic minerals; and expose British commerce to economic retaliation by South Africa.

"In general, the imposition of trade and other measures against South Africa would run counter to Britain's interest, as a nation dependent on external trade, strengthening the open trading system."

Govt's attitude to EPG 'horrified' Assocom man

The Star Bureau

LONDON — A leading South African businessman has told British parliamentarians he was "absolutely horrified" at the Pretoria Government's approach to the Eminent Persons Group (EPG).

Former president of the Association of Chambers of Commerce of South Africa, Mr Bill Yeowart, made this remark to Britain's all-party Foreign Affairs

Committee which published it today as part of a preliminary report on the South African crisis.

"Mr Yeowart said he was 'horrified by the Government's approach', and Mr Len Abrahamse, vice-president of the South Africa Foundation, said he would not have 'handled the EPG mission that way'."

The committee describes the EPG report as "a setback to the British Government's policy of negotiation".

'Club' break-up fears 'serious'

LONDON — Fears of a Commonwealth break-up over South Africa should not be "dismissed lightly", British parliamentarians warned today.

The all-party foreign affairs committee says in its report on the South African crisis — specially prepared in advance of the Commonwealth summit — that the withdrawal of a single country would be serious and could precipitate a mass withdrawal.

It argues that the "coherence of the Commonwealth can be re-established only by confidence of its African members that the United Kingdom will opt for a united Commonwealth approach to the problem of South Africa" — The Star Bureau

UK firms eliminating apartheid

The Star Bureau

LONDON — Britain's role in eliminating apartheid on the shopfloor of UK subsidiaries in South Africa seems to be dramatically improved, according to a new report here.

British companies currently employ 370 000 people in South Africa, about 7.5 percent of total employment last year, according to the report.

In contrast, US-linked corporations employ about 110 000, while companies with West German links employ 65 000, according to the report, published by

the UK Labour Research Department, an independent trade-union funded research group.

The report said this matches the role British companies play in foreign investment in South Africa. British investments account for more than 40 percent of foreign investment compared with an American share of around a quarter, and a West German contribution of 10 percent.

The labour research department says 41 British companies recognise non-racial trade unions, while 11 are negotiating recognition agreements.

July 1986

Spotlight on sanctions

Howe now hints at shift in UK policy

The Star Bureau

LONDON — British Foreign Secretary Sir Geoffrey Howe has opened the way to sanctions against South Africa if his peace mission to Pretoria fails.

This is being read here as the first significant shift in the British Government's policy.

It came after scathing Opposition attacks in the Commons on Prime Minister Mrs Margaret Thatcher, who sat silent and sombre at Sir Geoffrey's side.

Taunted by shadow Foreign Secretary Mr Denis Healey that his mission was on the verge of collapse, Sir Geoffrey insisted: "My mission does have a chance... I will continue to strive for success."

But he opened the door for the government's first retreat from Mrs Thatcher's hard line, which has offended her Commonwealth partners.

'ANC must be made legal'

If his mission did not produce "tangible and substantial results", Sir Geoffrey said, "I would regard agreement on some further measures to be necessary".

He has emphasised repeatedly that it is crucial to have jailed ANC leader Nelson Mandela and the other nationalist detainees freed, and to have the ANC made legal.

He did not reveal what the "further measures" might be, but he flies to Washington today for talks with US Secretary of State Mr George Shultz about co-ordinated financial pressures on South Africa. These are expected to figure in any new package.

Next week he flies to South Africa to meet President Botha.

Labour Party leader Mr Neil Kinnock has warned that the Queen could not be ignored in the crisis over sanctions.

He told the Royal Commonwealth Society "I don't think there is anyone more committed to the maintenance and development of the Commonwealth than the Queen. Anybody — and I name no names — who would ignore that, or try to set it aside, does so at peril."

First Band
not figure in tax returns was
extension was

Thatcher has plan of action, says paper

The Star Bureau

LONDON — The British newspaper the *Financial Times* says today that Prime Minister Mrs Thatcher has set out a fairly clear timetable of action to be taken against South Africa if Sir Geoffrey Howe is "manifestly getting nowhere" on his mission.

The newspaper draws attention in its main editorial to Britain's pledge to the Commonwealth to consider further economic measures should the South African Government refuse to budge and to the commitment by the European Economic Community to consider sanctions within three months.

That is Mrs Thatcher's timetable, and she must stick to it, says the *Financial Times*.

"It is very important that the firmness of the timetable should be recognised, not least in South Africa itself. The South Africans have a habit in international negotiations of playing for time and of hinting at giving more than they actually deliver."

It was imperative that the threat of sanctions should be credible.

The newspaper added that any deviation by Mrs Thatcher would make the threat less serious.

Maggie taunts with arms sales quote

The Star Bureau

LONDON - Mrs Margaret Thatcher has again brushed aside calls for economic sanctions against South Africa.

But in a combative Commons defence of her South Africa policy yesterday the British Prime Minister was careful not to close the door on selective measures.

She infuriated Labour MPs, who claimed that by appeasing the South African Government she was shaming Britain on a scale not witnessed since Neville Chamberlain negotiated with Hitler.

Confident

In one of her most confident Commons performances for many months, Mrs Thatcher withstood the opposition assault.

She delighted her followers by turning the tables on Mr Denis Healey, when she quoted at him words that suggested he once supported the sale of arms to South Africa.

The differences in the Tory party on the South African issue remain.

But it is felt Mrs Thatcher has won a breathing space.

This should prevent internal tensions in her own party getting out of hand before the parliamentary recess and the

Commonwealth summit in London early in August.

She emphasised that Sir Geoffrey Howe's trip to South Africa was aimed at promoting peaceful change and was supported by all 12 countries of the European Community.

Mrs Thatcher surprised MPs by the emphasis she put on the demand for the unconditional release of Nelson Mandela and the lifting of the ban on the ANC.

"Many of us believe that is the key to getting the negotiations started," she said.

But it was the undoing of Mr Healey, just back from South Africa, that united the Conservative benches in glee.

In reply to a Liberal MP, the Prime Minister said that when Mr Healey was in government he

wanted to sell defence weapons to South Africa, an accusation that brought the Shadow Foreign Secretary to his feet with a loud shout of "No".

But Mrs Thatcher had come well armed. She read from "The Crossman Diaries" — the late Richard Crossman was a Labour Cabinet Minister — an extract from September 14, 1967. Mr Healey told a Cabinet committee:

"We need the Simons-town base to be kept going by South Africa in our own interest and therefore we should sell South Africa maritime arms but not arms for domestic use."

Mr Healey said later Mrs Thatcher had taken the entries out of context. But, he said, everyone's mind had changed on the domestic use.

Mr Healey said later Mrs Thatcher had taken the entries out of context. But, he said, everyone's mind had changed on the domestic use.

problem — and his had changed after he visited South Africa in 1970. A determined Sir Geoffrey Howe has made it clear he is embarking on his South African peace mission to achieve results.

Unarmed

Britain's Foreign Secretary's critics say that without the threat of sanctions, he is going unarmed, but Sir Geoffrey is undoubtedly hoping the support of the 12-nation EEC will weigh in his favour.

"No one rules out the measures identified in the EEC statement," he said before leaving.

"I think each one of the member states would give serious consideration to the measures if the time for that consideration arose."

BBC out of step on the sanctions issue — Tebbit

The Star Bureau

LONDON - Mr Norman Tebbit, the Conservative Party chairman, has delivered a thinly veiled attack on BBC coverage of the South African crisis.

He was launching his party's campaign in the Newcastle-under-Lyme by-election.

His criticism came a day after a Tory backbencher had accused the BBC in the Commons of bias against

South Africa.

Mr Tebbit suggested that the BBC was out of step with public opinion and had devoted too much time to events in South Africa and the arguments over sanctions.

"I think the comments of people in this constituency and in most of Britain about sanctions will be strongest if they find they lose their jobs as a result of sanctions," he said.

How to meet top blacks

The Star Bureau

LONDON — Britain is pinning its hopes on getting the ANC and other key black figures in South Africa to agree to meet Foreign Secretary Sir Geoffrey Howe when he embarks on the European Community peace mission next month.

His schedule will probably take in Harare and Lusaka.

The initiative is being seen as a top priority in the Foreign Office. Officials will want to prepare the groundwork for his daunting brief: to secure the release of Nelson Mandela and others, and political freedom for the ANC and PAC, as first steps towards a peaceful settlement.

British industrialists, wary of the growing threat of sanctions, are also hoping black and white South Africans will respond positively.

The chairman of the British Industry Committee on South Africa, Sir Leslie Smith, warned that Britain — and other countries opposing sanctions — were being pushed into isolation, and pressure would increase if Sir Geoffrey's mission failed.

He said: "I cannot believe that President Botha can be under any illusion about what the world is wanting to see."

3/7/84 STAR (280)

Worrall intended no threat

CAPE TOWN — The South African Ambassador to London, Dr Dennis Worrall, intended no threat when he said the country might consider reneging on its foreign debt if sanctions were applied, according to a Press statement released by the Minister of Finance, Mr Barend du Plessis.

"It is clear from his verbatim testimony Dr Worrall intended no threat but merely pointed out South Africa would have to consider not repaying its international



Du Plessis

loans if the country were to be

placed in an intolerable situation by the kind of sanctions suggested by the Eminent Persons Group, certain Commonwealth members and members of the European Economic Community," the statement said.

"A country that is prevented from exporting will obviously not be able to earn foreign exchange required for meeting its other international commitments.

"Dr Worrall said, 'I am not saying this non-payment of international debt is a consideration at the moment - I must stress that - but if you put South Africa in an extremists situation, that kind of consideration might apply'."

"This puts his intention be-

yond any doubt. It is well known that it has never been the policy of the South African government to hit back at boycotts or sanctions.

"It has constantly pronounced its rejection of punitive measures

of this kind and, by the same token, of retaliation against such actions. It is also known that South Africa has up till now scrupulously complied with all the obligations it accepted under the interim arrangement for the repayment of its foreign debt, and it intends to continue to do so." — Sapa.



Denis Worrall

Thatcher under heavy pressure for sanctions

By Garner Thomson,
The Star Bureau

LONDON — Foreign Secretary Sir Geoffrey Howe is understood to have told Prime Minister Mrs Margaret Thatcher that some kind of sanctions against South Africa are now inevitable.

And with most of her Cabinet thought to support such action, pressure is mounting on her as never before.

Mrs Thatcher spent much of the day talking to Sir Geoffrey after his humiliating snub at the hands of President P W Botha.

Neither had anything public to say prior to the Cabinet meeting today during which an all-out effort will be made to get Mrs Thatcher to change her course.

She might have one more respite, however. It is now almost certain that there will be an emergency summit of all 49 Commonwealth countries to-

wards the end of September to decide what action to take.

This will give Mrs Thatcher something of a breathing space — although she still has to face the mini-summit of seven Commonwealth leaders gathering in London now.

In public, Sir Geoffrey remains optimistic, while saying nothing to commit himself.

The failure of his mission now means that the six Commonwealth leaders here will be pushing Britain harder than ever to take meaningful action.

The Commonwealth Eminent Persons Group held its final session yesterday before making its recommendations to the meeting.

Co-chairman Mr Malcolm Fraser repeated his call for sanctions, adding that such action presented the only means left to demonstrate to black leaders in general that the West was indeed on their side.

Sanctions the coup de grace to entire South

3/7/86 280 SPAR

By Robin Drew,
The Star's Africa News Service

HARARE — Sanctions against South Africa could deliver the coup de grace to Southern Africa, the leader of Zimbabwe's grain farmers, Mr Bud Whitaker, said yesterday.

He told the congress of the Commercial Grain Producers' Association that countries calling for sanctions must give positive support to the construction of an alternative outlet to the sea.

He said the Zimbabwe Government was right to be preoccupied with the potential of Mozambique.

Prosperity depended on the country's ability to trade and Beira was the logical first target for development.

Mr Whitaker said the east coast of Africa needed at least two new ports to serve the region and sustain an increasing population.

He said a common currency and land development along the Mutare-Beira corridor would create the required stability.

Mr Whitaker said it was reassuring that Zimbabwe again had substantial food surpluses and Zimbabwean maize was continuing to flow to Mozambique, Tanzania, Ethiopia and the Sudan to alleviate shortages.

1984 3rd and 4th Quarters
1985 Quarters 1-4
1986 Quarters 1-2

Shultz battered over SA policy

July 86

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The Star Bureau

WASHINGTON — The United States Government is facing a storm of protest over President Reagan's rejection of further economic sanctions on South Africa.

While campaigning in Dallas, Texas, for Republicans standing in the coming elections, hecklers shouted anti-South Africa and anti-Administration slogans at President Reagan.

But most of the heat has been taken in Washington by Secretary of State Mr George Shultz, who appeared before a mostly hostile Senate Foreign Relations Committee on Capitol Hill to defend Mr Reagan's policy.

The senators made it clear that they would pursue a sanctions Bill even if it meant a confrontation with the White House.

At one point Mr Shultz's testimony was marked by a fiery, table-thumping, paper-waving exchange with Democratic Senator Joseph Biden of Delaware.

The two men traded insults while the chairman, Republican Senator Richard Lugar, looked on with apparent embarrassment.

Senator Biden, who plans to run for President in 1988, sparked the row when he slammed the President's speech on Tuesday and demanded to know how long the US thought blacks should wait for freedom.

Argument on violence

Clearly angry, Mr Shultz accused the senator of totally misconstruing his testimony, and added: "Furthermore, I hate to hear a senator of the US calling for violence."

After an argument on whether he had called for violence, Senator Biden waved a copy of President Reagan's speech and said: "I'm ashamed that a country put out a policy like this. I'm ashamed for the lack of moral backbone to this policy."

Mr Shultz, watched by an impassive Assistant Secretary of State for African Affairs Dr Chester Crocker, retorted: "I resent that deeply, because there is tremendous moral backbone in the policy on a bipartisan basis."

Republican Senator Nancy Kassebaum told Mr Shultz that the President's policy was a blank page. She added: "I believe the time for quiet persuasion has passed, I agree, we must not cut and run from South Africa. Neither should we sit down and shut up."

Senator John Kerry, a rising young Democratic liberal, said President Reagan was sticking his head in the sand like an ostrich, and Senator Edward Kennedy — who is leading the drive for sanctions — said: "The President does not speak for the US on this issue. He does not speak for the American people."

Appeasement

Democratic Senator Alan Cranston said US policy amounted to appeasement and would play into the hands of the Soviets.

Mr Shultz gamely defended the policy. He left open the question of future sanctions, indicating that these could be applied in consultation with US allies if South Africa ignored appeals to end apartheid and negotiate with black leaders.

But there should be presidential discretion in this, so that the President could also lift punitive measures should there be progress.

Meanwhile, White House spokesman Mr Larry Speakes said President Reagan had not expected "cheering in the streets" over his speech and was not disappointed by the negative reaction.

Reagan, Congress square up for fight

The Star Bureau

WASHINGTON — President Ronald Reagan's rejection on Tuesday of further sanctions against South Africa has set the scene for a fierce political battle between the White House and the Congress.

Not only American ties with South Africa are at stake. The fight is also over which branch of the United States Government controls foreign policy.

There was a similar confrontation over South Africa last year, which the President lost when he issued his own limited sanctions order to stop the Congress from legislating tougher measures.

This year, sources said, Mr Reagan was determined to prevail.

But it became clear within hours of the President's speech on Tuesday night that Congress had also dug in its heels and would press on with sanctions.

Significantly, the White House was likely to receive most trouble from members of the President's own party, the Republicans, who were fearful that the South African question had become a divisive domestic civil rights issue that would inflict damage in the November elections, perhaps even losing them control of the Senate.

President Reagan's key foreign policy ally in the Senate, Senator Richard Lugar, was noticeably disturbed by the speech.

MIXTURE OF CARROTS AND STICKS

He and two other party leaders went to the White House on Monday to argue for a tougher stance.

His advice was rejected and he instructed his staff to draft a new sanctions bill.

Senator Lugar told reporters the Bill would be an appropriate mixture of carrots and sticks, and would not contain just the punitive measures demanded by Senators Edward Kennedy and Lowell Weicker that amounted to a virtual trade embargo against South Africa.

Conservative Republicans like Senators Jesse Helms and Jeremiah Denton were expected to support the President in the sanctions fight, but congressional analysts said it was clear they did not have the support of their colleagues.

If the Republicans were disappointed and bitter at the President's speech, the Democrats were angry.

The party's response to the speech was delivered by Congressman Bill Gray and broadcast live on nationwide television.

"The President failed to recognise what the American public, Congress and the world community have known for a long time, that the Administration's policies in South Africa have failed," he said.

West can go to hell, says angry Tutu

WASHINGTON — Bishop Desmond Tutu attacked President Ronald Reagan's South Africa speech in bitter terms yesterday, saying "he sits there like the great, big white chief of old."

"Your President is the pits as far as blacks are concerned," Tutu said in a telephone interview from Johannesburg with AP Network News.

"I am quite angry," the 1984 Nobel Peace Prize winner told Britain's Independent Television News in an interview broadcast in London. "I found the speech nauseating. I think the West, for my part, can go to hell."

Tutu said blacks in South Africa view sanctions as a peaceful way to apply pressure on Pretoria.

The Rev Allan Boesak said "I am angered. I am nauseated. I am deeply disappointed."

"I now think we must forget about the Reagan administration and we must simply put our hopes on the American people and on the Congress."

ONLY WAY TO MAINTAIN VALUES

He said President Botha would never negotiate directly with black leaders "as long as he knows the United States will always bail him out when the world wants to put pressure on him."

In Pretoria, the Minister of Foreign Affairs, Mr Pk Botha, welcomed President Reagan's policy speech but warned against continued foreign intervention.

"If foreign intervention and threats continue, South Africa will be obliged to withdraw into the laager as this will be the only way to maintain the values which the West claims to uphold," Mr Botha said.

"The Government accepts President Reagan's sincere desire that a constitutional dispensation should be brought about in South Africa in a way in which all communities should have a say in the governing of the country."

"We also welcome President Reagan's condemnation of the deeds of terror committed in South Africa by Russian-armed elements of the ANC."

MILLIONS WILL DIE OF HUNGER

"President Reagan's exposition of the suffering which will be felt by the countries of Southern Africa if economic punitive measures are implemented against South Africa is, broadly speaking, correct. But his figures do not reflect the total extent of the catastrophic consequences. They are much worse. Millions of people in South Africa's neighbouring states will die of hunger if the one and a half million foreign workers are sent back."

"It is encouraging that President Reagan acknowledges the dramatic changes brought about under the leadership of President Botha. It is also encouraging that President Reagan underlines the fact that South Africa's problems are complex, and that solutions should not be transplanted from outside."

"But it is regrettable he condemns the measures taken to protect black citizens against violence and intimidation."

"The Government is still of the opinion that fruitful dialogue can take place with the American Government and other governments regarding the realities of Southern Africa and regarding the necessity that violence should end in the interests of all the countries of Southern Africa."



President Ronald Reagan... appealed to the West not to damage the South African economy with embargoes and boycotts.

Reagan's SA speech disgraceful, says Owen

LONDON — Dr David Owen, leader of Britain's centrist Social Democratic Party, described President Reagan's South African policy speech as "the most disgraceful presidential speech I have heard in my life."

"Like Mrs Thatcher, Reagan totally underestimates the strength of feeling in his own country on this issue," Dr Owen told Press Association, the British domestic news agency.

"I would be extremely surprised if the Senate did not reject this speech outright and vote a sanction Bill in the next few weeks."

Dr Owen said President Reagan "reiterated every right-wing shibboleth in the book. It was absolutely shameful to the tradition of Jefferson and Lincoln". — Sapa-Associated Press.

US President's opposition to sanctions is reaffirmed

By Neil Lurssen
The Star Bureau

Reagan lists six points for peace

The Star Bureau

WASHINGTON — Rejecting the "emotional clamour" in the United States Congress for sweeping sanctions against South Africa, President Ronald Reagan yesterday appealed to the West not to damage the country's economy with embargoes and boycotts.

Mr Reagan made it clear that he would rather wage a bruising political battle against congressmen of both major parties here than add to South Africa's already serious economic problems.

The President said he agreed with British Prime Minister Margaret Thatcher that punitive sanctions were immoral and repugnant since the primary victims would be the very people the West sought to help.

But he warned that apartheid must be dismantled and that time was running out for all moderates in South Africa.

Mr Reagan called on the SA Government to set a timetable for the end of apartheid, to release all political prisoners including Nelson Mandela, and to unban black political movements.

He said it should be US policy to build in South Africa, and not to bring things down.

President Reagan urged Western nations to maintain communication and involvement in South Africa, and he appealed to State President P W Botha not to retreat into the laager.

Addressing himself directly to Mr Botha, the President said: "Americans and South Africans have never been enemies — and we understand the apprehension and fear and concern of all your people."

- All political prisoners should be released.
- Nelson Mandela should be released to participate in the political process.
- Black political movements should be unbanned.
- The South African Government and its opponents should start a dialogue about a political system based on the consent of the governed — where the rights of majorities, minorities and individuals were protected by law. The dialogue should be initiated by the Government.
- If post-apartheid South Africa were to remain the economic locomotive of the region, its strong and developed economy must not be crippled. The US Congress and the countries of Western Europe must resist the emotional clamour for punitive sanctions.

President Reagan said that if Congress imposed sanctions, it would destroy US flexibility, discard US diplomatic leverage and deepen the crisis.

"To make a difference, Americans — who are a force for decency and progress in the world — must remain involved."

"We must stay and work, not cut and run," Mr Reagan said.

President Reagan's speech, delivered at the White House to members of the World Affairs Council and the Foreign Policy Association, was the end product of a sometimes rancorous review of the policy of constructive engagement.

Even the decision to make the speech was controversial, with some advisers warning that it could cause problems if it said nothing new.

Watching him deliver it were the three officials most closely identified with the policy — Secretary of State Mr George Shultz, Assistant Secretary Dr Chester Crocker, and US Ambassador to South Africa Mr Herman Nickel.

Mr Reagan was interrupted by applause once — when he said that the SA Government was under no obligation to negotiate the future with any organisation that proclaimed its goal of creating a communist state, and used terrorist tactics to achieve it.

He added, however, that black churches, unions and genuine black nationalists had a legitimate role to play.

"That the black people of South Africa should have a voice in their own governance

is an idea whose time has come. In that multiracial society no single race can monopolise the reins of political power," Mr Reagan said.

He said that to be effective US policy had to be co-ordinated with key Western allies and the Frontline states Mr Shultz had already begun intensive consultations with the Western allies on ways to encourage internal negotiations and the visit of the British Foreign Secretary, Sir Geoffrey Howe, to South Africa this week would be particularly significant.

"We want the process to begin now, and we want open channels to all the principal parties," Mr Reagan said.

The President urged Southern African leaders to join the US in seeking to make the region one where countries would live in peace and co-operation. South Africa's economy was a "mighty engine" that could pull Southern Africa into a prosperous future.

Thirdly, he had directed his officials to study the US assistance role in the region — to see what could be done to expand the trade, private investment and transport prospects of the landlocked nations

"This Administration is not only against broad economic sanctions and against apartheid, we are for a new South Africa, a new nation where all that has been built up over generations is not destroyed, a new society where participation in the social, cultural, economic and political life is open to all the peoples — a new South Africa that comes home to the family of free nations where she belongs," he said.

To achieve that, deeper involvement by the Western business community — not withdrawal — was needed.

"The international business community needs not only to be supported in South Africa, but energised. We will be at work on that."

South Africans had to make their own decisions for the future, he said. But the US could help to find a solution.

His voice lowered and looking sombre, President Reagan concluded: "In that tormented land, the window remains open for peaceful change. For how long, we know not."

"But we in the West, privileged and prosperous and free, must not be the ones to slam it shut."

Protection vital in face of sanctions

Exporters need Gatt — expert

Bus Day 3/7/85

MICK COLLINS

IN THE face of threatening sanctions it is essential exporters continue to enjoy the protection afforded by the Gatt agreement, says Committee of Investigation into Export Incentives chairman Basie Kleu.

Speaking in Johannesburg yesterday at the launch of Exposa, an export body promoting engineering goods, he said there were compelling reasons why SA should sign the Subsidies Code of the Gatt agreement.

"Exporters working within the rules of the code are subject to certain constraints but also enjoy the protection of the rules, which will be especially valuable in a time of threatening sanctions against SA."

He said if SA wished to maintain and improve its export performance, it would need the international rules and negotiating mechanism provided under the agreement.

"In chartering our course for the future, we should also have in mind basic economic objectives such as income creation, employment and an efficient use of resources."

Department of Trade and Industry exports director J S Kruger said unless SA

contained inflation, it would face a serious problem in competing on international markets.

He said SA's 18% rate of inflation compared badly against rates of between 2% and 7% in most developed Western economies.

"Unless we reach higher levels of efficiency and are able to contain inflation, our competitive ability will be seriously inhibited."

"Structural changes in our economy have become of vital importance, as well as measures to make better use of technological know-how."

A dominant feature of the SA economy is that the manufacturing sector, the economy's mainstay, is still a net consumer of foreign exchange.

"Although a large proportion of our capital needs can be met from local sources, substantial capital inflow remains of vital importance."

Kruger said to improve SA's export of manufactured goods, the sectors offering the best chance of success should be identified and the private sector be encouraged to allocate resources to products and markets accordingly.

Healey silenced in savage Thatcher attack

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LONDON — Denis Healey, currently SA's loudest critic anywhere, in the world, has been cruelly savaged and silenced in the House of Commons by Prime Minister Margaret Thatcher.



● HEALEY

Late on Tuesday night, gleeful Conservative back-benchers were reporting he was out of intensive care but still not feeling very well.

Thatcher was delivering a fairly standard defence of her anti-sanctions policy, and taking quite a bit of flak from the Labour benches.

Suddenly she snatched off her glasses, glared across at Healey on the Opposition front bench, and shouted at him: "When you were in the Cabinet you supported arms sales to South Africa."

Horried, the Labour shadow foreign secretary — fresh from his "fact-finding" trip to SA — leapt to his feet bellowing "no, no". He didn't realise it at the time, but he was walking straight towards a Thatcher landmine.

From behind him, Labourites shrieked: "She's a liar." They are not supposed to say "liar", but amid the chaos the Speaker apparently could not single anyone out for retribution.

Not for nothing has Thatcher been called a walking anti-personnel device. She waited for the noise to die down, and began reading quietly from the published diaries of deceased former Labour Cabinet Minister Richard Crossman.

It was an account of a Cabinet discussion on September 14, 1967, when Healey was Defence Secretary, about banning arms sales to SA.

An uneasy silence fell across the Opposition benches. Then came the terrible passage: "Healey said Britain needed the Simonstown base to be kept going by SA, and therefore we should sell SA maritime arms but not arms for domestic use."

Thatcher turned on her sweetest smile, saying: "If he wishes to deny that account, I should be happy to accept."

For once, Healey could say nothing, sitting in embarrassed silence. — Sapa.

Thatcher firm on sanctions

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From JOHN
BATTERSBY

LONDON. — British Prime Minister Mrs Margaret Thatcher said yesterday that if the peace mission to South Africa by Foreign Secretary Sir Geoffrey Howe failed Britain would have to "think again".

She said "certain contingency plans" had already been made by the European Economic Community (EEC).

"We are not negotiating from weakness but in a way which we think will bring the best chance of success," Mrs Thatcher told the British Parliament yesterday.

Effective

She was replying to a question from the SDP/Liberal Alliance leader, Dr David Owen, during a snap debate in the House of Commons following a report-back on the EEC summit in The Hague last week.

Dr Owen had asked Mrs Thatcher why she was prepared to negotiate from strength in the case of the Soviet Union but from a position of weakness in the case of South Africa.

Mrs Thatcher said that 15 years of sanctions had not changed the situation in Rhodesia.

"I know of no country where sanctions have been effective in bringing about internal change," she said.

Minority

In one of her strongest attacks yet on general economic sanctions Mrs Thatcher insisted that neither the present government, nor the last Labour government, nor the EEC, nor deputy Labour leader Mr Roy Hattersley, nor SDP leader Mr David Owen supported general economic sanctions.

"Sir Geoffrey is going to try to help to resolve the matter (in South Africa) by negotiations. All people of goodwill

will wish him well," Mrs Thatcher said.

Asked by Mr John Browne, a Tory MP, whether the formulation of some form of protection for white minority rights acceptable to the Pretoria government would not increase the chances of success of the British mission, Mrs Thatcher said:

"It is not for us — or for anyone else — to say what arrangements would come out of the negotiations for the protection of minorities...

"Once negotiations have started it will be for all the people of South Africa to decide on the future constitution."

Earlier, during a stormy Prime Minister's question time in the House of Commons, Mrs Thatcher said:

"We hope that Sir Geoffrey's mission — as president of the 12 in Europe — will meet with success.

"We will have to reconsider the position after that," Mrs Thatcher said.

Thatcher defends S.A. stand



LONDON — Prime Minister Margaret Thatcher defended her anti-sanctions policy in the House of Commons yesterday against a barrage of complaints from opposition Labour Party members.

She said: "Sanctions have never been known to bring about internal change, how much better to persuade the SA government that negotiations are the best course."

She repeatedly denounced apartheid but said SA's future was for its own people to decide. She said: "It is not for

us to say what arrangements come out of those negotiations. We believe we may be able to help promote negotiations."

She said most South Africans opposed violence and she believed most were against sanctions.

Labour leader Neil Kinnock said the SA government was not prepared to negotiate "meaningful change" and accused Thatcher of being "an appeaser of apartheid".

Thatcher said the European Community summit had been unanimous in its belief that another attempt should be made to talk with the SA government. — Sapa.

Australia ²⁸⁰ ^{30M} expected ^{27/86} to ban SA Airways ^Q

The Star's Foreign
News Service

MELBOURNE — South African Airways may be notified a week from today that it has 12 months to terminate its weekly service to Australia.

Next Wednesday is the day that Prime Minister Mr Bob Hawke addresses the biennial Labor Party conference on foreign affairs. It is expected he will announce a ban on the airline.

It is likely he will reveal other sanctions such as a ban on new investment in South Africa, a ban on agricultural imports and a halt to South African tourist promotion.

Today the national daily *The Australian* took a cautionary stance in the matter when it reminded its readers of Foreign Minister Mr Bill Hayden's warning on sanctions last year.

Hayden then was reported as saying sanctions on South Africa could threaten 7 000 jobs in Australia.

Susan Fleming reports several Johannesburg travel agencies are convinced that landing rights for SAA are about to be withdrawn.

DENIALS

SAA and the Australian Embassy in Pretoria have denied that landing rights will be withdrawn — despite reports of an Australian Cabinet meeting yesterday at which broad approval was given to new sanctions.

The proposed sanctions included the severing of air links with South Africa and the scaling down of diplomatic, trade and tourist ties.

The secretary of the Association of South African Travel Agents (ASATA), Mr John Bing, said South Africans would probably travel to Australia via Singapore, Hong Kong or Harare if landing rights were withdrawn.

SAA and the Australian Embassy in Pretoria have both denied that SAA planes will be barred from landing in Australia in a year's time.

"It is speculation," said a SAA spokesman.

A spokesman for the Australian Embassy said no details were available. "There are many rumours floating around at the moment and there is a lot of speculation which is dressed up as fact," he said.

Mr Bing said ASATA had written to its sister body in Australia asking it to inform the Australian Government that air transportation "should not be used as a political football".

"If air links are severed it will create a great deal of hardship for family and friends who wish to visit Australia," said Mr Bing.

Sanctions debate

PROFESSOR Michael Ashley of the Department of Education of the University of Cape Town gives his impressions of the divestment debate on US campuses gained during a recent visit to Boston

US campus activism — Will SA people benefit?

SPRING was beautiful in New England. The parks, campuses and suburban gardens were lit up by the brilliant colours of tulips and flowering shrubs and trees such as azaleas, dogwoods and crab apples.

At Harvard, trees in the famous Yard were in various stages of bursting out of their winter drabness into summer green, although some of them were casting their shade on rudely contrasting and unsightly structures made from plastic sheeting and cheap wood, covered in painted slogans such as "Out Now" and "Apartheid is Evil".

These were the "shanties" erected by students protesting against Harvard's policy of selective divestment in US corporations operating in South Africa.

The Harvard shanties were typical of similar structures put up on campuses throughout the United States, visible signs of the hottest debate since Vietnam — the morality of holding stock in US corporations operating in South Africa.

An extremely vigorous and effective campaign has been mounted to persuade and pressure university authorities to divest themselves of such stock as a sign of protest against the South African government and of solidarity with blacks in this country.

That some success has been achieved is evident from the May 14 issue of the Chronicle of Higher Education.

IT reported that 51 institutions had completely, and 61 partially, divested, the latter including Harvard which has divested from companies it feels are indifferent to their moral responsibilities in South Africa.

With all the emotion and high moral tone among campus activists, is there any hope that the people of South

Africa will benefit in some way?

Personally I am sceptical because I believe the divestment issue provides a focal point around which stirring debates on essentially American issues rather than South African issues occur.

Several domestic concerns have crystallised around divestment. One involves the divergent viewpoints on issues like poverty, welfare, race and minority group treatment.

The Reagan administration with its cutting of welfare expenditure is regarded by many opponents as scandalously



Professor Ashley

indifferent to the plight of the growing numbers of hungry and homeless Americans, many of whom are black. Add to that the fact that racial discrimination is still by no means absent in the States, President Reagan's South African policies present a wonderful opportunity to launch attacks on an administration which may perceive as beyond the pale.

MEMORIES of the bitterness of the civil rights struggle are still vivid too, and some Americans seem to see a Martin Luther King in Desmond Tutu, who is able to wield enormous influence as a result.

Then there is the tension between students and university administration which is commonly a feature of campus life, with academics sometimes joining in on the students' side. One of the indirect issues on the divestment agenda is the participation of

students in university government, including participation in investment decisions. Hence anti-establishment resentment is sometimes clearly present in the debate.

Finally, other important arguments centre around the role of the university in American society. Is it a university's function to attempt to change the investment policy of corporations?

IF universities remain detached from topical issues and choose to insist on an ivory-towered role of research, detached analysis and hard-nosed investment policies (some of the most successful US corporations operate in South Africa) can they preserve a defensible moral identity?

The South African government and its policies have become targets that anyone can attack without any political risk at all, and which no one dares defend.

The current phrase is that South Africa is different because it is 'uniquely evil'. That may be so, but when and if all the universities have divested, what then?

With the establishment battle won, will the students then begin to generate the funds and the expertise to contribute something positive to the pressing problems of disease, nutrition, employment, education and civil rights which face us in the future?

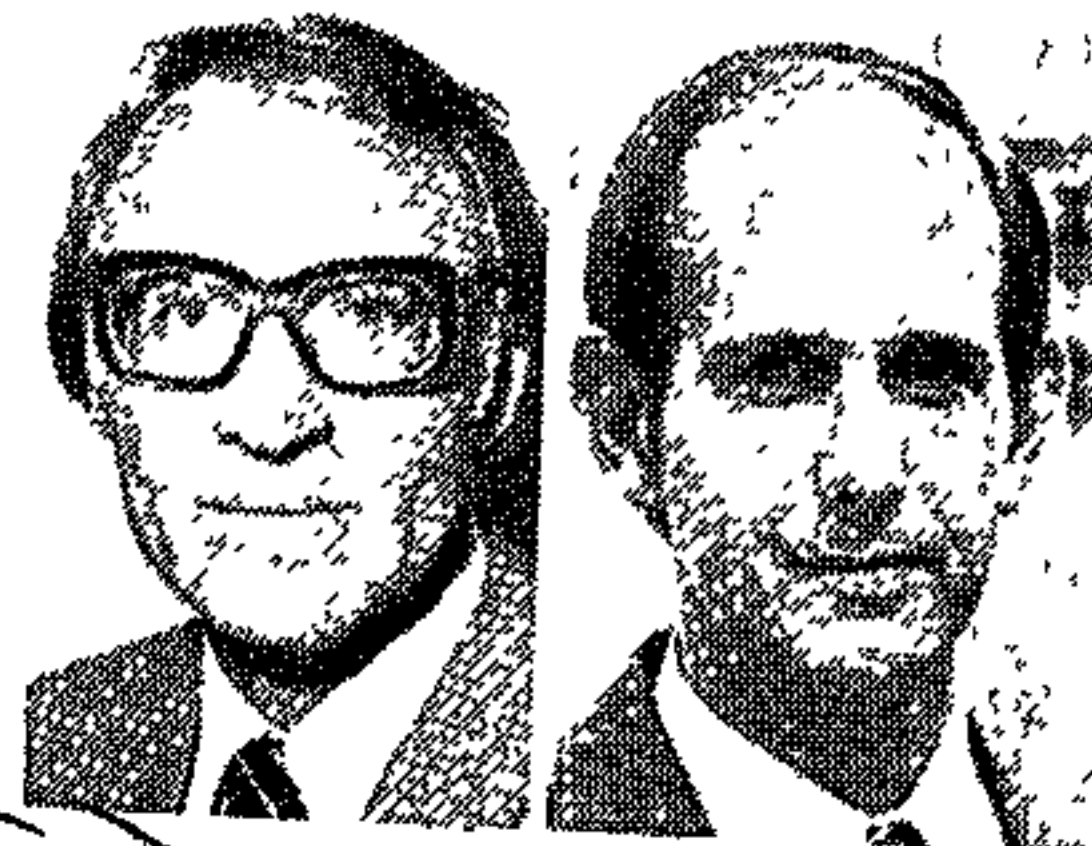
Although there may be some exceptions, I very much doubt it. South Africa is too far away, the knowledge of it not very deep, and in any case, the scene is bound to shift as Central America, nuclear power, the Philippines, or some other issue, demands attention.

The likelihood is that when all has been said and done, a lot more will have been said than done. I hope I am wrong.

INTERNATIONAL

ARGUS 3/7/86

SA debt: Worrall 'ill-advised'



Dr Worrall

Mr Andrew

280

By FRANS ESTERHUYSE
Political Staff

ASSURANCES from the Minister of Finance, Mr Barend du Plessis, could not undo the harm caused by Dr Denis Worrall's "ill-advised" remarks on South African's foreign debt, according to MP Mr Ken Andrew.

Dr Worrall's suggestion that South Africa could renege on its foreign debt under pressure of sanctions was criticised today by Mr Andrew, Opposition finance spokesman and Progressive Federal Party MP for Gardens.

He was commenting on an explanation from Mr du Plessis that Dr Worrall's remarks were not a threat but merely a statement of fact.

Mr du Plessis said in a statement that Dr Worrall, South Africa's ambassador in London, had meant that South Africa would have to consider not repaying its foreign loans if it were put in an intolerable situation by the kind of sanctions proposed.

Mr Andrew said: "Mr du Plessis can rationalise as much as he likes but he is naive to believe that the first impressions created by Dr Worrall

will not harm South Africa's financial standing."

It was unfortunate that some Cabinet ministers and senior officials thought belligerence and counter-threats were the way to handle "a very delicate and dangerous situation".

Good international relations were of great importance to South Africa and it was about time the Government took swift action internally to bring about change.

To believe that South Africa could live in isolation from the rest of the world was short-sighted and dangerous.

London yesterday. Liesl du Plessis is the girl keeping raindrops from raining on her head.

Dispatch Correspondent
JOHANNESBURG —

The Minister of Finance, Mr Barend du Plessis, moved quickly yesterday to calm foreign bankers by issuing a statement that Dr Denis Worrall's comments on South Africa's foreign debt repayments were not intended as a threat but were a statement of fact.

"The statement by the ambassador in London, Dr Denis Worrall, that South Africa might consider reneging on its foreign debts if crippling sanctions were applied by other Western nations must be seen in its proper context as a statement of fact rather than a threat.

"It is clear from the verbatim rendering of his testimony that Dr Worrall intended no threat, but merely pointed out that SA would have to consider not repaying its inter-

Minister explains debts remarks

national loans if the country were to be placed in an intolerable situation by the kind of sanctions suggested by the Eminent Persons' Group, certain Commonwealth members and members of the European Community. A country that is prevented from exporting will obviously not be able to earn foreign exchange required for meeting its other international financial commitments," Mr Du Plessis said.

"Dr Worrall said: 'I am not saying this (non-payment of international debt) is a consideration at the moment — I must stress that — but

the point is, if you put SA in an extremist situation, that kind of consideration might apply.'

"This puts his intention beyond any doubt. It is well known that it has never been the policy of the SA Government to hit back at boycotts or sanctions. It has constantly pronounced its rejection of punitive measures of this kind and, by the same token, of retaliation against such actions. It is also known that South Africa has, up to now, scrupulously complied with all the obligations it accepted under the interim arrangement for the repayment of its foreign debt, and intends to continue to do so."

R2 500 snatched in robbery

(280) 2786 D.D

Daimler: We won't pull out of South Africa

STUTTGART —
Daimler-Benz AG, West
Germany's biggest in-
dustrial group, yester-
day rejected demands
from small shareholders
to disinvest from South
Africa, saying boycotts
would harm rather than
help South African
blacks.

The chief executive,
Mr Werner Breitsch-
werdt, told the annual
shareholders' meeting
that Daimler decisively
rejected South Africa's
apartheid system but be-
lieved investment cuts
would bring hardship to
the people they aimed to
help.

"Above all we have a
responsibility to our
5 000 South African em-
ployees, of whom 80 per
cent are black," Mr
Breitschwerdt told the
8 000 shareholders.

Several small share-
holders sharply criti-
cised Daimler's involv-
ment in South Africa
and said the production
there under licence of
diesel engines for police
and army vehicles put
the company on the side
of the apartheid system.

Miss Herta Daeubler-
Gmelin, a Social Demo-
cratic Party member of
parliament and one of
the small shareholders,
was whistled and jeered
at the meeting when she
said blacks were being
hunted on South African
streets with Daimler ve-
hicles.

West Germany is the
European Community's
largest investor in South
Africa after Britain,
with total estimated in-
vestments of three bil-
lion dollars. — Sapa-
RNS

Worrall's slip threatens debt rescheduling

Own Correspondent

JOHANNESBURG. — South Africa's ability to roll over its foreign debt may be endangered by the tactless remark by ambassador Dr Denis Worrall in London this week that the country could renege on its foreign debt if sanctions were applied.

The Minister of Finance, Mr Barend du Plessis, moved quickly yesterday to calm foreign bankers by issuing a statement that Dr Worrall's comments were not intended as a threat but were merely a statement of fact.

Sensitive

One foreign banker said: "This is not the right time to issue threats. South Africa's foreign debt is a very sensitive issue. South Africa needs to build up its credibility in world financial markets and the Worrall statement will not help."

"If the Worrall statement is allowed to pass without amplification foreign bankers may be tempted to pre-empt non-payment and call up their dollars as credit lines mature," said another foreign banker. "This could cause problems for the current account surplus."

R8,75bn

Total debt maturing outside the standstill net this year is put at \$3,5bn (about R8,75bn) according to figures circulated to South African bankers by the monetary authorities. Of a projected surplus of about \$2,5bn (about R6,25bn) this year, the authorities have earmarked \$2bn

(about R5bn) for repayment of foreign debt with the balance to be rolled over. This shows South Africa's vulnerability.

"The figure of repayment of \$2bn, which includes the \$500m (about R1,25bn) due in terms of the interim agreement, is an expectation rather than a statement of hard fact which means the South African authorities are looking to roll over \$2bn of foreign debt," said one foreign banker. "We are a little nervous about the likely outcome of the next two or three months."

Uncertainty was caused in international banking circles by the standstill on certain foreign debt implemented by the authorities in September last year. And the authorities must avoid any impression that this was a precedent. Reassurance is now called for.

Dependent

"Markets have long memories," says a banker. "I do not think the Reserve Bank could have been very happy with the statement. For good or for bad, the country will continue to be dependent on foreign finance."

It was not entirely accurate to compare South Africa's position with Mexico, as Dr Worrall did, he said. Mexico had no desire to be locked out of international financial markets because it still wanted to be part of the community of nations and needed foreign loans to finance growth, while South Africa appeared to be different.

Lutherans cancel business

GENEVA — The Lutheran World Federation said yesterday it is cancelling business with three major banks because of their interests in South Africa.

LWF information director Roger Kahle said that the three banks "account for a significant percentage" of around one hundred million US dollars a year in Federation banking transactions.

The three banks named were Citibank of New York, National Westminster of London and Swiss Bank Corporation in Geneva.

Swiss Bank Corporation handles the LWF payroll at its Geneva headquarters and, like National Westminster and Citibank, conducts other transactions for the Federation.

The decision to stop dealing with the three banks was taken at an LWF executive committee meeting in Munich.

All business with the three banks will be terminated no later than December 31.



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449. NOW R349.

119 SOLID PLATE STOVE WAS R699. NOW R499. **SAVE R200.**
S HR2375 FOOD PROCESSOR WAS R199. NOW R149. **SAVE R50.**
S AC758 CAR-SOUND PACKAGE WAS R299. NOW R249. **SAVE R50.**

LA to pressure SA-linked firms

LOS ANGELES — The Los Angeles City Council yesterday approved a measure which would deny an estimated \$100 million (about R250 million) a year in city business to firms linked financially with South Africa.

The sanctions would apply to contracts of any amount awarded through a process that begins with the city's issuing a request for proposals.

"A large number of the biggest and most lucrative city projects will be affected by this," said Mr Mark Fabiani, legal counsel to the Mayor, Mr Tom Bradley. — Sapa-Associated Press.

Stop HIGH



111

EEC-SA SANCTIONS DEBATE

Thatcher holds the ring

280 FINHML 4/7/86

In retrospect, Margaret Thatcher's strategy was clear from the start — whatever she conceded at The Hague in the way of sanctions, she would have to give away more to the Commonwealth.

So she gave away nothing at the EEC summit and left European leaders stunned, frustrated and fighting amongst themselves over the meaning of a six-paragraph communique on SA which begged more questions than it answered.

Did the three-month period amount to a deadline? What if Sir Geoffrey Howe's mission failed? Would an agreed list of sanctions be automatically imposed if it failed?

Dutch Prime Minister Ruud Lubbers insisted that a verbal understanding had been reached among the 12, that no single leader would have a veto when further agreed measures were considered in three months' time.

Thatcher refused even to acknowledge that such a discussion had taken place and told non-plussed reporters not to "put a gloss on it."

"There is no ultimatum. They are not automatic. Stick to the words we all agreed on," she said.

However, the words are not that concise either. The communique is itself a product of Thatcher's unique brand of benevolent brinkmanship.

It can be summed up as follows:

- It condemns the re-imposition of the State of Emergency;
- Announces increased EEC financial and material aid for the "victims of apartheid";
- Expresses itself in favour of an immediate national dialogue with authentic black leaders, but warns that it cannot begin while recognised leaders are detained and their organisations proscribed;
- Calls on Pretoria to unconditionally release Nelson Mandela and other political prisoners and lift the ban on the ANC and PAC.

And then come the key fifth and sixth paragraphs:

"In the meantime in the next three months, the Community will enter into consultations with other industrialised countries on further measures which might need covering, in particular, a ban on new investments, the import of coal, iron, steel and gold coins from South Africa.

"The European Council decided to ask the future UK presidency, Foreign Minister Sir

Geoffrey Howe, to visit southern Africa in a further effort to establish conditions in which the necessary dialogue can commence."

Pretoria will not be quaking in its boots at these measures: new investment is a fait accompli; Britain has already enacted a ban on gold coins and neither coal, steel nor iron are imported in any significant quantity by Britain.

If the Commonwealth initiative had never happened, The Hague package might have been described as imaginative Thatcher insisted, however, that had it not been for the SADF raids into three neighbouring countries, the Eminent Persons' Group (EPG) had every chance of a successful conclusion.

So the Iron Lady had done it again. In the space of 36 hours, she turned a 9-3 majority for limited economic sanctions into an awkward consensus for another peace mission.

There is, however, nothing in the statement which commits the EEC to the imposition of further sanctions in three months' time, nor a direct link established between the EEC call on SA and Sir Geoffrey's mandate.

Nor, in the text, is there any prior commitment to impose further measures within three months if the EEC call is not met.

No wonder then that interpretations differed so sharply. It was no coincidence that West Germany's Chancellor Helmut Kohl shared Thatcher's view that there would be no automaticity on the sanctions issue.

What all this means is that Britain has three months to consult the US and Japan on further measures, while a rather reluctant Sir Geoffrey Howe embarks on a round of shuttle diplomacy in southern Africa — already dubbed here as "mission impossible."

Within that period, there is an intense round of political activity ahead:

- August 2 The seven-nation Commonwealth mini-summit meets in London;
- August 12: The National Party's Federal Congress meets;
- August 16. A special session of parliament begins in Cape Town; and
- August 29: The 100-nation Non-Aligned summit opens in Harare.

By the time the three months have expired, the Commonwealth, the Non-Aligned

Movement (NAM) and the US Congress could all have finalised their positions on sanctions.

There will be no immediate pressure on the EEC — Britain will be in the driving seat as president — because European heads of government are not due for another summit until December.

Judging by the irate reaction from Commonwealth leaders this week to Thatcher's sleight of hand at The Hague, the Iron Lady is going to come under potentially irresistible pressure to give way in London next month.

The threat of Commonwealth sanctions against Britain backed by Commonwealth Secretary-General Sir Shridath Ramphal — fresh from meetings with Zambian President Kenneth Kaunda and Queen Elizabeth — is a development Thatcher would ignore at her peril.

The closing of Commonwealth High Commissions, the expulsion of British diplomats, and the suspension of preferential trade agreements in Nigeria and India, and the denial over African overflight rights to British Airways, could have a considerable impact on British opinion.

Thatcher has two options at the Commonwealth mini-summit in August: she can go for broke and refuse to make any concession to sanctions while a dialogue effort (Sir Geoffrey's peace mission) is under way, or she can concede that measures are necessary to back up diplomatic action — a concession she has already made in theory, but not in practice.

The Commonwealth bottom line on sanctions will be precisely the measures Thatcher so skilfully evaded at The Hague — the cutting of air links and a ban on the import of fruit and wine — with the help of Chancellor Kohl and Portugal with its 600 000-strong Portuguese expatriate community in SA.

Any bid by the British PM to plead for more time, because a new diplomatic initiative is under way, will merely intensify unprecedented levels of hostility towards Britain among the African leaders.

Her peace mission is already seen by the Commonwealth as an insult to the EPG, which spent six months trying to do what Sir Geoffrey is supposed to accomplish in less than half the time.

Sir Geoffrey denied this week that there was a rift between him and Thatcher about the desirability of the mission, but a Foreign Office source conceded that he would be prepared to undertake the trip "providing it would achieve something."

Thatcher protesteth too much, it would



Thatcher



Lubbers

seem. She stressed repeatedly at The Hague — with a tense and grim-looking Sir Geoffrey at her side — that he was the right man for the job.

However, shadow Foreign Secretary Denis Healey's notorious charge, that being attacked by Sir Geoffrey is like being savaged by a dead sheep, is one that has stuck. The satirical weekly *Private Eye* had a particularly timid Sir Geoffrey standing next to a belligerent-looking President P W Botha outside Chequers on its cover this week.

"Now look here my dear chap," admonishes Sir Geoffrey.

"You're under arrest," is Botha's crisp reply.

If Thatcher fails to move towards the Commonwealth consensus on further sanctions, she could find herself driven deeper into a corner and having to face a far more serious crisis — and possibly a clash with the Queen who, as Head of the Commonwealth, is the highest custodian of Commonwealth unity.

Apart from placating the increasingly restive Tory rightwing, Thatcher's conjuring in The Hague this week has merely postponed a confrontation with the Commonwealth.

It has, however, bought important time for Botha, without putting a gun to his head. It is probably the last time that Thatcher can go out on a limb for SA without threatening her leadership position within the Tory party.

Whitehall will be watching closely for the right signal from Pretoria, but the backdrop is one of extreme pessimism.

ITALY

Crisis after Craxi

Italian politics have been returned to their familiar instability by the constitutional assassination of the country's longest lived government since World War 2. Socialist Premier Bettino Craxi and his Cabinet resigned after a record 1 060 days in office — nearly four times the postwar average — and this week the political horse-trading started. It may lead to a new coalition government, but could produce a general election — much depends on the identities and motives of the 72 deputies whose vote put the knife into Craxi while he was away at the European Economic Community summit in Brussels.

The deed was done in Machiavellian style. The Chamber of Deputies in Rome first gave Craxi's five-party government a 338-230 vote of confidence. That was done in public. Then deputies voted in a secret ballot on minor legislation over local government funding. Cloaked from party discipline, the chamber returned a 293-266 majority against the government. It was a repeat of the 1980 procedure which unseated the Cabinet of Francesco Cossiga, now president, who accepted a furious Craxi's resignation and asked him to stay on as caretaker.

Recriminations flew on all sides without establishing whether the dominant Christian



Craxi

the government's downfall could have happened any time in the last six months. In October 1985, Spadolini walked out of the Cabinet over the handling of the *Achille Lauro* hijack by the Palestine Liberation Organisation. But Craxi's resignation then was not formally accepted and the government was patched together again.

This time no similar annulment is expected. The chief suspect is CD leader Ciriaco De Mita. Despite a secret pact with Craxi earlier this year (the two politicians dislike each other) De Mita, as head of Italy's biggest party, has been chafing at the socialists' stay in office. The CD's original support for Craxi derived from internal divisions and association with scandals which saw its electoral backing sag from 39% to 33% — its lowest.

Since then, however, the CD has regained ground to 35% and recent regional polls in Sicily confirmed the trend. Sicily also showed a further dwindling of support for the Communists, the second biggest party, which nationally commands 29% of votes. The result was a setback, however, for the Socialists who have been gaining at the expense of the Communists. Craxi's expected advance did not happen. It also suspended speculation that Craxi would seek early general elections (none are due until 1988) to see whether his personal popularity as prime minister would lift the Socialists' 11.4% national vote share.

Craxi has said that if pushed out of the premiership, he would refuse to join a new coalition government and so force a general election. De Mita now has the opportunity to test that treat. Political analysts in Rome believe it could be a gamble for both parties and that Italy is in for a long crisis.

ANGLO-IRISH AFFAIRS

Paisley unrepentant

Protestant leader Reverend Ian Paisley is again talking up a sectarian civil war in Northern Ireland. The British government's dissolution of the Northern Ireland Assembly — marking the end of its abortive experiment in power sharing for Ulster — provoked an outburst from Paisley that verged on sedition.

He and other hardline members of the Democratic Unionist Party tried to prolong the Assembly by staging a sit-in. After 10 hours the Royal Ulster Constabulary (RUC) ejected them. Paisley roared at the police who carried him out of the Stormont building, Belfast: "Don't come crying to me when

Democrats (CD) or the Socialists or a group of the minor parties in the coalition were to blame. Defence Minister Giovanni Spadolini, leader of the small Republic Party, said

your homes are attacked."

Later Paisley tried to back down. He did not want Protestants continuing the wave of anti-RUC violence that marked protests against the Anglo-Irish agreement (FM April 25). But he went on to whip up emotions "This is war. People will be hurt. There could be hand-to-hand fighting in every street. . . We are on the verge of a civil war because when you take away the forum of democracy you don't have anything left."

It was rabble-rousing stuff, which angered Northern Ireland Secretary Tom King, while more moderate Loyalists in the Official Unionist Party took care to distance themselves from Paisley. The UK press played down his outburst. And government officials cited the smiles and flag-waving that greeted Prince Andrew and his fiancée Sarah Ferguson on their quick visit to Ulster as evidence that Paisley was talking only of a hooligan minority of the 1m Protestants.

What is certain, however, is that the Loyalist campaign against the deal between London and Dublin was heated up as the most emotive day in the Protestant calendar approaches.

July 12 is the anniversary of the Battle of Boyne at which the Protestant King William III (of Orange) defeated the deposed Catholic Pretender, James II. Its annual celebration flaunts the Protestant ascendancy over Ulster's 500 000 Catholics and Irish nationalists. It will compound the civil disobedience campaign being organised by the Ulster Defence Association, the biggest of the paramilitary Loyalist organisations.

Anti-Dublin feelings were further fanned by the defeat of Irish PM Garret Fitzgerald's government in the referendum on divorce held in the Republic.

Defying the Catholic Church, Fitzgerald hoped the removal of Eire's constitutional ban on divorce would pave the way for better relations with Ulster's Protestant leaders. But Catholic doctrine won the day: 59% of Eire's voters turned out to give a 3-to-2 majority against any change.

Paisley's party immediately seized on the result as irrefutable proof that Eire is governed ultimately from the Vatican rather than by the Dail (parliament) in Dublin.

It was a bitter blow to Fitzgerald, who faces a general election next year, and to British hopes that co-operation in Northern Ireland will wear down support for the Provisional IRA militants and lead slowly to a political solution after 17 years of bloodshed.

Fitzgerald gamely stuck to his assertion that the Anglo-Irish agreement would not be affected, but he had to concede that the anti-divorce vote pushed back long-term hopes of a united pluralist Ireland.



Paisley

'He's like Ian Smith' — PFP

Defiant Pik says: bring the sanctions

STAR 280 2254
4/7/86

By David Braun, Political Correspondent
Cape Town

The rift between South Africa and its major Western trading partners has cracked wide open after tough statements by both sides.

In a defiant speech at a National Party meeting in Witbank last night, Foreign Minister Mr Pik Botha said the sooner the world implemented sanctions the better.

"We will show the world that we will not be soft," he said.

His defiant stand came only days before British Foreign Secretary Sir Geoffrey Howe — who is now also president of the European Community (EC) — begins his last-ditch initiative to promote dialogue on the abolition of apartheid.

West Germany is increasing pressure on South Africa, and has expressed "outrage" at the treatment of some of its citizens in South Africa. The United States Government is also reported to be reviewing its policies on South Africa with a view to possibly taking a

tougher line.

In his speech, Mr Botha said most people in South Africa did not want the Government to capitulate to international demands.

South Africa would have to pay a heavy price to carry the burden of punitive measures.

Mr Botha's remarks will give little encouragement to Sir Geoffrey, who is expected in South Africa next week on the first of two planned visits to promote dialogue in the country.

The Progressive Federal Party's deputy spokesman on foreign affairs, Mr Ray Swart, said today that he was appalled by Mr Botha's "arrogance".

"He is inviting sanctions as if he has some sort of death wish. He sounds like a latter-day Ian Smith. This is the sort of thing the Rhodesian Government used to tell the world."

Mr Swart said the Government had taken a conscious decision to go into a siege economy, but Mr Botha appeared to be trying to hasten this on with provocative statements.

This was particularly disturbing because they were made in the face of serious attempts by Western countries to try to keep the door open.

Compromise

Sir Geoffrey's mission is a compromise attempt by the EC to give South Africa three more months to start internal negotiations, or face further sanctions.

Meanwhile West Germany, one of the few countries which holds out against the imposition of immediate sanctions, yesterday expressed "outrage" at the treatment of its citizens under the state of emergency.

A statement by the German Foreign Ministry in Bonn said the arrest of a South African Council of Churches official who was a German national, and the expulsion of ARD television correspondent Heinrich Buettgen, put a strain on relations between the countries.

Washington's response to the scrapping of the pass laws was muted, with US State Department spokesman Mr Charles Redman saying: "Regrettably, the South African Government's continued repression of political dissent undermines the effectiveness of this step since it casts doubt on the Government's commitment to change."

● See Pages 3 and 4.

Sanctions inevitable; Pik tells Witbank

4/7/86. STAR 280

By Colleen Ryan, Political Reporter

Sanctions were inevitable and would cause harm to South Africa, but the Government would rather face this than give in to international pressure, Minister of Foreign Affairs Mr Pik Botha said last night.

In a blistering attack on the "selective morality" of the West, Mr Botha called for unity in the face of economic pressure.

Addressing a National Party meeting at Witbank attended by about 800 people, he said: "More punishments are coming. Don't let it make you afraid. The quicker it comes the better because we will show the world we will not be made soft."

The mood of the meeting was subdued, and there were no incidents by right-wing supporters.

Mr Botha made only passing mention of the coming visit to South Africa by British Foreign Secretary Sir Geoffrey Howe.

He strongly criticised the European

Community, saying its members did not have the interests of black South Africans at heart.

South Africans had the choice of either submitting to international demands or standing together and accepting the economic "punishment". "Either we are going to capitulate and give in to the demands that are being made, or say in one firm voice to the world: up to here, and no more meddling."

Mr Botha said the West was not interested in the Government's reforms. "To them, reform means handing over to a majority — not sharing of power, but based on one man, one vote in a unitary state."

He added that the only black South African leaders regarded by Europe as authentic were those committed to violence.

The communist element in the ANC was opposed to negotiations. "They want to seize power and exercise it for their own purposes."

4 Cape Times, Friday, July 4, 1986

SA: Kaunda denies involving the Queen

Own Correspondent

LONDON. — President Kaunda of Zambia has denied that he has involved Queen Elizabeth II in matters relating to sanctions against South Africa.

In a letter to The Times, he claims that reports suggesting that he put pressure on Queen Elizabeth regarding sanctions — and threatened to withdraw his country from the Commonwealth if sanctions were not imposed — are incorrect.

In his letter he says the newspaper accuses him also of asking Britain "to abandon her own national interests, in particular the interest of those nationals who depend on continued economic links between the two countries for their livelihood".

President Kaunda writes: "Obviously from this lead article, you have accused me of involving Her Majesty in this matter of sanctions. Without even attempting to ask me whether I have done this you try me in absentia and find me guilty."

President Kaunda adds: "I have not been in touch with Her Majesty over this matter at all."

CAT TIMES 4/7/86 (4/7/86) 280 (22/11/86)

W German 'outrage' at SA

BONN. — West Germany yesterday expressed 'outrage' at the treatment of its citizens under the state of emergency.

"The government is outraged at the treatment of West German citizens by the security authorities in South Africa," the Bonn Foreign Ministry said in a statement.

The arrest of a South African Council of Churches official "and the expulsion of ARD (television) correspondent Heinrich Buettgen ... put a strain on German-South African relations", it added.

The ministry described the arrest of the

SACC official, who has dual West German-South African nationality, as "a particular provocation" as Chancellor Helmut Kohl was scheduled to meet him for talks in Bonn next week.

He was to have been a member of a delegation to have included SACC secretary-general Dr Beyers Naude and mineworkers' leader Mr Cyril Ramophosa, the statement said.

A Foreign Ministry spokesman said he did not know if Mr Ramophosa, who is now in Britain, still planned to come to Bonn.

The Foreign Ministry said it was disturbed that its efforts, including per-

sonal appeals from the Foreign Minister, Mr Hans-Dietrich Genscher, to South Africa's Foreign Minister, Mr Pik Botha, not to strain relations, had been ignored.

The detention of the SACC official, described by the ministry as "a man of dialogue and conciliation", was also expected to influence the West German Evangelical Church's stand on sanctions against South Africa.

The church, which has until now opposed sanctions on principle in line with the government, has said it will reach a decision this month.

● Meanwhile, the Swiss Foreign Ministry

claimed that people with dual Swiss-South African nationality had been released from detention but two others with Swiss nationality were still in jail.

The two, who may not be named in terms of the emergency regulations, were freed last weekend after nearly two weeks in custody. Switzerland had received no word that one of them had been detained until after he was released.

Switzerland is still seeking information regarding one Swiss national and another dual national arrested after Pretoria imposed a state of emergency last month. — Sapa-Reuter

200-0A
4/17/86
280

Response to sanctions

Own Correspondent

TOUGHER sanctions against SA would draw a government response of import and exchange controls, a Durban investment seminar was told yesterday.

Neil Cochrane, Syfrets' senior manager investment research, said stricter control of import licences and allocations for certain producers and manufacturers could be expected.

Then would come fuel rationing.

Rationing of other items, and finally wage controls, would follow.

SPAK
Friday July 4 1986

Worrall's debt jibe harmful, says PFP

By Frans Esterhuyse
Political Staff

CAPE TOWN — Assurances from Minister of Finance Mr Barend du Plessis could not undo the initial harm caused by Dr Denis Worrall's "ill-advised" remarks suggesting that South Africa could renege on its foreign debt under pressure of sanctions.

This was said yesterday by a Progressive Federal Party spokesman on finance, Mr Ken Andrew, MP.

He was commenting on an explanation from Mr du Plessis that the remarks by Dr Worrall, the South African Ambassador to London, were not intended as a threat, but as a statement of fact.

Mr du Plessis had said in a statement that Dr Worrall had merely pointed out that South Africa would have to consider not repaying its foreign loans if it was put in an intolerable situation by the kind of sanctions proposed.

Mr Andrew said: "It is interesting to see that Mr du Plessis is attempting to undo the damage that is likely to be caused by Dr Worrall's ill-advised remarks about South Africa reneging on the repayment of foreign debts."

FIRST IMPRESSION

"Mr du Plessis can rationalise as much as he likes, but he is naive if he believes the first impressions created by Dr Worrall's remarks will not harm South Africa's financial standing."

Mr Andrew said it was unfortunate for South Africa that some Cabinet Ministers and senior officials seemed to think that belligerence and counter-threats were the way to handle "a very delicate and dangerous situation".

Good international relations were of great importance to South Africa, and it was about time the Government took swift action internally to bring about change, he said.

Externally, the Government should concentrate on "building bridges rather than handing

"Clearly South Africa should not accept being dictated to by other countries," added Mr Andrew.

To believe, however, that South Africa could ignore the advice of well-intentioned friends abroad, and to think the country could live in isolation from the rest of the world was short-sighted and dangerous.

Sanctions pressure increases

Commons told of US gloom on SA crisis

4/7/86 S.M.R.
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The Star Bureau

LONDON — The House of Commons Foreign Affairs Committee went into secret session yesterday to hear a gloomy assessment by a senior American diplomat of the crisis gripping South Africa.

Mr Robert Frazure is understood to have given the committee the impression that Washington felt it no longer had much leverage with the South African Government.

The Reagan Administration was resigned to accepting the reality that the black-white conflict in South Africa could grind on into the 1990s before any sort of settlement was likely to emerge.

Mr Frazure is in close touch with developments and has accompanied Assistant Secretary of State for African Affairs Dr Chester Crocker on many missions to the area.

It is understood that Mr Frazure expressed his dubiousness over the readiness of the South African Government to meet any of the requirements demanded by the Commonwealth for a meaningful dialogue with representative black leaders.

Fierce pressure

Reflecting on the latest State Department information, Mr Frazure apparently feels there is little chance that President Botha will agree to the unconditional release of Nelson Mandela, that the ANC will be unbanned, or the apartheid system dismantled.

On the crucial issue of imposing comprehensive sanctions on South Africa, Mr Frazure's view is understood to be that President Reagan will resist the move despite fierce Congressional pressure to do so.

In an effort to head off the pressure, the Administration is planning to publicise the level of its long secret contacts with leaders of the ANC and other black groups.

The Americans are said to have been in contact with the ANC since 1981 although it is learned in London that the ANC leader, Mr Oliver Tambo, has refused to see Dr Crocker.

The ANC are said to be holding out for a meeting at a higher level, either with the Secretary of State, Mr George Shultz, or President Reagan.

Mr Frazure, currently in charge of African affairs at the United States Embassy in London, is due to be transferred shortly to the American Embassy in Pretoria.

Lubbers sticks to SA stand



● LUBBERS

THE HAGUE — Dutch Premier Ruud Lubbers was holding fast to his stand, at the European Community summit last week, that it was obliged to impose economic sanctions against SA if the situation there remained deadlocked, a Foreign Ministry spokesman said yesterday.

The Lutheran World Federation said yesterday in Munich it would remove its funds from three banks in Britain, the US and Switzerland in protest against their "unwillingness" to cut ties with SA. — Sapa-AP.

Finland decides to cut trade with Pretoria

HELSINKI — The Finnish government has decided to impose new restrictions on the country's trade with South Africa, Finland's national radio said yesterday.

From July 15, Finnish traders will need a special licence to trade with South Africa.

The decision was taken on Wednesday at a meeting of government's foreign affairs committee.

The committee said it would study the consequences of a total ban on trade with South Africa.

Foreign Minister Paavo Yyrnynen said the new trade restriction was in line with measures

adopted by some Nordic countries.

Denmark has imposed a total ban on trade with Pretoria.

Even without the new measures, Finland's trade with South Africa this year appeared to be dwindling.

Exports to South Africa during the first quarter of 1986 amounted to about R1,8m compared with about R37,2m in the same period in 1985.

Imports dropped from about R13,6m to R88 000 in the same period. — Sapa-AP.

Govt black workers in the 'elite' group

THREE of every 10 blacks in full-time or part-time employment in metropolitan areas work for government.

Market Research Africa's Employment Index shows 25% work for large government concerns and 4% in small concerns.

Large private companies employ 34% and medium and small companies 29%. The remaining 8% are self-employed.

Government employees are becoming the elite, with 35% of black adults with large government concerns in the A income group — those with household incomes of more than R900 a month.

The percentage in the same group employed by large private organisations is 33%.

In the B group — monthly incomes ranging from R600 to R899 — 34% of adults are with large government con-

cerns and 31% with large private companies.

In the C group — monthly incomes between R200 and R599 — large private companies predominate with 38% against the 18% employed by large government concerns.

The MRA index is based on representative samples of 1 000 black adults living in metropolitan areas, excluding Cape Town, who were interviewed in March.

"Many private concerns under present recessionary conditions do not have the resources to pay their staff at the same level as government," says Sue Scott, director of the index.

"There is a long-term danger that the most capable black employees will be lost to private enterprise because of the higher wages being offered by the public sector." — Sapa.

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to be held Tuesday 81

BUSINESS 4/7/86

Squeeze on firms with S African ties

LOS ANGELES — The city council has approved a measure to deny an estimated \$100m a year in business to companies with financial ties to SA.

The sanctions would apply to contracts awarded through a process that begins with the city's issuing a request for proposals.

"A large number of the biggest and most lucrative city projects will be affected," says Mark Fabiani, legal counsel to Mayor Tom Bradley.

The sanctions will also apply to competitively bid contracts for less than \$25 000 and personal service arrangements.

Excluded is a significant volume of city spending on competitively bid contracts for more than \$25 000 and the purchase of goods or services available only from one source. — Sapa-AP.

400 000

4/7/85 SNAK

Australians complete ²⁸⁰ sanctions list

The Star's Foreign
News Service

MELBOURNE — The Australian Labour Party package of sanctions against South Africa has been completed and will be put to the party's conference next week — where it is certain to receive strong endorsement.

The package has 19 points and will become Government policy.

HARSH MEASURES

It envisages harsh measures against South Africa.

These include bans on investments in South Africa by Australian companies and cancelling SAA's landing rights.

It also includes withdrawal of assistance given to Australian companies trading with South Africa; the closure of South Afri-

can consulates in Australia, and the expulsion of certain diplomatic and trade staff.

There will be strict observance of the existing oil embargo, and prohibition of imports of agricultural products and manufactured goods.

The importation of Krugers and other gold coins will be prohibited.

There will also be a ban on the export of raw materials to South Africa.

Other points include the continuation of the special visitor programme to Australia for opponents of apartheid, firm support of information offices run in Australia by the African National Congress, and the establishment of an Australian Trade Commission in Harare to replace the one in Johannesburg.

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Snub rumours 'wild speculation'

SA and UK still planning Howe visit

STAR
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The British and South African governments are negotiating on British Foreign Secretary Sir Geoffrey Howe's planned mission to promote dialogue in South Africa.

South African sources today dismissed as "wild speculation" reports that Pretoria had snubbed the Foreign Secretary.

Sir Geoffrey, who is now also president of the European Community (EC), proposes to visit South Africa on a "last-ditch" mission to promote dialogue and dismantle apartheid before further sanctions are imposed.

The South African sources said the two governments were in constant contact and both were trying to accommodate the other on the date and details of the visit.

A proposed visit by Sir Geoffrey to jailed ANC leader Nelson Mandela has apparently not been ruled out.

The sources pointed out that President Botha and British Prime Minister Mrs Margaret Thatcher still enjoyed a cordial relationship. There was no question that Mr Botha had snubbed her government.

"Negotiations are under way at this very moment to work out a suitable date.

"As far as we are concerned, we are talking to the British so there is no need for wild speculation that we are snubbing Sir Geoffrey," one senior source said.

It was understood that Sir Geoffrey's visit is unlikely to take place until next week, mainly because Minister of Foreign Affairs Mr Pik Botha and President Botha are unable to accommodate him in their schedules until then.

A spokesman in President Botha's Office said today that

By David Braun, Political Correspondent,
The Star's Foreign News Service,
Political Staff and Staff Reporters

there would be no comment from him about the matter.

"The State President does not usually disclose private messages between him and other governments. If those governments want to 'leak' or make known such messages, it is their affair," the spokesman said.

In London, Sunday newspapers predicted that the mission, or at least its first phase, was in jeopardy, but a Foreign Office spokesman said last night:

"We are still hopeful it will go ahead as planned. We should be able to say something official soon."

"Playing marbles"

A blow to the proposed peace visit has been the statement by the Anglican Archbishop-elect, Bishop Desmond Tutu, that he will not meet Sir Geoffrey because he has no time "to play marbles".

But Bishop Tutu will seek an urgent meeting with President

Botha to discuss the situation in South Africa.

If granted, it will be the second meeting between the two in a month.

Bishop Tutu told *The Star* he would not waste time with people who were not serious.

He said Britain was part of the Commonwealth Eminent Persons Group, which had failed after months of talks to get negotiations going between the Government and the African National Congress.

Sir Geoffrey thought he could achieve that in a matter of days.

"What is he coming to do when his government is not going to use the big stick?"

"He is just playing marbles. I will not waste time with people who are not serious."

Asked why he would meet Mr Botha but not Sir Geoffrey, Bishop Tutu replied: "They (the Government) are here. We are going to have to talk with them whether or not we want it".



● GANDHI

PORT LOUIS — Indian Prime Minister Rajiv Gandhi expects a package deal on sanctions against South Africa, which will help countries adversely affected by the measure, to emerge from a Commonwealth leaders' meeting in London next month.

Speaking to reporters last night at the end of an official visit to Mauritius, he said: "The idea is not to damage Commonwealth countries by applying sanctions."

"The idea is to bring South Africa to abolish apartheid and to establish a truly representative government."

"We have to make a Commonwealth package to help countries which are adversely affected by the sanctions."

Referring to the British government's opposition to sanctions, he said attitudes towards South Africa had changed tremendously over recent months.

"Countries which a year ago were against sanctions are today openly for applying sanctions, but there are still some black sheep standing against the tide."

The Indian leader said there was a strong lobby in India which supported the threat by Zambia's President Kenneth Kaunda to withdraw from the Commonwealth if Britain refused to back sanctions.

During his visit Gandhi reaffirmed

PORT LOUIS — Indian Prime Minister Rajiv Gandhi expects a package deal on sanctions against South Africa, which will help countries adversely affected by the measure, to emerge from a Commonwealth leaders' meeting in London next month.

Sanctions deal will help SA's neighbours

support for Mauritian demands that the Chagos archipelago, which includes the island of Diego Garcia, site of a US base, be returned to its sovereignty.

Before independence from Britain in 1968, the archipelago was removed from Mauritian control and Diego Garcia was leased by Britain to the US for a communications centre.

Ghandi said last night it would be neither quick nor easy to get the US out of Diego Garcia, but it would happen eventually.

He criticised countries in the Indian Ocean region — but he did not name them — which gained economic benefit from the presence of foreign military powers.

Kenya and Somalia are among coastal countries which have made ports available to the US Navy in exchange for aid funds. — Sapa-Reuter.

UK churchmen debate call for tougher SA sanctions

YORK — Leaders of the Church of England were being asked today to campaign for a non-racial, democratic South Africa and to support an appeal to the British Government to "deploy effective economic sanctions".

The appeal was on the fourth day of the five-day summer session of the general synod, the policy-making body of 574 bishops, clergy and laity of the state church.

Derek Pattinson, the synod secretary-general, apologised to the synod last night for not having the "marshalled amendments" ready for the South Africa debate. Officials said there were a lot of amendments from critics of the Church's Board for Social Responsibility, which initiated the sanctions demand.

The board's chairman, Bishop of Birmingham Hugh Montefiore, was putting the case for sanctions following publication of a report on the case for economic action.

LAST ACTION IN 1982

The report, completed before the state of emergency was declared, argued that sanctions would "persuade the South African Government to begin talks with the true representatives of the majority and dissuade them from considering that they have an option of increasing the repression, which will take South Africa across the Rubicon into overt civil war."

The synod last took action on South Africa in 1982 by endorsing a report urging British "economic disengagement from the economy of South Africa and generous aid to the independent states as a contribution to bringing about peaceful change".

● The synod last night wound up a debate on "The Nature of Christian Belief" after nationwide controversy over doubts about the Virgin Birth and Jesus' resurrection expressed by Bishop of Durham David Jenkins.

He questioned whether God chose to work miracles with "something like a divine laser-beam". Conservatives argued that a bishop with such thoughts ought not to be a bishop. — Sapa-AP.

US diplomat's 'secret' evidence on sanctions

CARL TINKLE 7/7/86 (280) (16) (17)

From JOHN BATTERSBY

LONDON. — A leading United States diplomat has given evidence in secret to a British parliamentary committee investigating what further sanctions Britain should impose on South Africa.

He is Mr Robert Frasure, a top adviser to the US Assistant Secretary of State, Dr Chester Crocker, and a political first secretary at the London embassy.

It is understood, however, that Mr Frasure's appearance before the committee is part of a new Anglo-US initiative to co-ordinate any further economic measures against South Africa and to take up where the Commonwealth left off in promoting a black/white dialogue in South Africa.

Today the British Foreign Secretary, Sir Geoffrey Howe, will appear before the committee for the second time — hours before he leaves for South Africa on the first leg of an EEC peace mission.

The committee is expected to report before a crucial seven-nation Commonwealth summit on sanctions in London on August 3.

Mr Frasure, who is regarded as Dr Crocker's closest adviser on Southern Africa, is due to take up the post of political counsellor in the US Embassy in Pretoria soon.

A spokesman for the Commons Foreign Affairs Committee (FAC) said that, unlike most other witnesses, Mr Frasure's evidence had not been recorded and would not form part of the committee's final report.

But, the spokesman said, his "informal" evidence would be taken into account in formulating the committee's recommendations.

The committee, which has been hearing ad hoc evidence from black leaders and politicians from South Africa, suddenly announced two weeks ago that it was extending its hearings with a view to recommending what "measures" Britain should adopt against South Africa.

The British parliament voted in favour of further "measures" in a Commons debate last month in a motion which specified that any measures taken should be effective in helping to promote a black/white dialogue in South Africa.

The motion also stressed that measures should be agreed upon unanimously among South Africa's EEC trading partners, the Commonwealth and the Economic Summit seven.

It is understood that Mr Frasure's appearance before the committee is a bid to co-ordinate British "measures" with those being contemplated by the Reagan administration to defuse mounting pressure for tougher sanctions in the US Congress.

Other witnesses before the Commons committee have included Chief Gatsha Buthelezi, Mr Oliver Tambo and Mr Thabo Mbeki, the president and publicity secretary of the ANC respectively, and Dr Van Zyl Slabbert.

The committee is planning to hold at least four more hearings before it begins drawing up its report.

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Kaunda in TV sanctions appeal

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Own Correspondent

LONDON. — The Zambian President, Dr Kenneth Kaunda, has repeated his threat to pull Zambia out of the Commonwealth if Britain does not impose sanctions on South Africa.

Dr Kaunda said in a televised interview that the British Prime Minister, Mrs Margaret Thatcher, was "not acting in accordance with the will of the British people".

He said: "If the government does not act now it will be found guilty by history."

Dr Kaunda was speaking on the Jimmy Young television programme broadcast last night on the independent television channel. The programme was recorded on Friday.

Dr Kaunda accused Britain of employing delaying tactics on South Africa.

He said: "Britain has hoodwinked the EEC into accepting that three months should go by before action can be contemplated."

"If no action is taken, there will be an explosion in this part of the world, which will envelop the entire region and end in hundreds of thousands of lives being destroyed."

He repeated his threat to take Zambia out of the



Dr Kenneth Kaunda

Commonwealth if there were no sanctions.

"There is no way I can continue with a clear conscience, sitting side by side with Mrs Thatcher, while she is deliberately vetoing all Security Council measures at the UN which are designed to frighten South Africa."

"If nothing happens at the next Commonwealth summit in London I will have an obligation to propose to my central committee that we leave the Commonwealth."

Dr Kaunda said "the paddles are breaking one by one. Soon we will capsize. We have got to

make sanctions work to force the South African government into a negotiating position."

"If we do not act now the explosion will be much worse than the effect of sanctions."

Sapa-Reuter reports that Dr Kaunda expects the British Foreign Secretary, Sir Geoffrey Howe, to visit Lusaka this week and that their talks will be cordial despite deep disagreement over economic sanctions against South Africa.

Asked whether he expected his talks with Sir Geoffrey to be acrimonious, he replied: "Sir Geoffrey is an envoy. Nobody quarrels with envoys. One quarrels with the source of power, in this case the British Prime Minister."

He said Mrs Thatcher had sent him messages accusing him of making threats over withdrawal but he denied his contemplated action was a threat.

"I am not threatening anybody. I am leader of a very small country. It is a country which wants morality in politics observed, not in theory but in practice," he said.

He said he expected South Africa to impose sanctions on Zambia and other African nations if and when the international community imposed sanctions on Pretoria.

ARGUS 8786 280

Church of England in full support of sanctions

The Argus Foreign Service

LONDON. — The Church of England, parent church of South Africa's Anglican community, has given its full support to sanctions against South Africa.

The general synod's decision yesterday was fully endorsed by the Church Commissioners, one of the largest institutions and investors in the City of London, with about R6-billion in assets.

The move also gained the support of the Archbishop of Canterbury, Dr Robert Runcie, who said: "I believe the sharp economic measures or sanctions, whichever one prefers to call them, selected for maximum impact with all the economic insight and skill that can be mustered, offer the only hope there is, however slender, of doing what we can in this country to stop the present bloodshed and prevent it becoming far greater."

"Rebuff"

Before the debate the synod heard a message from Bishop Desmond Tutu asking for support from church leaders in Britain.

The message, read by the Bishop of Coventry, said South Africa was moving into "further repression".

"Every genuine effort to enter into negotiation with the Government meets with rebuff and total intransigence."

The motion, which was carried 394-21, urged Britain "to deploy effective sanctions against South Africa".

● Britain's trade union leadership plans to send a delegation to South Africa in the next two weeks.

And the Trades Union Congress urges in a report that union trustees of pension funds should put much greater pressure on companies to withdraw from South Africa.

The trade union visit to South Africa will be led either by TUC general secretary Mr Norman Willis or officials of the Brussels-based International Confederation of Free Trade Unions.

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UK fears SA
reprisals
for sanctions

The Star Bureau

LONDON - Britain appears to be preparing for a tougher stand on Western sanctions against South Africa.

The *Daily Telegraph* reports today that the British Government has shelved plans to sell off a R150 million stockpile of strategic minerals, in case of reprisals by South Africa if further trade and investment sanctions are imposed by Britain and other Western nations.

South Africa controls Western resources of key minerals, including platinum and chrome, without which important sectors of industry would halt.

The only other major source of supply is the Soviet Union.

The stockpile was to be sold over a period of years to offset Treasury demands for savings in the Department of Trade and Industry.

A quarter of the stockpile has been sold, but the sell-off has been halted.

The *Daily Telegraph* says fear of reprisals by South Africa is one of the reasons for Britain's resistance to imposing sanctions herself.

Careless talk is costing SA lives says Institute of Race Relations

By Claire Robertson

As negotiations on British Foreign Secretary Sir Geoffrey Howe's visit to South Africa continue, the director of the Institute of Race Relations has sharply criticised "foreign visitors".

"They can help foster a climate which tends towards violence," Mr John Kane-Berman said in an address entitled "South Africa — A Society in Crisis" at a Johannesburg conference yesterday.

"Mr Denis Healey, for example, is reported to be saying there is no alternative to violence in the struggle against apartheid.

"Careless talk of this kind — after a bare four days in the country, in his case — helps to polarise things. There are thousands of people in South Africa working for non-violent change. It seems Mr Healey is telling them to stop wasting their time."

Mr Kane-Berman told the conference on Crisis Intervention, held at Tara Hospital, that foreign

visitors needed to have a realistic assessment of how much constructive influence they had.

"The South African Government obviously sabotaged the Eminent Persons Group initiative in the most calculated way when it raided neighbouring states, but that is no reason for the EPG to throw in the towel and polarise things further".

"No member of the EPG really has an interest in what happens here," Mr Kane-Berman said.

"South Africa is paying a terrible price for the adoption of the tricameral Parliament. Anger among young black people has reached new heights."

On unrest-related violence, he said there was a strong case for a comprehensive inquiry into riot control methods.

"But we have taken polarised positions on violence. You will find few people to condemn neck-lace executions as strongly as they condemn killings at the hands of security forces. The reverse is also true."

Church votes for SA clamps

LONDON — The Church of England synod yesterday voted overwhelmingly for economic sanctions against SA.

The general synod, the church's governing body which was meeting in York, voted 394-21 for sanctions.

The vote came at the end of a debate in which the Archbishop of Canterbury Robert Runcie spoke in favour of "sharp economic sanctions".

He said they offered the only hope of stopping the present bloodshed in SA.

At the start of the debate, a message from SA Anglican Bishop Desmond Tutu pleading for church members to support sanctions and to "stand by us", was read to the synod.

British Prime Minister Margaret Thatcher has steadfastly refused to impose economic sanc-

tions against SA, saying they would not persuade its government to change its ways and would only hurt blacks.

The vote also followed an earlier appeal to the synod which was asked to campaign for a non-racial, democratic SA and to support an appeal to the British government to "deploy effective economic sanctions".

The appeal came on the fourth day of the five-day session of the synod.

Synod secretary-general Derek Pattinson apologised to delegates on Sunday night for not having the "marshalled amendments" ready for the SA debate.

Officials said there were many amendments from critics of the church's Board for Social Responsibility, which had initiated the sanctions demand.

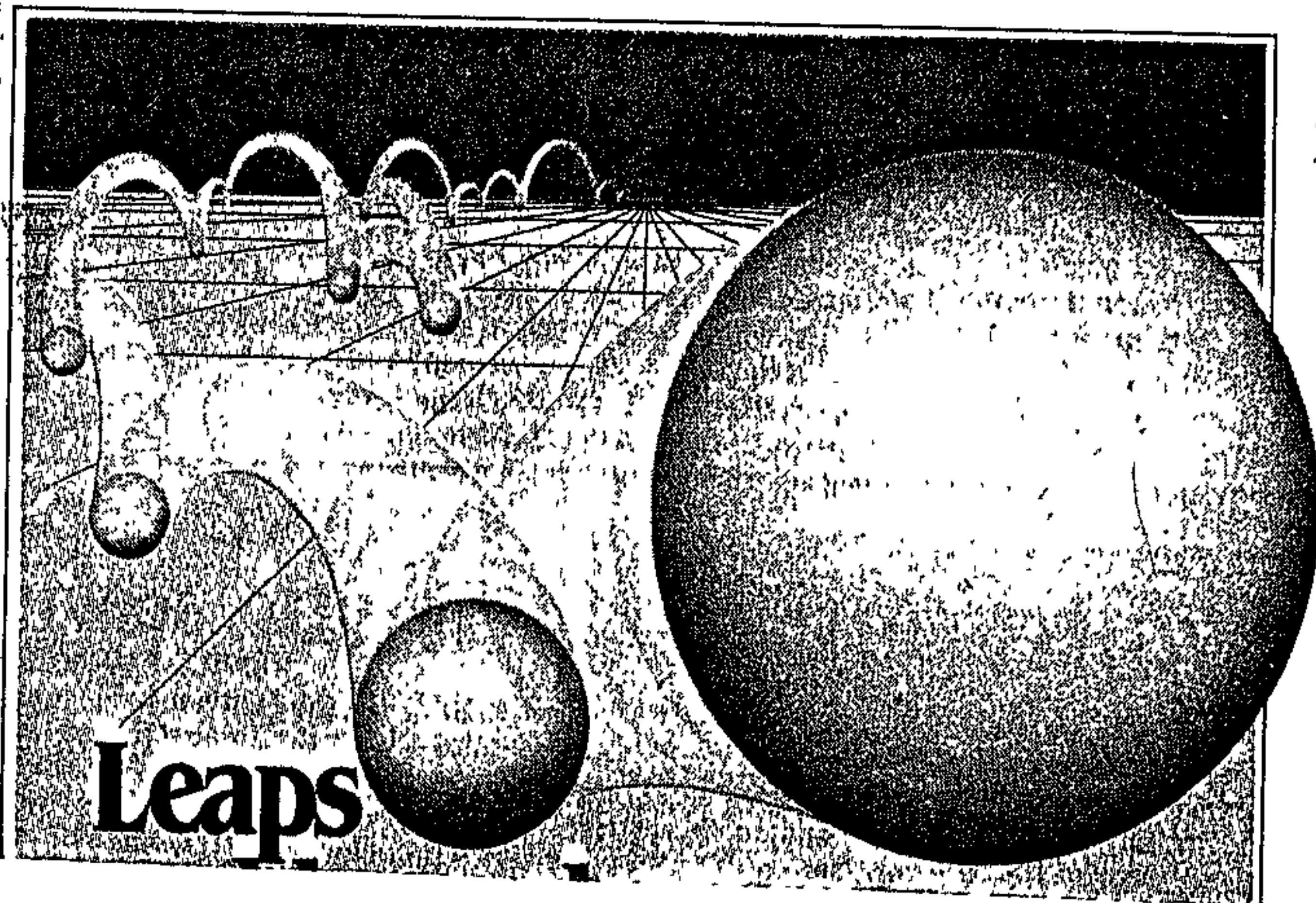
The board chairman, the Bishop

of Birmingham, Hugh Montefiore, was arguing for sanctions after publication of a report for economic action called "Prisoners of Hope".

The report was completed on June 6 and argued that sanctions would "persuade the South African government to begin talks with the true representatives of the majority".

The synod, described as a "generally conservative body," last took action on SA when it met in York in July 1982.

Then it endorsed a report by an inquiry committee headed by Bishop of London Graham Leonard urging British "economic disengagement from the economy of South Africa and generous aid to the independent states" on the borders "as a contribution to bringing about peaceful change". — Sapa-AP-UPI.



Americans told sanctions not the answer

WASHINGTON — Like travelling salesmen, a handful of diplomats are criss-crossing the country to promote the US Government's South Africa policy and push alternatives to economic sanctions.

From the Chamber of Commerce in Sacramento, California, to the Indianapolis City Council, the foreign policy salesmen are delivering the same pitch: apartheid is an evil that must go but a total economic boycott against South Africa's white government is not the best American strategy.

The diplomats are detailed to the working group on South and Southern Africa, a State Department unit formed late last year to "communicate United States goals and objectives in South Africa to domestic and foreign audiences".

They've given speeches on college campuses, met members of Congress, brought church leaders to the nation's capital for talks with top policy-makers and produced packets of reading materials.

The group, which has \$400,000 to spend this year, is modelled on the department's Office of Public Diplo-

macy for Latin America and the Caribbean, which was set up in 1983 to generate support for American policy in that region.

The South Africa working group, headed by Mr Douglas Holladay, has a staff of 20, including seven foreign service officers. Mr Holladay (38) worked in the White House Office of Liaison before moving to the job that carries the rank of ambassador.

Mr Holladay said in an interview that his goals were to better inform the public about South Africa, provide information to Congress and encourage public and private programmes for South Africans.

Mr Holladay's people are hoping to put the brakes on the drive for tougher economic sanctions against South Africa and, at the same time, convince critics that the administration is pressing South Africa hard enough.

"We'd like to change the debate around, of course," Mr Holladay said, adding that he understands the appeal of total economic sanctions and disinvestment campaigns.

"It is a moral gesture; it has symbolic significance to people," he said. "It appears it could be the decisive blow to end apartheid... but it won't."

SOME ALTERNATIVES

Mr Holladay said church leaders and business groups instead should join the federal government in creating programmes to help blacks with health care, education, management training and law.

One of the working group's first pamphlets struck at the core of what Mr Holladay believes is a big problem. Called "Misconceptions about US policy toward South Africa", the 20-page booklet said the Reagan policy "has been maligned because it has been misunderstood or misperceived, both within South Africa and without".

Mr Darnu Smith, head of a liberal lobbying group, said he considered Mr Holladay relatively ineffective at stopping the sanctions movement because of the policy he must defend. — A.P.

CPK Times 8/7/86 280

Sanctions: Church challenge

YORK. — The Church of England issued a strong challenge yesterday to the Prime Minister, Mrs Margaret Thatcher, by calling for immediate and effective economic sanctions against South Africa.

The church's ruling body, the General Synod, voted overwhelmingly in favour of sanctions after three hours of impassioned debate in this northern English cathedral city.

It urged the conservative government to impose effective economic sanctions and asked banks, multinational corporations and financial institutions to increase pressure on the South African economy.

The Archbishop of Canterbury, Dr Robert Runcie, Britain's senior Anglican clergyman, said he would be telexing the result of the synod's vote directly to Bishop Desmond Tutu.

The vote was expected to add to pressure already being brought to bear on Mrs Thatcher to drop her opposition to sanctions, which she has said would hurt South Africa's black majority.

"This is bound to have some effect," said one senior church official. "The synod is a very establishment body, and this was a clear signal to the government."

Mrs Thatcher is virtually alone in opposing sanctions within the Commonwealth, and faces a tough meeting on the issue with six other leaders from the 49-nation group next month.

Delayed

The European Community last month delayed a decision on sanctions for three months pending the outcome of further efforts, including a planned visit to the region by the British Foreign Secretary, Sir Geoffrey Howe.

Sir Geoffrey had planned to go to South Africa this week but delayed the visit yesterday after South African Government leaders proposed alternative dates, saying they were too busy to see him.

The synod vote, on a motion based on a report by clerics and laymen who visited South Africa before the current state of emergency was imposed, also urged the church's financial bodies to re-examine their investments in South Africa.

Statistics produced by Britain's Department of Trade and Industry and independent groups showed yesterday that the Church of England, through its Church Commissioners — who help administer the Church of England's finances, had nearly 300 million sterling (about R1 100 million) invested indirectly in South Africa through various share portfolios.

Sir Douglas Lovelock, a member of the Church Commissioners, said that though about 50 percent of the share portfolio had South African connections, only 0.5 percent of the church's income was directly from South Africa. — Sapa-Reuter

SANCTIONS DEBATE

Hawke: I'd rather not see clamps



● HAWKE

MELBOURNE — Australian Prime Minister Bob Hawke yesterday admitted he would rather see SA voluntarily abolish apartheid, and grant equal rights for all, than sanctions against Pretoria.

"I'd rather not see a single sanction," Hawke said in Canberra before leaving for the Labour Party national conference in Hobart, where delegates are expected to ratify stringent trade sanctions against SA.

Hawke said: "I'd rather see a situation where the SA government acknowledged the necessity for real dialogue, with a timetable for the abolition of apartheid and the creation of a democratic society where all peoples, irrespective of colour, had full and equal rights."

But as a result "of the obduracy of that government that process seemed a long way off as a result of the rejection of the Eminent Persons Group's recommendations for a peaceful transition of power."

"So, reluctantly, we're going to have to take tough measures."

Earlier, former prime minister Malcolm Fraser, who co-chaired the Eminent Persons' Group mission to SA on behalf of the Commonwealth,

MARSHALL WILSON

said it appeared the SA government had lost its nerve.

Pretoria's possible refusal to host British Foreign Secretary Sir Geoffrey Howe would make it more difficult for Britain to hold out against the threat of economic sanctions from Commonwealth leaders.

And the snub demonstrated the futility of Howe's mission.

"The refusal to see Sir Geoffrey does demonstrate a different kind of approach and I think it's one really where the SA government has lost its nerve."

It had demonstrated to Britain and the US that quiet diplomacy and constructive engagement were a total waste of time.

Fraser also said he hoped next month's Commonwealth heads of government meeting in London would impose "rugged, not symbolic, sanctions against SA."

In Perth, African National Congress activist Prince Cassock, who claimed to have taken part in the 1976 Soweto riots, criticised Australia for not doing enough to support the ANC.

Cassock also criticised Canberra for not doing enough for its Aborigines.

WASHINGTON — Diplomats are criss-crossing the US to promote government policy on SA and push for alternatives to economic sanctions.

From the Chamber of Commerce in Sacramento, California, to the Indianapolis City Council, the foreign-policy salesmen are delivering the same pitch: Apartheid is an evil that must go — but a total economic boycott against SA is not the best US strategy.

The diplomats are detailed to the Working Group on South and Southern Africa, a State Department unit formed last autumn to "communicate US goals and objectives in SA to domestic and foreign audiences."

They have given speeches on college campuses, met members of Congress, brought church leaders to Washington for talks with top policymakers and produced packets of reading material.

The group, which has \$400 000 to spend this year, is modelled on the State Department's Office of Public Diplomacy for Latin America and the Caribbean, which was set up in 1983 to generate support for US policy in that region.

Team tries to sell US line on SA

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Holladay, 38, worked in the White House Office of Liaison before moving to the job that carries the rank of ambassador.

Holladay said in an interview that his goals were to inform the public better on SA, provide information to Congress and encourage public and private programmes for South Africans.

Holladay's people are hoping to put a stop to the drive for tougher economic sanctions and, at the same time, to rid critics of the notion that the administration is not doing enough to pressure SA.

"We'd like to change the debate

American, British and possibly European Marshall Plan for a multi-million-pound investment in black SA.

"There is nothing in principle to prevent international agencies founded and funded by British, American and European governments from establishing a network of private schools and colleges for black South Africans."

"A Marshall Plan for SA could, by working either independently or through the business-backed Urban

around, of course," Holladay said. He understood the appeal of total economic sanctions and disinvestment campaigns.

"It is a moral gesture — it has symbolic significance to people," he said.

"It appears that it could be the decisive blow to end apartheid... but it won't."

Church leaders and business groups should instead join the federal government in creating programmes that helped black people in the areas of health care, education, management training and law.

One of the group's first pamphlets struck at the core of what Holladay believes is a big problem for the Reagan administration.

Titled "Misconceptions About US Policy Toward SA," the 20-page booklet says the Reagan policy "has been maligned because it has been misunderstood or misperceived, both within SA and without."

Danu Smith, head of the Washington Office on Africa, a liberal lobbying group, said he considered Holladay relatively ineffective at stopping the sanctions movement because of the policy he must defend. — Sapa.

Times warns against SA sanctions

LONDON — Sanctions and isolation were the worst possible way to bring an end to apartheid and Pretoria to its senses, said an editorial in *The Times* of London yesterday.

A world which was truly motivated by the desire to destroy apartheid, faced a real test of its moral commitment to continue the process brought by economic growth — a process which could be halted by a combination of recession, sanctions and white perceptions of a threat to their security, the editorial said. What was needed was a joint

Foundation, provide the funds to house SA's growing army of urban homeless.

"Opponents of the scheme will doubtless argue, as they have in the past, that it will help to fund and to shore up the apartheid society."

"Recent history in SA, however, has shown that the reverse is true, that a frightened, isolated and impoverished society retains the prejudices and rigidity which are eroded by economic confidence and growth. — Sapa-AP."

BUS DAY - 8/7/82

SUPERFICIALLY, Bishop Tutu's refusal to meet British Foreign Secretary Sir Geoffrey Howe is entirely understandable. Yes, fact-finding has become prevarication writ diplomatically.

But to use that as an argument for not talking to Western envoys is facile: they may know what the bishop thinks, but what about the other way round?

One of the curses of oppression is that it imbues the oppressed with an almost unchallengeable moral superiority. They and they alone have the right to dictate the means and terms of their liberation.

Let any outsider differ and he is at best craven, at worst automatically on the side of the oppressor. Because the likes of Howe, Maggie Thatcher and Ronald Reagan were not elected for the sole purpose of freeing SA, this attitude — however much one may empathise with it — makes it extraordinarily difficult for them to help.

It may have taken the full rigour of a new state of emergency, but the Reagan administration and its Western industrialised partners have finally accepted that their calculations about change in SA were wrong.

Their belief that the Afrikaner ruling elite, if left more or less to its own devices, would act rationally and in a manner consistent with Western values and interests, has been disastrously disappointed.

They are groping for alternatives — and whether Tutu likes it or not, they are on his side.

Focusing on the US search for a more effective policy, it is hard to conclude that the administration's hesitancy about economic sanctions has very much to do with "capitalist" greed, or any other base instinct for that matter.

With direct US investment in SA down to \$1.3bn by the latest official count and falling, and US companies departing in their dozens, the capitalists seem to be doing what the bishop asks of them unbidden.

The administration is not against economic pressure on Pretoria *per se*, but believes that permitting the marketplace to apply the screws is infinitely more effective than direct government intervention.

The latter, though seemingly swift and decisive, is seen as a rallying cry to white tribal intransigence — as it was in Zimbabwe.

The former may be slower and more inchoate, but it is also likely to be more efficient in sapping the Afrikaner will to resist. There being no single identifiable enemy to rouse revanchist passion and morale, the laager's inmates may be

Even Tutu can learn — if he listens



□ TUTU ... they are on his side

SIMON BARBER in Washington

persuaded more easily to place the blame for their misery where it belongs — themselves.

While leaving the economic weapon largely in the hands of corporate boards, stock and commodity exchanges, bankers, investors and consumers, the US administration now intends to place new emphasis on supplementing it politically and diplomatically.

Precisely how should be made clear when US Secretary of State George Shultz goes before the Senate Foreign Relations committee on July 22, but the broad outline is already visible.

The chief objective, and it is a sincere one, will be to convince black SA that, even though the West may not (for the reasons outlined above) endorse fully-fledged economic sanctions, it stands foursquare for the negotiated transfer of power to a democratic majority.

The official rhetoric is already intensifying. For the first time in almost six years, the State Department is ceasing to applaud specific moves by Pretoria.

It greeted the formal lifting of the Pass Laws on July 1 with a blunt so what "We call on the SA government to move urgently

ahead and repeal all remaining apartheid laws," said the spokesman.

"Regrettably, the SA government's continued repression of political dissent ... casts doubt on its commitment to change. Ending its repression of political opponents would validate the government's claim to be reformist and would help create a climate for negotiating genuine power-sharing."

More significantly, President Reagan himself was finally prevailed upon to stop waffling about the violence being "a literally civil war in the black community" and State President Botha being a bold reformer trapped by his own party.

In a prepared statement to the French magazine *Le Point*, he attributed the township mayhem "to the frustration of the oppressed" and said it revealed "the tragic consequences of the divisive policy of apartheid".

Most telling of all, though, was his endorsement of "those who have dedicated their lives to ending apartheid".

Only by "encouraging" them and applying "persistent pressure,"

Reagan said, "can this oppressive system be dismantled".

The words were carefully chosen, yet clearly referred to all apartheid's opponents, the African National Congress (ANC) included.

Admiral John Poindexter, the President's national security adviser, confirmed that this was indeed the intent.

"We think it is important to find out what the ANC is thinking about, what their ideas are ... if you're going to reach out to the blacks, you've got to decide what you're going to do about the ANC."

To reinforce this new and, yes, belated outreach, the administration is prepared to take a number of concrete actions.

In all probability it will expand last year's Executive Order — due to expire in September — to include the denial of SA landing rights and a ban on new investment.

Although these are the minimum demands of the most lenient legislation before Congress, they are far beyond anything the administration has previously countenanced.

Intentionally, there is a good deal of *mea culpa* about this — an admission that "constructive engagement" as implemented by Dr Chester Crocker and US Ambassador to SA Herman Nickel has failed.

It would not be too surprising to see these gentlemen put out to pasture as part of the administration's penance.

Asked whether the current policy reassessment could involve changes in personnel, US officials who have previously firmly rejected rumours about Crocker's job security are for the first time starting to sound uncertain.

Under these circumstances it would be sad if black SA leaders copied Pretoria in shunning contact with Western envoys because their governments will not do unconditionally what is asked of them.

Damning the West and blaming the Reagans and Thatchers is an easy option, full of short-term political convenience. It is also the course espoused by the true enemies of democracy in SA — the bitterender Afrikaner and the radical Leftist.

Closer partnership with the West will help isolate those extremists far more effectively than economic sanctions, because those sanctions will help create the conditions in which extremism most readily flourishes.

Surely that is not what Bishop Tutu or Allan Boesak or Nelson Mandela seek?

Nafcoc chief eyes tough line



MOTSUENYANE

PRESSURE was mounting for the National African Federated Chamber of Commerce and Industry (Nafcoc) to align itself in favour of disinvestment and it was time it reviewed its policy, Nafcoc president Sam Motsuenyane said yesterday.

He was addressing about 2 000 delegates to Nafcoc's annual conference in Cape Town.

During discussions with the African National Congress (ANC) in May, he said, Nafcoc had indicated the extent to which it was bound by its existing policy of "conditional investment with-in the parameters of that policy".

"However, we said we were quite prepared to impose new demands on foreign investors.

"In principle, Nafcoc accepts selective economic pressure as a non-violent alternative for dismantling apartheid and a means of creating the political and economic climate neces-

sary for meaningful change," Motsuenyane said.

"At the time, the Nafcoc delegation had no mandate to support the withdrawal of foreign investments but the organisation is certainly encountering increasing pressure to align itself with other black organisations in favour of disinvestment," he added.

● See also Page 2

To counter inflation, there had to be a "radical departure from the extremely costly practice of differentiating services and under-utilising amenities in terms of racial or ethnic groups purely for political reasons".

He said that until blacks achieved an effective share of the political and economic power, government released political leaders and unbanned black political organisations, Nafcoc would

● To Page 2 ➡

Nafcoc chief's tough line

➡ ● From Page 1

not participate in any efforts to encourage new investments in the country.

The chances of eventual national unity will be severely limited if the existing rivalries among black leaders and organisations are not eliminated through communication and dialogue, Motsuenyane said.

SABC radio news said he told the congress that the fragmentation of the black communities diminished their

bargaining power for meaningful change in SA.

He said there had been a number of initiatives by the private sector to bring about suitable socio-economic changes and he singled out the Urban Foundation for its formulation of acceptable strategies for orderly urbanisation.

Many black leaders who had stood with his organisation a year ago on the question of investment were now advocating total disinvestment, Motsuenyane said. — Sapa.



• HOWE

PW will meet UK Foreign Secretary

9/7/86 BUS DM (280) (28)

LONDON — British Foreign Secretary Sir Geoffrey Howe will meet SA State President P W Botha later this month, after being refused a meeting this week, British Prime Minister Margaret Thatcher said yesterday.

It was also reported in Zimbabwe yesterday that Howe was to arrive in Harare today.

Answering questions in the House of Commons on the Howe mission, Thatcher said: "President Botha will be seeing the Foreign Secretary on a date that has now been arranged in July."

The Foreign Office later declined to specify the date of the meeting.

On Monday, Howe postponed his SA visit, scheduled for this week, after Pretoria said Botha and other senior

officials were too busy to see him.

The Foreign Office said that, in the meantime, he would travel to Africa for talks in Lusaka and Harare with leaders of the Frontline states.

In Pretoria, the Foreign Affairs Department said in a statement yesterday that SA's and Britain's foreign ministers were in contact with each other to determine a mutually agreeable date for Howe's SA visit.

"Communication between the two governments is taking place in a spirit of mutual understanding," said the statement released by the Bureau for Information.

The date on which Howe would meet Botha would be made known in due course, it said.

From Harare, it was reported that

Howe would arrive in the Zimbabwean capital today for a two-day official visit.

A spokesman for the British High Commission was quoted yesterday by the Zimbabwe news agency Ziana, as saying that Howe would be arriving from Lusaka, Zambia, and was expected to hold discussions with Prime Minister Robert Mugabe.

The spokesman said this was a preliminary chance for Howe to talk to Frontline leaders in his capacity as president of the European Community.

He is expected to receive a frosty reception in the Frontline states over Britain's failure to back economic sanctions against Pretoria. — Sapa-Reuter-AP.

No automatic sanctions, ^{AKG} 9/7/86 says Thatcher

Report by The Argus Foreign Service ²⁸⁰
and the Argus Africa News Service.

THE British Prime Minister, Mrs Margaret Thatcher, has made plain that should Sir Geoffrey Howe's mission to Southern Africa fail, sanctions will not automatically be imposed on South Africa.

However, financial pressure in some form could ensue, a report suggests.

And in a heated Commons debate yesterday Mrs Thatcher announced that a date had been fixed later this month for a meeting between the Foreign Secretary, Sir Geoffrey Howe, and the South African President, Mr P W Botha.

In an angry attack, Labour leader Mr Neil Kinnock said that Sir Geoffrey was "filling in time on a false errand".

Referring to Mr Botha's reluctance to see Sir Geoffrey this week, Mr Kinnock went on: "People of all parties in this country take it ill that our Foreign Secretary should be regarded with such contempt by a bunch of racist gangsters in South Africa."

Questioned on how Britain would respond if Sir Geoffrey failed, she said there was "nothing automatic" about sanctions.

SHE added, though, that "contingencies are being made and other countries are being consulted".

The Daily Mail claimed yesterday that "Britain is planning to get together with America to put a financial squeeze on South Africa".

The report says that Sir Geoffrey and the US Secretary of State, Mr George Shultz, are to meet soon to work out "a financial crunch".

Meanwhile, Mrs Thatcher has been joined by one of Fleet Street's most sensational — and most popular — newspapers in rebuking the Church of England for favouring sanctions against South Africa.

The Premier delivered her angry attack in the Commons yesterday.

She said: "I find it ironic that with one hand people, including the church, are calling for all help to end starvation, famine and poverty in South Africa and, on the other, are calling for the very economic sanctions which will increase it."

The Sun goes somewhat farther today.

It wonders if the churchmen backing sanctions are right to call themselves Christians.

ITS three-paragraph editorial on the issue reads: "The church's Synod refuses to condemn violence in South Africa — black or white."

"These Anglicans call themselves Christians."

"They deserve to be prosecuted under the Trade Descriptions Act!"

In another development the African National Congress's announcement that it will not see Sir Geoffrey Howe this week is a major setback to his mission, but even now diplomats are not ruling out a meeting with this key black nationalist group.

They have pointed out that just before Mr Oliver Tambo met Mrs Lynda Chalker, the Foreign Office Minister for African affairs, the ANC announced that he would not see her.

It is reported from Harare that the Zimbabwe Prime Minister, Mr Robert Mugabe, will meet Sir Geoffrey tomorrow morning when it is expected that Britain will plead for more time to try to get a peaceful settlement in South Africa.

Sir Geoffrey is flying there this afternoon in a Royal Air Force VC 10 with an appeal from Mrs Thatcher aimed at avoiding a showdown at the Commonwealth Southern Africa committee meeting in London at the beginning of next month.

The British Foreign Secretary is having talks in Lusaka today with President Kenneth Kaunda, who will chair the seven-nation London meeting.

Irish row over SA invitation

The Star's Foreign News Service
DUBLIN — A major row has developed here over the attendance of South African delegates at a world computer congress to be held at Trinity College, Dublin, in September.

Unions representing 9 000 Irish telephone engineers have threatened to black out the congress unless the South Africans are excluded.

And the Irish Anti-Apartheid Movement has warned it will stage the biggest protest demonstration in the city

9/7/86
since the Springbok tour in the late 1960s if the organisers do not withdraw their invitation to the South Africans.

The congress will be the largest ever held in Dublin with 1 500 international computer scientists attending.

A spokesman for the Irish organising committee said South Africa would not be sending an official party, but individuals from the Republic would attend.

Despite the threatened demonstration, he insisted: "No individuals from any country will be turned away."

CMF 7/14/85 9/7/86

Nafcoc to reconsider opposition to disinvestment

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NAFCOC is to reconsider its opposition to disinvestment from SA.

This was announced yesterday by Sam Motsuenyane, after he had reported that many black organizations who were in favour of conditional investment 12 months ago were no longer committed to this.

"They are now instead advocating for total disinvestment and the application of sanctions against SA.

"This sudden change of attitude on the part of many black organizations in SA followed a year of unabating con-

flict and violence in the country," he said.

Nafcoc had for many years supported a policy of "conditional investment" in which it opposed investment which was geared to benefiting the white community at the expense of the black community and Nafcoc would not support any investment that did not benefit the black community.

Nafcoc was encountering increasing pressure to align itself more with other black organizations who had already declared themselves to be in favour of disinvest-

ment.

"I believe that the time is ripe for Nafcoc to review its long standing policy on international investment," Motsuenyane said.

This review would be best done at the next summit conference of Nafcoc regions which would probably be held in October.

Nafcoc proposals

A DRAMATIC summit meeting between black business leaders and the Minister of Foreign Affairs, Pik Botha, was ignored by President P W Botha when he made his Rubicon speech last year.

This was disclosed yesterday by Sam Motsuenyane, the president of the National African Federated Chamber of Commerce.

The summit took place on a Sunday, August 11, at short notice following an urgent request by Nafcoc to present President Botha or Pik Botha a list of "concrete proposals which if implemented within a reasonably short period would free the country from the threats of constant internal instability and as well as from the claws of international sanctions."

But in spite of "an atmosphere of complete frankness", Motsuenyane said "none of the Nafcoc proposals were given any special attention by the State President".

Mugabe will meet Sir Geoffrey despite differences over SA

HARARE — Despite Mr Robert Mugabe's bitter criticism of Anglo-American policy towards South Africa, the Zimbabwean Prime Minister will see the British Foreign Secretary, Sir Geoffrey Howe, tomorrow.

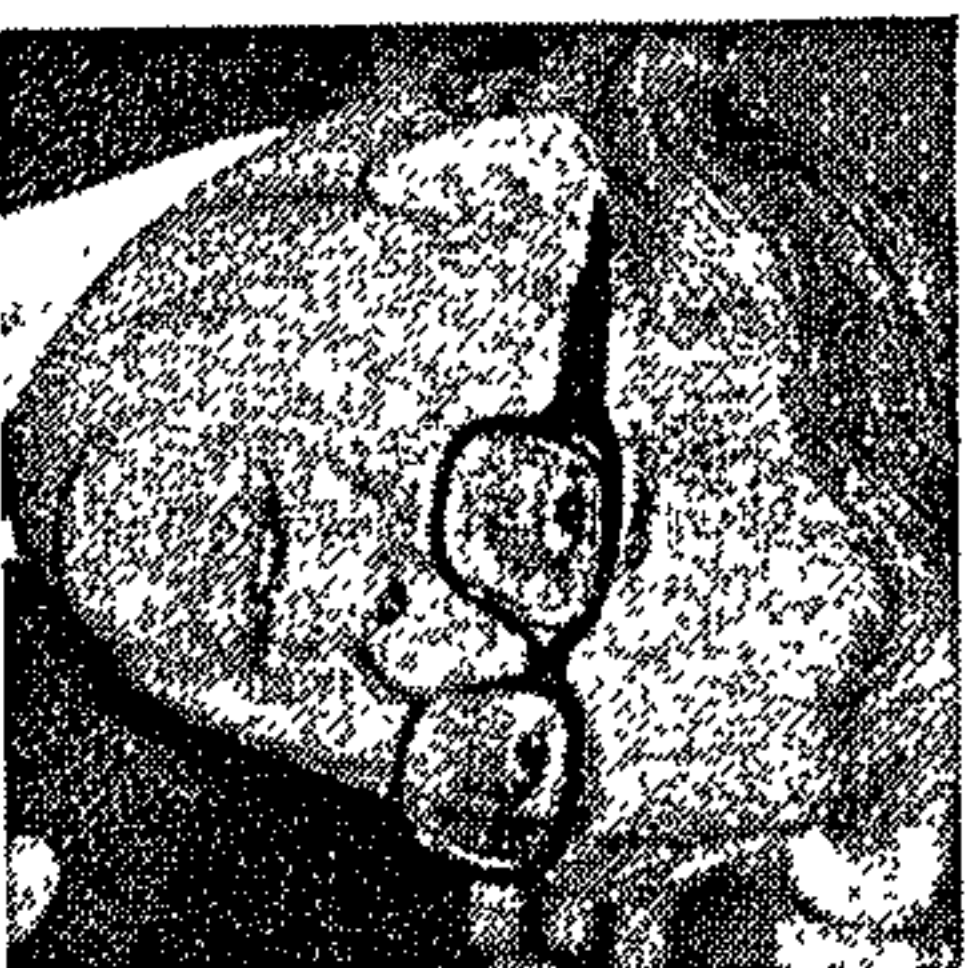
Sir Geoffrey will also meet Minister of Foreign Affairs, Dr Witness Mangwende.

Although the Zimbabwean and British positions appear too wide apart for there to be any prospect of amicable agreement, diplomats in Harare believe the Zimbabweans may go out of their way to be friendly after last Friday's protocol catastrophe with former United States President Jimmy Carter.

CAUSED WALKOUT

A speech read on Dr Mangwende's behalf at an American Independence Day function caused a walkout when he made a bitter attack on Anglo-American policy over South Africa.

The Zimbabweans have been slowly realising the enormity of their Foreign Minister's gaffe, which gave offence to one of its most stalwart champions and to Democratic Party critics of the



British Foreign Secretary Sir Geoffrey Howe

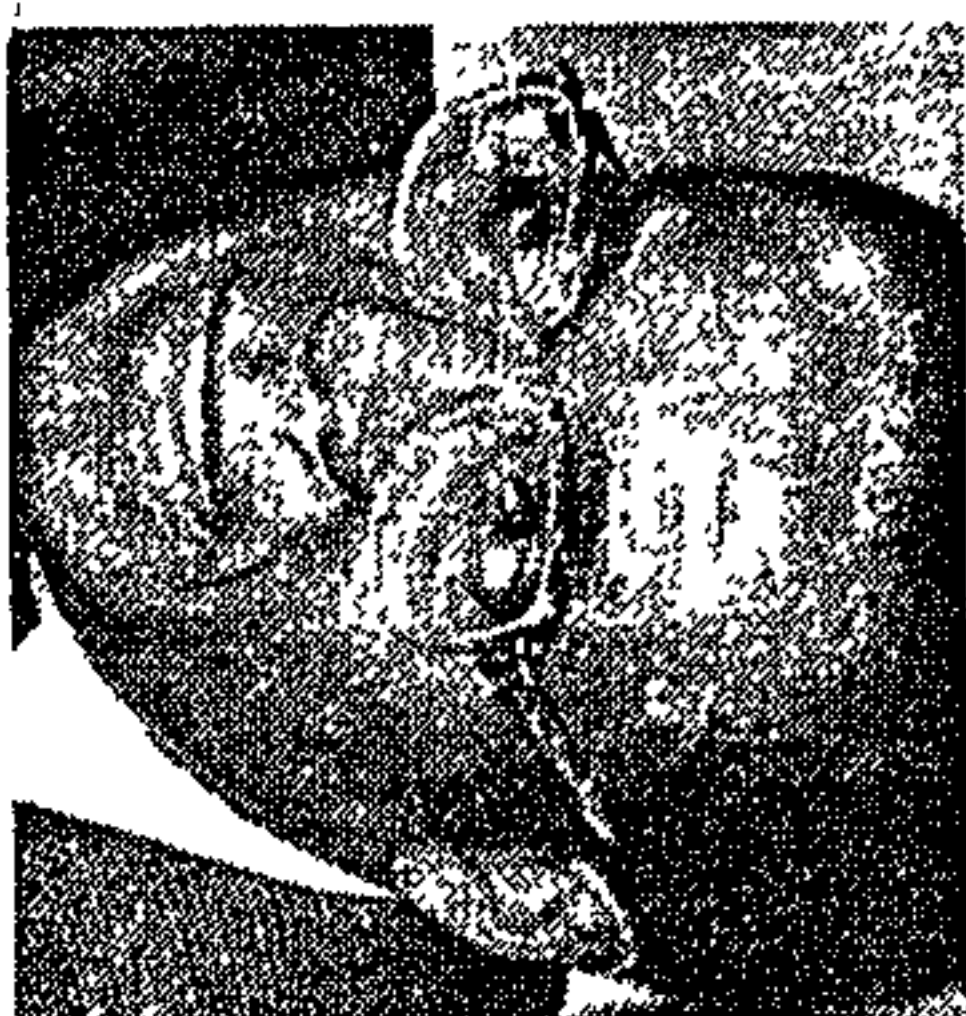
Reagan Administration's allegedly pro-Pretoria policy.

As an immediate result of the incident, \$9 million (about R22.5 million) in aid, which had been approved in principle by Congress, is being reconsidered.

Another \$14 million (about R35 million) is in jeopardy.

The United States has been Zimbabwe's biggest source of aid since independence, giving over \$363 million (about R907 million).

Since the shooting down of the Korean jumbo jet in September 1983, which Zimbabwe refused to condemn in the UN Security



Zimbabwe Prime Minister Mr Robert Mugabe.

Council, US State Department officials have been pressing for a cutback because of Zimbabwe's hostility towards US foreign policy.

More serious for the long term than the loss of aid, however, is the loss of diplomatic sympathy Friday's debacle has caused, even among liberal Americans.

The African National Congress has reportedly announced that it will refuse to see Sir Geoffrey in Lusaka.

Mr Mugabe last month demanded that Britain either impose a total trade boycott on

South Africa, or concede that the only other way to overthrow apartheid was armed force, and hence supply arms to the ANC.

There has been no hint in Harare of the possible agenda to be discussed by Sir Geoffrey and Mr Mugabe, who is due to fly to London next month for the report back of the Eminent Persons' Group to the seven Commonwealth heads of government appointed at last year's Nassau summit to monitor their work.

CUT OWN THROAT

It is believed that Mr Mugabe will use the occasion to press the British Prime Minister, Mrs Margaret Thatcher, in the strongest terms to adopt comprehensive sanctions against South Africa — and pledge full economic support for Zimbabwe in the likely event of counter-measures by Pretoria against the Frontline states.

At Nassau Mrs Thatcher was reported to have told Mr Mugabe that by demanding sanctions he was "cutting his own throat", adding: "Don't come crying to me for bandages." — Sapa.

Kangaroo is not tied down

The Star Bureau

LONDON — Sir Geoffrey Howe will be paying careful attention to his wardrobe in Africa.

One item he did not forget to put in his suitcase was his kangaroo tie.

This plain tie with a modest kangaroo motif embroidered on it marks his membership of a group of European parliamentarians dedicated to knocking down barriers, or, if they can't do that, jumping over them. Sir Geoffrey wore it in Strasbourg yesterday.

The reason why European politicians should choose one of the most distinctive members of Australian fauna as their symbol, seems, at first, incomprehensible.

And, of course, in Africa, there's also the danger that anyone wearing a kangaroo tie could be confused with a rebel sports tourist.

While Sir Geoffrey will have the opportunity to tell Frontline statesmen why he is wearing the tie, he won't need it to make plain his desire to break down or jump over the barriers he is sure to encounter.

Sanctions: 'Black states would need massive aid'

MIKE WILLIAMS of Associated Press reports from Harare

A public debate has begun over the impact of possible sanctions by South Africa against the region's black-ruled states, whose economies are intertwined with South Africa's.

Industrialists and farmers are warning that Zimbabwe, Botswana, Zambia, Swaziland, Lesotho and Malawi will need massive western aid if Pretoria orders an economic blockade in reprisal against international sanctions. These states all depend heavily on South Africa for trade and transport links to overseas markets.

The amount of western aid needed and whether it would be forthcoming is not clear. Some bankers and western diplomats here say losses could run into the equivalent of billions of US dollars.

South Africa has long warned that sanctions could hurt neighbouring black states, either because of a spillover of economic hardship from South Africa or because they might intentionally limit economic ties with neighbours.

"Should the senseless sanctions campaign, which is currently enjoying so much attention, jeopardise our economic development, black Southern African states will consequently suffer," Mr Louis Nel, South Africa's deputy Minister of Information, said on July 2.

A week earlier, Foreign Minister Mr Pik Botha warned that if sanctions were imposed against Pretoria, South Africa might curtail economic relations with its neighbours.

WASHINGTON and London have said they will not shore up African nations that seek sanctions and then suffer under them themselves.

"If you want to cut your own throat, don't come to me for a bandage," British Prime Minister Mrs Margaret Thatcher said at last October's Commonwealth heads of government meeting when Prime Minister Mr Robert Mugabe of Zimbabwe called for South African sanctions.

The problem is greater for some countries, like landlocked Botswana, which sends



Mr Robert Mugabe ... called for SA. sanctions
Mr Pik Botha ... "relations might be curtailed"
Mrs Margaret Thatcher ... "don't come to us"
Mr Louis Nel ... "senseless campaign"

nearly all of its foreign trade through South Africa. But there is a general agreement that without some kind of aid, most of Southern Africa's black states would face disaster if South Africa imposed sanctions.

Businessman Mr Bud Whittaker told several hundred mostly white commercial farmers at a July meeting that Pretoria could deliver a financial coup de grace to the entire region if the international community did not "get its act together" in helping make non-South African trade routes viable.

"It's no good telling us they are willing to apply pressure to change the direction of South African politics if we can perceive they don't really mean it," said Mr Whittaker, former chairman of Zimbabwe's Commercial Grain Producers' Association.

"We can only believe it when we see positive support for actively constructing and co-operating on an alternative outlet to the sea."

THE outlet Mr Whittaker referred to is the 300km road, rail and oil pipeline corridor running from the eastern Zimbabwean town of Mutare to Mozambique's Indian Ocean port of Beira.

The Beira corridor is the only Mozambican trade route that has been closed by attacks by guerrillas of the Mozambique National Resistance. With Zimbabwean troops providing security, it handles the 10 percent of landlocked Zimbabwe's trade that does not go to or through South Africa.

International aid is helping improve the rail line and the port itself but sources familiar with the effort say the total handling capacity will at most be tripled during the next few years.

Mr Mugabe told an annual congress of industrialists meeting on July 2 at Victoria Falls to begin using the Beira corridor in anticipation of "destabilisation" by Pretoria.

"Surely it is wiser, too, for you the businessmen, to change your transport routes voluntarily rather than wait for the day when you will do so because you have no alternative," he said.

BUT the much longer South African import-export routes are not only more dependable, they are cheaper, Harare bankers say.

Others, including Mr Bill Irvine, leader of a group of pro-government white moderate legislators, say they op-

pose sanctions because Zimbabwe would need more than the Beira outlet to remain economically healthy.

Mr Irvine said more trade routes were needed, among them the war-damaged Chicualacuala rail link to Mozambique's Maputo port.

That railway has been out of service for more than a year because of rebel attacks, and Mr Irvine said rebuilding it would require a tremendous effort.

Speaking at the same meeting as Mr Whittaker, British High Commissioner Mr Ramsay Melhuish said Britain was committed to improving Mozambique's trade and communications routes to Zimbabwe and Malawi, but those routes would still not be an adequate alternative.

"If sanctions led to a closure of South African borders, the knockout effect on South Africa's landlocked neighbors would be extremely damaging," Mr Melhuish said.

"In practice, sanctions are more easily evaded than enforced. The reason being that businessmen who make money from sanctions-busting are better at doing so than civil servants are at stopping them."

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High level talks on effects of sanctions

PRETORIA — The negative effects of possible international sanctions against South Africa and measures to prevent future outbreaks of faction fighting involving Lesotho workers on South African mines, were dealt with at high level talks between the two country's governments yesterday.

The discussions were held in Pretoria between delegations led by the Minister of Manpower, Mr Pietie du Plessis, and Lesotho's Minister of Labour, Colonel B. R. Ntsohi, and the Minister of the Interior, Chief M. Seeiso.

Some 140 000 Lesothos work in South Africa, of which 75 per cent are on the mines. Their earnings, most of which are sent back to Lesotho, make up a substantial portion of the kingdom's foreign income, totalling about R187 million in 1984.

At a brief press conference after their morning meeting, the Secretary for Labour, Mr A. L. Thoahlane, said "recent labour unrest at Hlobane (colliery in Natal) and other mines were discussed."

Decisions taken amounted to agreement

"to co-operate much more closely to guard against a recurrence of this unrest in the future," he said.

Working conditions of Lesotho mine labourers had also been discussed as a related subject.

On the threat of sanctions against South Africa, Mr Thoahlane said his delegation had "indicated (Lesotho's) vulnerability."

"A large percentage of our gross national product depends on remittances ... which are dependent on employment opportunities in South Africa

"Should there be a decline in employment, it will have an impact on us."

The two delegations had discussed "what we can do to try to make sure this does not become a reality."

Mr Du Plessis said the discussions were held in "a very good spirit ... beneficial to both sides, and we agreed to hold discussions on a more regular basis in future."

The countries of Southern Africa were inter-dependent and the interests of Lesotho and South Africa could not be separated. — Sapa

CAC Times
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Games boycott looms

From IAN HOBBS

LONDON. — A disastrous African boycott of the Commonwealth Games threatened last night as Nigeria and Ghana withdrew in protest against Britain's refusal to impose sanctions on South Africa and the selection of Zola Budd to run for England.

Zimbabwe is expected to join the boycott today and to call on all African and non-aligned Commonwealth countries to follow the example.

A Commonwealth Games source in London said last night: "It could be the end for the Games if Zimbabwe joins the boycott. We have heard nothing official from Harare but if they go others will follow possibly even Asian and Caribbean countries. This is a real crisis. Our worst."

The news devastated officials of the Commonwealth Games Federation (CGF), the controlling body, who are preparing for a spectacular opening ceremony in Edinburgh on July 24.

Annette Cowley

CGF officials will hold an emergency meeting in Edinburgh today and are expected to send appeals to all Commonwealth governments to save the Games.

Two weeks ago Nigeria gave a warning of pending trouble by lodging an official protest against the selection of Budd and Cape Town swimmer Annette Cowley with the CGF.

Mr David Dixon, the CGF secretary, said last night that the CGF inquiry ordered into the legality of England's decision to select the two women was still under way and would be made public about July 20 — four days before the opening

The announcement that Ghana and Nigeria would boycott the Games was given in government statements to Western news agencies in Lagos and Accra.

The statements specified that the action was a protest against the British stand on South Africa but also reflected their anger that Miss Budd and Miss Cowley had been selected in breach of the spirit and letter of the Games.

Based in South Africa

Miss Budd created a major controversy earlier this year by ignoring the advice of the British Amateur Athletic Board that she must base herself in Britain

Instead, she insisted on basing herself in South Africa and commuting to Europe for events.

It is understood that the news that Nigeria and Ghana would start boycott action against the 57-nation Games was given to British Prime Minister Mrs Margaret Thatcher yesterday morning when she met the Commonwealth secretary-general, Sir Shridath Ramphal.

Commonwealth Secretariat sources then warned pressmen that African governments were so incensed by Mrs Thatcher's continued refusal to impose sanctions that a "catastrophic" Games boycott was likely.

SUPERFICIALLY, Bishop Desmond Tutu's refusal to meet Sir Geoffrey Howe is entirely understandable. Yes, fact-finding has become prevarication writ diplomatically. But to use that as an argument for not talking to Western envoys is facile; they may know what the bishop thinks, but what about the other way round?

One of the curses of oppression is that it imbues the oppressed with an almost unchallengeable moral superiority. They and they alone have the right to dictate the means and terms of their liberation. Let any outsider differ, and he is at best craven, at worst automatically on the side of the oppressor.

Because the likes of Sir Geoffrey, Mrs Margaret Thatcher and President Ronald Reagan were not elected for the sole purpose of freeing South Africa, this attitude, however much one may empathize with it, makes it extraordinarily difficult for them to help.

It may have taken the full rigour of a new state of emergency, but the Reagan administration and its Western industrialized partners have finally accepted that their calculations about change in South Africa were wrong.

Their belief that the Afrikaner ruling elite, if left more or less to its own devices, would act rationally and in a manner consistent with Western values and interests, has been disastrously disappointed. They are groping for alternatives, and whether Bishop Tutu likes it or not, they are on his side.

Companies quit

Focusing on the United States' search for a more effective policy, it is hard to conclude that the administration's hesitancy about economic sanctions has very much to do with "capitalist" greed or any other base instinct for that matter.

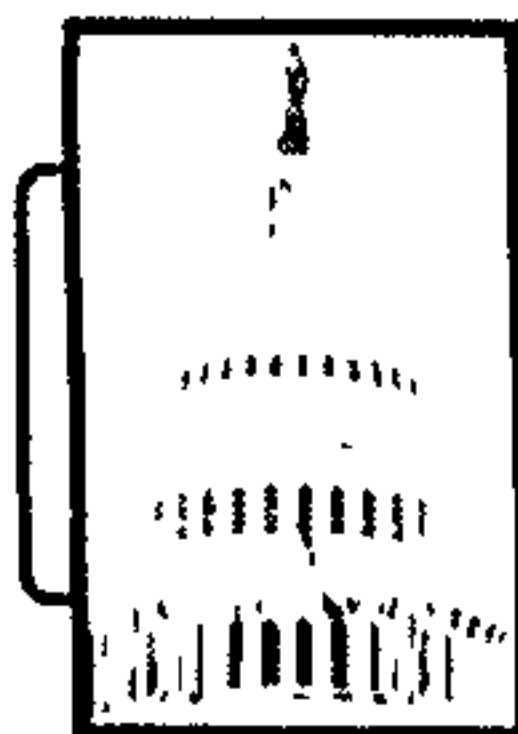
With direct US investment in South Africa down to \$1.3 billion by the latest official count and falling, and US companies departing in their dozens, the capitalists seem to be doing what the bishop asks of them unbidden.

The administration is not against economic pressure on Pretoria per se, but believes that permitting the marketplace to apply the screws is infinitely more effective than direct government intervention.

The latter, though seemingly swift and decisive, is seen as a rallying cry to white tribal intransigence — as it was in Zimbabwe. The former may be slower and more inchoate, but it is also likely to be more efficient in sapping the Afrikaner will to resist.

There being no single identifiable enemy to rouse revanchist passion and morale, the laager's inmates may be persuaded more easily to place the blame for their misery

Anti-sanctions doesn't mean pro-apartheid

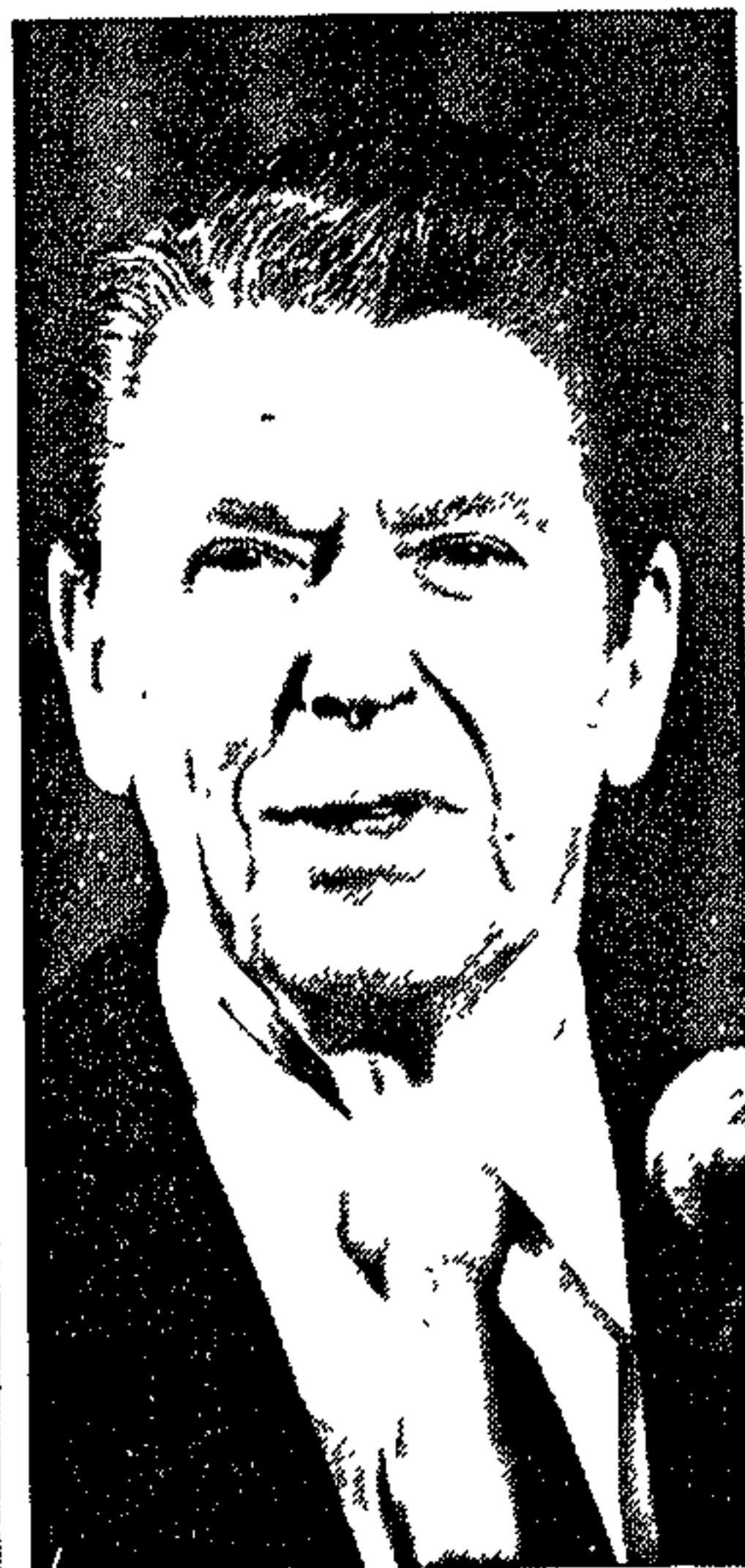


Washington Letter

by SIMON BARBER



Bishop Desmond Tutu



President Ronald Reagan

where it belongs — themselves.

While leaving the economic weapon largely in the hands of corporate boards, stock and commodity exchanges, bankers, investors and consumers, the administration now intends placing new emphasis on supplementing it politically and diplomatically. Precisely how should be made clear when the Secretary of State, Mr George Shultz, goes before the Senate foreign relations on July 22, but the broad outline is already visible.

The chief objective, and it is a sincere one, will be to convince black South Africa that even though the West may not (for the reasons outlined above) endorse fully fledged economic sanctions, it stands four-square for the negotiated transfer of power to a democratic majority.

The official rhetoric is already intensifying. For the first time in almost six years, the State Department is ceasing to applaud specific moves

by Pretoria.

It greeted the formal lifting of the pass laws on July 1 with a blunt so what. "We call on the South African government to move urgently ahead and repeal all remaining apartheid laws," said the spokesman.

"Regrettably the South African government's continued repression of political dissent... casts doubt on its commitment to change. Ending its repression of political opponents would validate the government's claim to be reformist and would help create a climate for negotiating genuine power-sharing."

More significantly, President Reagan himself was finally prevailed upon to stop waffling about the violence being "literally a civil war in the black community" and President P W Botha being a bold reformer trapped by his own party.

In a prepared statement to the French magazine *Le Point*, he attributed the township mayhem "to the frustration of

the oppressed" and said it revealed "the tragic consequences of the divisive policy of apartheid".

Most telling of all, though, was his endorsement of "those who have dedicated their lives to ending apartheid". Only by "encouraging" them and applying "persistent pressure", he said, "can this oppressive system be dismantled".

The words were carefully chosen, yet clearly referred to all apartheid's opponents, the African National Congress included.

Admiral John Poindexter, the president's national security adviser, confirmed that this was indeed the intent. "We think it is important to find out what the ANC is thinking about, what their ideas are... if you're going to reach out to the blacks, you've got to decide what you're going to do about the ANC."

To reinforce this new and, yes, belated outreach, the administration is prepared to take a number of concrete actions. In all probability it will expand last year's executive order — due to expire in September — to include the denial of South African landing rights and a ban on new investment.

Although these are the minimum demands of the most lenient legislation before Congress, they are far beyond anything the administration has previously countenanced.

Crocker's future

Intentionally, there is a good deal of mea culpa about this — an admission that "constructive engagement" as implemented by Dr Chester Crocker and the US ambassador to South Africa, Mr Herman Nickel, has failed. It would not be too surprising to see these gentlemen put out to pasture as part of the administration's penance.

Asked whether the current policy reassessment could involve changes in personnel, US officials who have previously firmly rejected rumours about Dr Crocker's job security are for the first time starting to sound uncertain.

Under these circumstances it would be sad if black South African leaders copied Pretoria in shunning contact with Western envoys because their governments will not do unconditionally what is asked of them.

Damning the West and blaming the Reagans and Thatchers is an easy option, full of short-term political convenience. It is also the course espoused by the true enemies of democracy in South Africa — the bitter-einder Afrikaner and the radical leftist.

Closer partnership with West will help isolate those extremists far more effectively than economic sanctions because those sanctions will help create the conditions in which extremism most readily flourishes. Surely that is not what Bishop Tutu or Dr Allan Boesak or Mr Nelson Mandela seek?

Aussie Labour backs clamps

HOBART — The governing Australian Labour Party conference yesterday approved a list of measures — including limited trade sanctions — which Australia may take against SA.

However, the conference left it to the government to decide on which measures to introduce.

The measures include cancellation of SA Airways' landing rights, strict observance of petroleum embargo, and an end to imports of minerals, agricultural and manufactured products.

The policy also called for a ban on new Australian investment in SA, support for comprehensive sanctions by all UN Security Council members, continued bans on sporting contacts, closure of the SA consulate in Sydney and expulsion of all information and trade officers.

The 99 delegates to the conference also voted to review immigration from SA "to avoid any significant inflow of people with marked racist attitudes".

A proposal put by one delegate, seeking to make the measures mandatory, was defeated after Foreign Minister Bill Hayden said the government needed to retain some flexibility.

He said Prime Minister Bob Hawke would fly to London in two weeks for "an extremely important meeting" on SA and should not be locked into mandatory policies.

□ In Vienna, Australia yesterday called for the UN Security Council to consider imposing mandatory economic sanctions against SA for obstructing an international settlement on Namibia. — Sapa-AP.

Political comment in this issue by Ken Owen. Newsbills by Michael Allwright. Headlines and sub editing by Gordon Amos. All of 171 Main Street, Johannesburg.

More Norwegian curbs on SA

OSLO — The Norwegian Government has announced that it is further restricting trade with South Africa, including banning exports of refined oil products and ships.

The restrictions, announced by the Ministry of Trade and Shipping, also applied to SWA/Namibia.

Earlier this year, Norway banned imports of fruits and vegetables from South Africa and exports of arms, ammunition and military vehicles to South Africa.


All other trade with South Africa will be subject to import and export licences

From July 15, the same bans and licence requirements are to be extended to South-West Africa and to include a ban on the export of arms, ammunition and other military material.

● West German industrial and banking groups said in Bonn yesterday they had urged reforms from Pretoria in a letter to the South African President, Mr P. W. Botha.

The letter, passed to Mr Botha yesterday by Bonn's ambassador to South Africa, said the abolition of controls on movement by blacks and of the pass laws were the first signs of a readiness to do away with apartheid.

"But the decisive steps are still missing," the letter said. — Sapa-RNS-AP

 10/10/7/86/280

SA may review policy on grain

AKGVS

10/7/86

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Political Staff

SOUTH AFRICA will have to review its foreign grain buying policy if sanctions disrupt its normal trading relationships, the Minister of Agriculture, Mr Greyling Wentzel said today.

Mr Wentzel was announcing the granting of a new contract to buy a further 66 000 tons of wheat from the United States.

Mr Wentzel made no reference in his statement to reports that the Government had deliberately refused to give the contract to Australia because of that country's official attitude towards imposing sanctions on South Africa.

CLIMATIC

He said that the total quantity of wheat which had had to be imported because of an unfavourable climate affecting the South African crop during the last year was 301 000 tons.

Of this 55 000 tons had been bought in Canada, 90 000 tons in Australia and 156 000 tons in the US.

"Contrary to other drought-stricken African countries, South Africa finds itself in the favourable position of being able to supplement its food supplies through imports which are paid for in cash.

"In addition, South Africa also supplies wheat to certain other African countries, which in the current year entails deliveries of about 150 000 tons of wheat to neighbouring states."

OBSTACLES

Mr Wentzel said that South Africa had, until now, not encountered insurmountable obstacles in its traditional way of trading.

"It is trusted that in spite of alleged trade sanctions the country's traditional trading partners will proceed with their international treaty obligations and continue to trade with South Africa on a non-discriminatory basis.

"Should it, however, differ in the future the South African Government will have to drastically review its purchasing policy from abroad."

He said that in all probability South Africa would have to continue to import wheat for the foreseeable future.

280 00 10/7/86

Thatcher confident of Howe's success

LONDON — The British Prime Minister, Mrs Margaret Thatcher, said yesterday she was confident her Foreign Secretary's South African peace mission could succeed and dismissed black opposition to it as a "preliminary difficulty".

Interviewed on British radio, she said the imposition of general economic sanctions against South Africa would be utterly repugnant to her and rejected suggestions that her stand would split the Commonwealth.

Asked whether she saw any real hope of her Foreign Secretary, Sir Geoffrey Howe, achieving the European Community's aim and establishing conditions for dialogue, she replied, "Yes, I do."

Mrs. Thatcher rarely gives personal interviews but yesterday,

when Sir Geoffrey arrived in Lusaka to launch the first part of his Southern African mission, there was a full-page explanation of her policy in the Guardian newspaper. A similar interview was broadcast on BBC radio and another on Canadian television.

Her message appeared timed to coincide with Sir Geoffrey's talks with Zambia's President Kenneth Kaunda, who is leading the frontline states' demands for tough sanctions.

Not only did she state that sanctions were immoral and would not work — she believed South Africa should never have been isolated in any way.

Mrs Thatcher scorned people in Britain and other countries who came to her demanding

sanctions on "moral" grounds

"I find nothing moral about them, sitting in comfortable circumstances, saying that we will put thousands of black people out of work, knowing that this could lead to starvation, poverty and unemployment, and even greater violence," she said.

Citing Chief Mangosuthu Buthelezi, she said there were many black South Africans who "hoped to goodness" that sanctions would not be imposed.

"I am sorry the ANC say they are not going to meet Sir Geoffrey because I think it's important that they do in order to see whether conditions can be established for negotiation to take place."

South Africa should never have been isolated. "I think we should

have had more contact. We would have influenced her more. She would have been able to see that multi-racial societies do work in other countries."

Even moderate black and white South Africans would respond badly if they saw the West just hitting out at their country.

Then there was the question of strategic minerals. "Are people who say there's a moral question suggesting that the world supply of platinum should be put in the hands of the Soviet Union."

She said a meeting between Sir Geoffrey and the South African State President, Mr P. W. Botha, had been fixed. Sir Geoffrey postponed a visit to South Africa earlier this week after Mr Botha said he could not see him then. — DDC-Sapa-RNS

PM explains PW's decision on visit

LONDON — The British Prime Minister, Mrs Margaret Thatcher has bent some way backwards to explain away the decision of the State President, Mr P. W. Botha, not to meet the British Foreign Secretary, Sir Geoffrey Howe, this week.

The South African explanation that it would have been inconvenient led to numerous reports in London that Sir Geoffrey had been snubbed, and Mrs Thatcher's political opponents grabbed the opportunity to tell her it was "humiliating".

During an interview with the Guardian she brushed it all aside.

"President Botha is seeing the Foreign Secretary. He was always going to see the Foreign Secretary," she said.

"We have to try to arrange a date."

As an example of the difficulty, she detailed her own workday.

"I run eight, nine, sometimes 12 engagements a day. I can't just fit people in. Let's look on the positive side," she said.

"Mr Botha will see Sir Geoffrey Howe. Of course he will. The question is arranging a date that is mutually convenient."

She agreed it might have been better if the arrangements had been made "more quietly".

The South African Government has proposed dates towards the end of this month. The British Foreign Office is working on arrangements for Sir Geoffrey to make another Southern African trip, when he will fly to Cape Town to meet President Botha. Sapa

JK moves on chrome sales

EVE Post
10/7/86

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Post Correspondent

LONDON — The British Government has halted sales from stockpiles of strategic minerals — particularly platinum and chrome — as a contingency against South Africa counter-sanctions.

The surprise move reflects a growing concern in Britain about the impact of retaliation by the South African Government if the West imposes further economic sanctions.

The Department of Trade and Industry confirmed yesterday that sales from the strategic stockpile had been halted in view of the South African crisis.

It is understood that only a quarter of the stock, valued at R180 million, had been sold.

The Government has taken the view that such stocks should be financed by industry users rather than by the Government.

South Africa is the world's major supplier of platinum — used by the petroleum and car industries for cleaning up harmful exhaust emissions and in the production of high octane petrol — and chrome, a vital ingredient of the steel-hardening process.

The move is based on the assumption that trade sanctions against South Africa could see the cutting of supply lines of vital raw materials, which could have a damaging effect on British industry and employment.

It is more likely, however, that a severing of direct Western supply lines from South Africa would lead to sales to third parties, who opposed sanctions, for re-routing to Western users at considerably higher prices.

Last year South Africa supplied 70 000kg of platinum out of 91 000kg bought by the West.

South Africa also supplied half of the the 9,7 tons of chrome produced last year.

In both cases the other major supplier is the Soviet Union.

Hawke calls for tough sanctions to be imposed

HOBART (Tasmania) — Australia's Prime Minister, Mr Bob Hawke, called for tough sanctions against South Africa yesterday and said time was fast running out for a moderate leadership to emerge in Pretoria.

"Advocates of inaction bear a grave responsibility," he told the ruling Labour Party's national conference here.

"The South African Government will exploit any opportunity to procrastinate and to delude international opinion, while continuing to deny elementary rights to its black population."

Mr Hawke said he rejected the view that sanctions would disrupt peaceful transition to a truly democratic system.

"The purpose would also be to demonstrate to black South Africans who thirst for change that they are not alone, and that they need not despair of achieving change by peaceful means," he said.

The conference approved a list of measures which Australia may take against South Africa, but set no timetable for them.

A resolution by one of the delegates seeking to make the measures mandatory was defeated after the Foreign Minister, Mr Bill Hayden, said the government needed to retain some flexibility.

He said Mr Hawke would fly to London in two weeks for "an extremely important meeting" on South Africa and should not be locked into mandatory policies.

The measures include a cancellation of South African Airways' landing rights, strict observance of the petroleum embargo, the closure of the South African consulate in Sydney and the expulsion of all information and trade officers.

The 99 delegates to the conference also voted to review immigration from South Africa "to avoid any significant inflow of people with marked racist attitudes."

● In London, the British Liberal Party leader, Mr David Steel, has been having confidential discussions on sanctions with the 13 African Commonwealth High Commissioners to London and also with representatives of the ANC. — Sapa-AP-DDC.

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SA, LESOTHO IN TALKS

THE negative effects of possible international sanctions against South Africa and measures to prevent future outbreaks of faction fighting involving Lesotho workers on South African mines were dealt with at high level talks between the two countries' governments yesterday.

The discussions were held in Pretoria between delegations led by the Minister of Manpower, Mr Pietie du Plessis, and

Sanctions, faction fighting discussed

Lesotho's Minister of Labour, Colonel B R Nsohi, and the Minister of the Interior, Chief M Seiso.

Lesotho has some 140 000 of its citizens working in South Africa, of which 75 percent are on the mines. Their earnings, most of which are sent back to Lesotho, make up a substantial portion of the kingdom's foreign income, totalling about R187 million in 1984.

fighting discussed

At a short Press conference after their morning meeting, Mr A L

Thoahlane, Secretary for Labour, said "recent labour unrest at Hlobane (colliery in Natal) and other mines were discussed."

Decisions taken amounted to agreement "that we will try to cooperate much more closely to guard against a

recurrence of this unrest in the future", he said.

Working conditions of Lesotho mine labourers had also been discussed as a related subject.

On the threat of sanctions against South Africa, Mr Thoahlane said his delegation had "indicated (Lesotho's) vulnerability."

"A very large percentage of our gross national product depends on remittances... which are dependent on employment opportunities in South Africa."

"Should there be a decline in employment it

will have an impact on us."

The two delegations had discussed "what we can do to try to make sure this does not become a reality".

Reality

No specific goals had been decided on, but "possible areas of action were intensely discussed."

Mr Du Plessis said the discussions were held in "a very good spirit... beneficial to both sides, and we agreed to hold

A better understanding of each country's problems had been achieved, he said. — Sapa.

The countries of southern Africa were inter-dependent and the interests of Lesotho and South Africa could not be separated.

"Southern Africa is like a zebra — if you damage the white parts then the black parts will naturally also die," he said.

discussions on a more regular basis in future".

The countries of southern Africa were inter-dependent and the interests of Lesotho and South Africa could not be separated.

Sanctions call over SWA

VIENNA — Australia yesterday called for the UN Security Council to consider imposing mandatory economic sanctions against South Africa for obstructing an international settlement on South West Africa (Namibia).

The Australian ambassador to the UN, Mr John Kelso, made the suggestion at a UN-sponsored conference attended by 130 countries on the question of independence for SWA.

South Africa continues to run the territory even though the UN called for its independence 20 years ago and has since adopted a plan

for UN-supervised elections

The Republic says it will not withdraw from the region unless Cuban troops are withdrawn from neighbouring Angola

"The international community, which has collective responsibility for Namibia, has a responsibility to bring South Africa to its senses," Mr Kelso said.

Australia, with most other UN members, also favours strong economic sanctions against South Africa over the issue of apartheid. The United States and Britain oppose such a move. — Sapa-AP

Kaunda slaps down Howe

Amc Times 10/7/86

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LONDON. — Millions of Britons yesterday saw their Foreign Secretary, Sir Geoffrey Howe, arrive in Lusaka to face unprecedented humiliation as he was dressed down in public by President Kaunda of Zambia.

The hostile scenes, shown here on television, added to widespread comment that Sir Geoffrey's reluctant Southern African peace mission is impossible.

Commentators said they could not recall a senior British envoy being humiliated to such an extent in public.

And ANC leaders in Lusaka declined to meet Sir Geoffrey.

Face-to-face

It had already been announced from Lusaka that President Kaunda had agreed to meet Sir Geoffrey as a representative of the 12 Common Market countries, but not as a British envoy.

Then, face-to-face with Sir Geoffrey across a table and in the full glare of television cameras, President Kaunda gave Sir Geoffrey a verbal slapping down, as if he were a low-level messenger.

Sir Geoffrey is famous for showing no emotion, but he was clearly upset as President Kaunda's measured torrent on Mrs Margaret Thatcher's refusal to impose sanctions on the "nazis" of South Africa washed over him.

BBC and ITN reports emphasized that Sir Geoffrey had started his



Sir Geoffrey Howe

African mission in Zambia because it was the most moderate of the major "frontline" states and he could expect even worse to come in Zimbabwe and Mozambique than the hostile reception given by the normally diplomatic President Kaunda.

Our correspondent in Lusaka reports that Sir Geoffrey yesterday said he had presented President Kaunda with a five-point programme for establishing dialogue.

They were

● Apartheid must give way to a non-racial fully representative society.

● The South African Government should be given credit for having

taken some steps towards the removal of apartheid, but the changes must be faster and more far-reaching if tragedy is to be averted.

● Negotiations would end apartheid more quickly and spare more lives than violence.

● The idea that one last push from outside, through comprehensive sanctions, would bring down apartheid was an illusion.

● Every opportunity must be taken to advance the chances of dialogue.

Sir Geoffrey voiced sharp differences with President Kaunda over the effectiveness of economic sanctions as a means of ending apartheid in South Africa.

Misery

Sir Geoffrey said sanctions would result in more violence and misery there.

But Dr Kaunda said only sanctions could bring about an end to the apartheid system.

Dr Kaunda has threatened to pull Zambia out of the 49-nation Commonwealth if London does not abandon its opposition to sanctions.

Sir Geoffrey is scheduled to meet the Zimbabwean Prime Minister, Mr Robert Mugabe, in Harare today — Sapa and Own Correspondents

BUSINESS BRIEF

Gold (close)	\$348,00
Rand	\$0,3905/15
FT index (close)	1331,50
BD 100	1307,30
Dow Jones	1826,07

UK sanctions refusal threat to Games

Boycott could be worldwide

The Star Bureau

Kaunda: UK must quit Games

The Star's Africa News Service

LONDON — Commonwealth Games organisers are worried that the boycott movement led by Nigeria could spread beyond the borders of Africa and turn the "friendly Games" into a political and financial disaster.

Only hours after the Nigerians announced their walk-out, the Ghanaian Government followed and rumours swept Britain that Zimbabwe, Tanzania, Zambia and Uganda could join the boycott.

Officials of the militant South African Non-Racial Olympic Committee predicted that some Caribbean countries and even India could be sucked into the action in protest over Britain's refusal to implement sanctions against South Africa.

Of the Commonwealth's African community, only Kenya will probably not pull out.

Nigeria had earlier lodged a protest against the inclusion in the English team of South African-born Zola Budd and swimmer Annette Cowley.

However, the chief protest of both Nigeria and Ghana was at the Conservative Government's failure to take strong steps against South Africa.

Sports officials said it was too early to assess the impact on the Games — due to start in Edinburgh on July 24 — but if the boycott was confined to Nigeria, Ghana and Zimbabwe its effect on athletics and swimming would be negligible.

But sports such as boxing, wrestling and weightlifting — always popular with African countries — would suffer dearly.

Nigeria and Ghana are two of the most successful countries in the event. In the medals' table since the Games

LUSAKA — Instead of pulling out of the Commonwealth Games in Edinburgh later this year because of the two South African-born athletes in the British team, Zambia will press for Britain's exclusion from the Games.

President Kenneth Kaunda made this announcement during a brief press conference at State House here yesterday.

He referred to a decision by the ruling United National Independence Party criticising the inclusion of Zola Budd and Annette Cowley in the British team for the Games and said the British team could not be allowed to compete if it included the two South Africans.

were first staged in 1930, Nigeria is ranked 11th with 45 medals and Ghana 14th with 38.

The Commonwealth Games Federation said it would go ahead with its meeting on Thursday to discuss the eligibility of Budd and Cowley.

Political decision

Federation Press officer Mr Allister Bruce said: "A political decision has been taken on a sporting event."

Sir Arthur Gold, president of the England Commonwealth Games Council, said: "My reaction is one of great sadness for all the competitors deprived of the opportunity to compete. They are the ones who will suffer, not the politicians."

In an oblique reference to the inclusion of Budd and Cowley, Sir Arthur said: "English sport is colour blind. Our team for Edinburgh is the most integrated team in the Commonwealth. It was chosen purely on merit. We are proud of that."

Sanroc executive Kader Ashmal said the action was being taken because Africa objected to Britain's continued support for "the racist regime" in Pre-

toria.

He described the trip to Southern Africa by Foreign Secretary Sir Geoffrey Howe as "a sop to the Botha regime".

Dr Ashmal said Sanroc believed the boycott would spread to other African nations and could affect the Caribbean countries and India.

Press baron Robert Maxwell, chairman of the Games, was critical of the walk-out. He said it was a "gesture" that would not change conditions for black people in South Africa.

"Nothing permits any political leader to use the Commonwealth Games as some kind of a tit-for-tat, playing games with the aspirations of sportsmen and women. It's quite wrong."

Ironically, on the day the boycott action was launched, the BBC announced plans for radio and TV coverage, saying it would be the biggest outside broadcast ever mounted by the corporation.

The BBC said it would broadcast live action worldwide to more than 1 000-million people in 60 countries at a cost of more than R20-million.

Ghana, Nigeria pull out of Games over 'support' for SA

ACCRA — Ghana yesterday joined with Nigeria in announcing it would boycott the Commonwealth Games to be held in Edinburgh later this month.

The decision was made in protest at the decision of the South African government to support for the South African government what Ghana's Secretary for Foreign Affairs, Obed Asamoah, called Britain's support for the South African government.

He said those countries which continued to give support to Pretoria in defiance of world opinion "should be con-

demned in no uncertain terms."

The Ghana news agency GNA said earlier yesterday the Sports and Youth Ministry sent a message last night to the Ghanaian team currently training in West Germany ordering it to suspend travel plans to Edinburgh and await further instructions.

Nigeria and other black African nations have been angered by Britain's refusal to impose sanctions on Pretoria and the reported inclusion of two South

African-born girls in the English team.

A British High Commission spokesman in Lagos said he had not been officially informed of the decision.

British officials in London said they had no official word of Nigeria's decision, but added that such a move would be regrettable.

A spokesman for the Department of the Environment, which handles sport, said he was unaware of any breaches by Britain of either the Gleneagles Agree-

ment, which prohibits sporting links by Commonwealth countries with South Africa, or of the Commonwealth Games code of conduct.

"We are aware of doubts expressed by some countries about the selection of Miss Budd and Miss Cowley," he said, referring to the inclusion in the British team of two South African-born sports women — athlete Zola Budd and swimmer Annette Cowley.

"This is a matter for the Commonwealth Games Federation and we understand it will rule on their eligibility within the next few days," the spokesman added.

In Nairobi, Kenya said it was unlikely to boycott the Games and its national team of 45 athletes was due to leave for Britain next Wednesday.

Nigeria and other African countries boycotted the Montreal Olympics in 1976 in protest against New Zealand's sporting links with South Africa.

Foreign investment in SA mines has declined Politics, labour play key role in investor attitudes

By Sven Lünsche

Politics and labour in South Africa — in addition to prospects for gold and other minerals — are playing an increasingly important role in shaping the attitudes of non-resident investors to South African mining shares.

The role of foreign investment in South African mines has declined over the last year, and brokers Davis Borkum Hare expect this trend to continue in the near future.

In a publication entitled "Foreign Holdings in South African Mining Shares" the brokers say: "Although there are not, ap-

parently, any measures contemplated to block quotation of South African shares abroad, certain fund managers have been forced through political pressures to disinvest South African shares.

They add, however, that against the back ground of turmoil in overseas investment markets — where stocks and bonds are booming but the underlying economies tend to look fragile — it increasingly makes sense to invest in gold shares as "insurance".

"Should the rationale for buying gold continue to gain in validity, then South African shares

will offer a stronger case for consideration than gold shares in Canada, Australia or the US, where 'insurance money' was first invested," the brokers say.

Davis Borkum Hare list the higher dividend yields, the better value of price earning ratios and the low price of South African gold shares in non-rand terms as the major reasons for possible future "insurance" investment in the country.

"The relatively tightly held nature of the South African gold share market, plus the good value offered by such shares, could cause significant rises in share prices should foreign investors change their attitude."

Over the last year, however, these factors have not been present and there has been a progressive decline in the foreign ownership of South African mining shares.

In 1984, and for the first quarter of 1985, foreigners were net purchasers of South African mining shares. However, for the remainder of 1985, and to date in 1986, foreign investors have switched to become net sellers of local shares.

The value of foreign holdings in the mines in May 1986 amounted to R20,3 billion, which in terms of the financial rand exchange rate amounts to \$5,1 billion.

"Although a higher gold dollar price and an improved rand helped generate some foreign buying of gold shares in late 1985 and early 1986, many foreign investors took advantage — particularly of the 40 percent

improvement in the financial rand between November and February — to sell shares," Davis Borkum Hare say.

Between December 1985 and May 1986, the total number of mining shares held abroad fell from 28,45 percent to 26,60 percent of the total shares in issue, with foreigners lightening their holdings in mining shares virtually across the board.

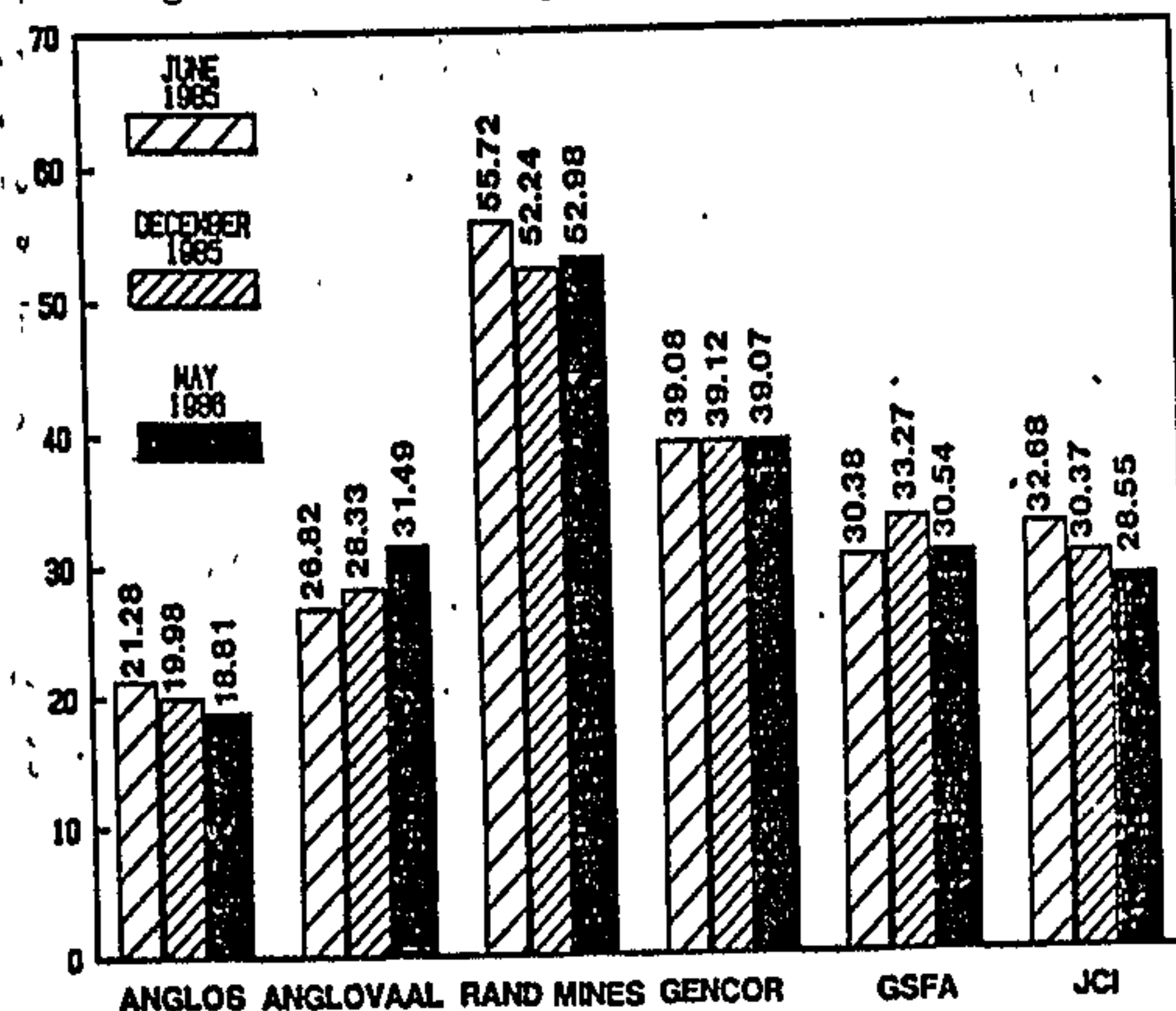
US companies were the major disinvestors in the country — their percentage holding declined from 14,73 to 13,39 percent during the period — while UK-registered companies decreased their holdings from December's 9,96 percent to May's 9,38 percent.

Only continental companies, whose percentage holdings is very limited anyway, slightly increased their interest in mining shares over the period by 0,1 percent to 3,82 percent.

Gold mines were hardest hit by the share disinvestment moves, coming largely from a decline of major US ownership in the marginal and shorter-life mines. The value of foreign holdings in gold mines was however still valued at a massive R11 billion.

Foreign ownership of South African gold mines by mining houses has declined overall. Only gold mining shares, administered by Anglovaal, showed an increase in the percentage holding by foreign investors.

Other shares substantially affected include Platinum Group Metal and De Beers mining shares.



An analysis of foreign holdings of gold shares shows that the mines administered by Rand Mines were the most popular with foreign investors followed by Gencor group mines. But only in the case of Anglovaal group mines has there been an increase in foreign holding in the period June 1985 to May 1986.

NATIONAL/INTERNATIONAL

Thatcher facing crisis over her defiant stand on sanctions

By MICHAEL MORRIS
The Argus Foreign Service

LONDON. — A crisis is threatening Mrs Margaret Thatcher over her increasingly belligerent stand on South Africa.

And Sir Geoffrey Howe's European Economic Community peace mission is running into trouble with Pretoria's frontline neighbours shunning his appeals — and proposals — for negotiations.

Nigeria and Ghana have pulled out of the Commonwealth Games in anger, possibly spearheading a mass walk-out that could wreck the event.

And the British Prime Minister's increasingly frequent and defiant attacks on the proponents of sanctions, decrying them as "immoral" in an interview yesterday, is straining Commonwealth relations to breaking-point.

Major battle

A major battle is expected when Commonwealth heads meet here in three weeks.

Deep concern is even germinating in Tory ranks and there is talk of a serious rift between the Foreign Office and Downing Street.

But, in Lusaka, Sir Geoffrey Howe's attempts to advance the cause of peace met with measured derision from Zambian leader Dr Kenneth Kaunda and confirmation of the African National Congress refusal to meet him or his aides.

Summit task

The Foreign Secretary was subjected to a 15-minute public lecture from Dr Kaunda, during which Dr Kaunda criticised Mrs Thatcher and urged Britain to lead a sanctions offensive against South African "nazism".

Dr Kaunda said "We would not like to think that when white men suffer you act, but when black men suffer you hesitate."

Dr Kaunda gave notice that his task at the mini-Commonwealth summit next month "is to see that the programme of sanctions agreed to at the

Commonwealth leaders' meeting last October goes through"

Sir Geoffrey defended Mrs Thatcher, insisting she hated apartheid and wanted to see it ended.

He said: "The idea that one sharp last push from the outside through comprehensive sanctions will bring down apartheid is sadly an illusion."

But it appeared that Sir Geoffrey's five-point plan had apparently been brushed aside.

The five points are:

- Apartheid must give way to a "non-racial and fully representative society".

- Credit must be given to the Pretoria for limited reforms so far, though change must be greater and faster.

- Negotiations are a better way of ending apartheid.

- Sanctions should be set aside for the time being, at least.

- Sir Geoffrey will today hear Zimbabwe's view that Britain's reluctance to impose sanctions on South Africa is to protect its own investments there.

The Foreign Secretary meets today with the Prime Minister, Mr Robert Mugabe, who is a strong advocate of comprehensive mandatory sanctions. He is due to go on to maputo this afternoon.



Norway ^{STAL} extends SA ^{10/7/78} trade ban ²⁸⁰

OSLO — The Norwegian Government announced yesterday it was further restricting trade with South Africa, including banning exports of refined oil products and ships.

The restrictions, announced by the Ministry of Trade and Shipping, and effective from July 15, also apply to Namibia

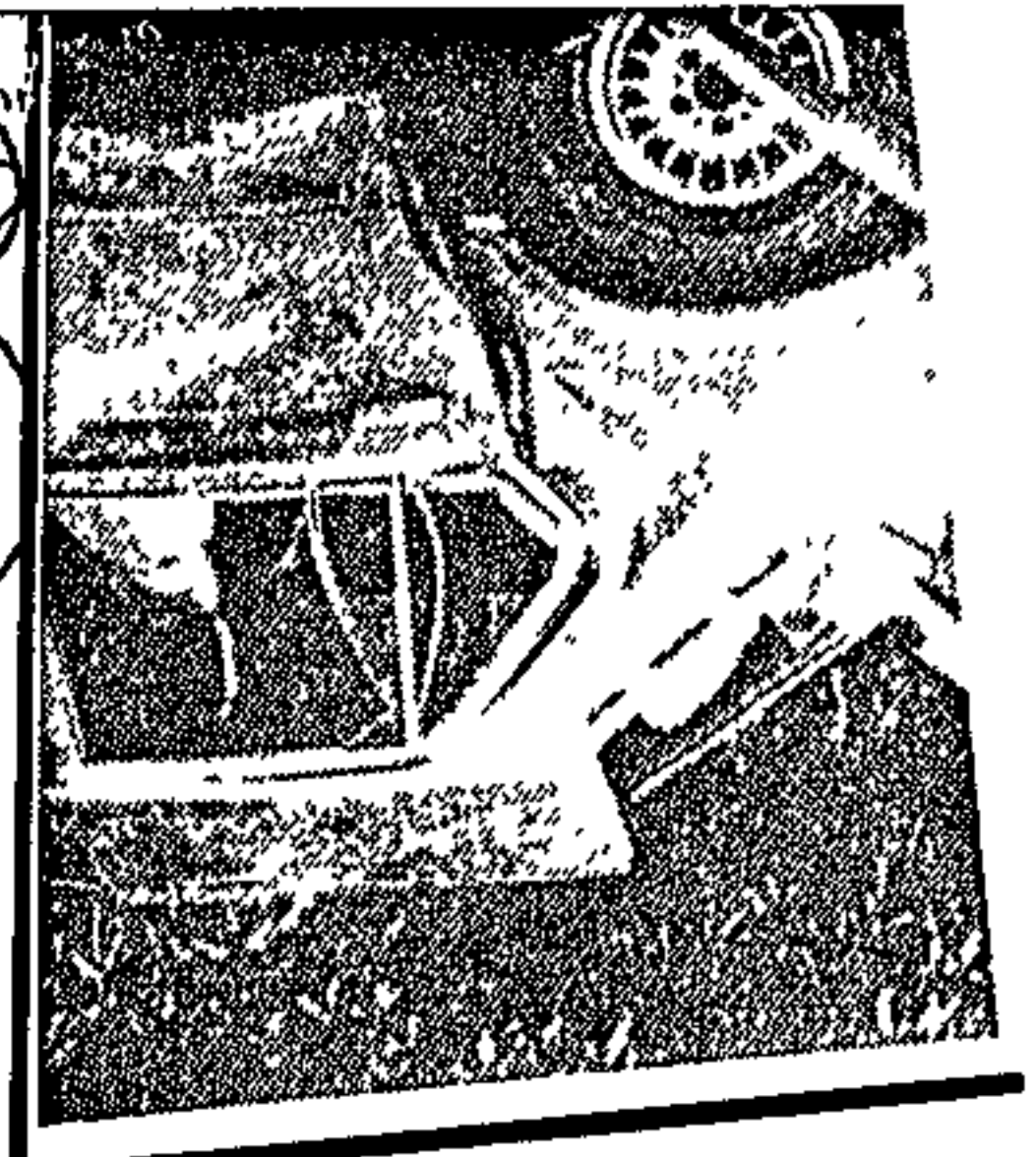
Earlier this year, Norway banned imports of fruit and vegetables from South Africa and exports of arms, ammunition and military vehicles.

All other trade with South Africa will be subject to import and export licences.

NAMIBIA

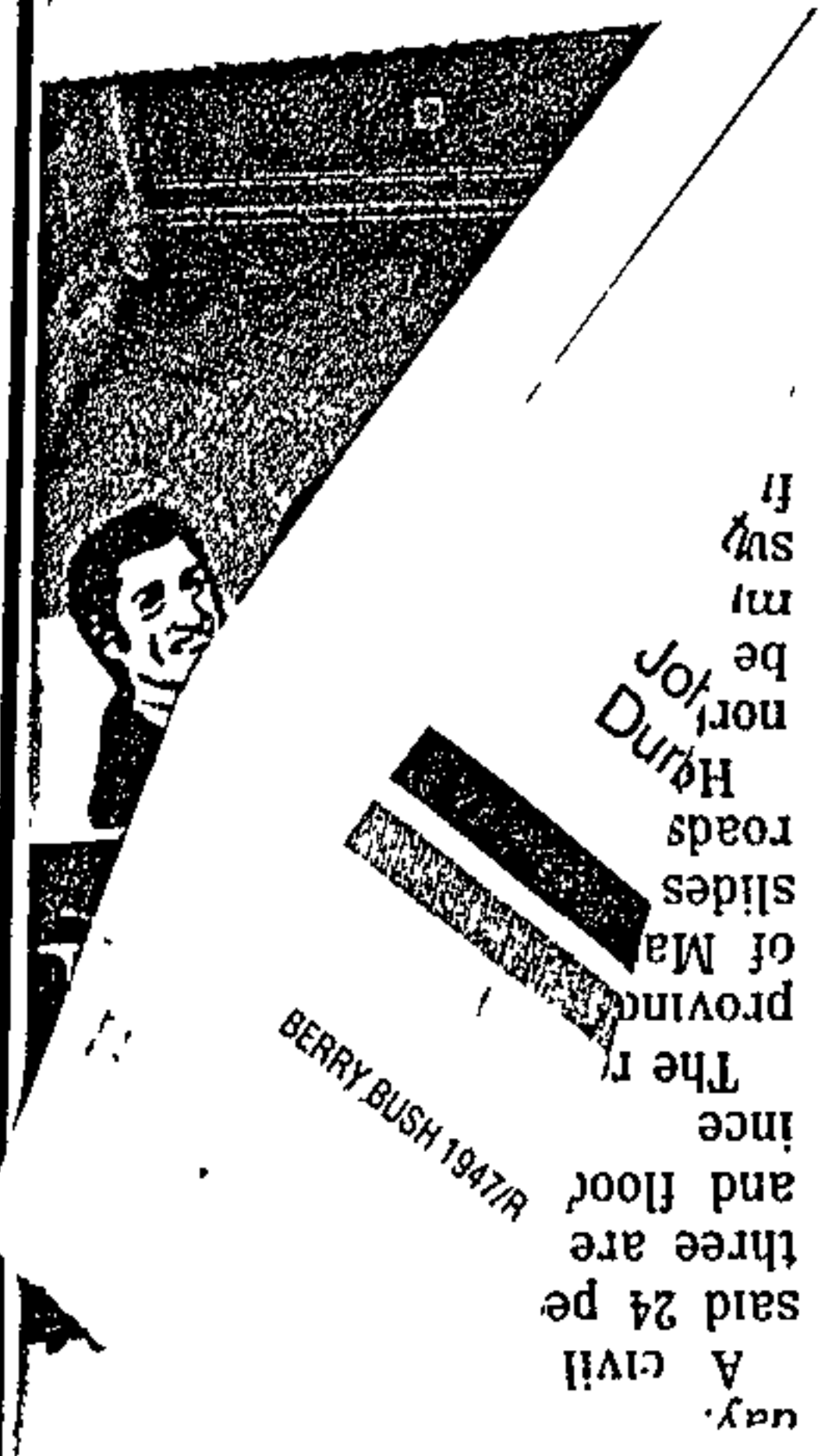
The same bans and licence requirements are to be extended to Namibia and are to include a ban on the export of arms, ammunition and other military material "intended for use by the police or the army in South Africa as well as Namibia".

"Applications for import and export to and from South Africa and Namibia for other products must be verified by customs documents referring to previous trade with the two countries," the ministry said. — Sapa-AP.



The Star Thursday

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BERRY BUSH 1947R

Thatcher facing crisis over her defiant stand on sanctions

From MICHAEL MORRIS
The Argus Foreign Service

LONDON. — A crisis is threatening Mrs Margaret Thatcher over her increasingly belligerent stand on South Africa.

And Sir Geoffrey Howe's European Economic Community peace mission is running into trouble with Pretoria's front-line neighbours shunning his appeals — and proposals — for negotiations.

Nigeria and Ghana have pulled out of the Commonwealth Games in anger, possibly spearheading a mass walk-out that could wreck the event.

And the British Prime Minister's increasingly frequent and defiant attacks on the proponents of sanctions, decrying them as "immoral" in an interview yesterday, is straining Commonwealth relations to breaking-point.

Major battle

A major battle is expected when Commonwealth heads meet here in three weeks.

Deep concern is even germinating in Tory ranks and there is talk of a serious rift between the Foreign Office and Downing Street.

But, in Lusaka, Sir Geoffrey Howe's attempts to advance the cause of peace met with measured derision from Zambian leader Dr Kenneth Kaunda and confirmation of the African National Congress refusal to meet him or his aides.

Summit task

The Foreign Secretary was subjected to a 15-minute public lecture from Dr Kaunda, during which Dr Kaunda criticised Mrs Thatcher and urged Britain to lead a sanctions offensive against South African "nazism".

Dr Kaunda said: "We would not like to think that when white men suffer you act, but when black men suffer you hesitate."

Dr Kaunda gave notice that his task at the mini-Commonwealth summit next month "is to see that the programme of sanctions agreed to at the

Commonwealth leaders' meeting last October goes through".

Sir Geoffrey defended Mrs Thatcher, insisting she hated apartheid and wanted to see it ended.

He said: "The idea that one sharp last push from the outside through comprehensive sanctions will bring down apartheid is sadly an illusion."

But it appeared that Sir Geoffrey's five-point plan had apparently been brushed aside.

The five points are:

- Apartheid must give way to a "non-racial and fully representative society".

- Credit must be given to the Pretoria for limited reforms so far, though change must be greater and faster.

- Negotiations are a better way of ending apartheid.

- Sanctions should be set aside for the time being, at least.

- Sir Geoffrey will today hear Zimbabwe's view that Britain's reluctance to impose sanctions on South Africa is to protect its own investments there.

The Foreign Secretary meets today with the Prime Minister, Mr Robert Mugabe, who is a strong advocate of comprehensive mandatory sanctions. He is due to go on to maputo this afternoon.

DD 117186 Spell out US policy on SA, Reagan urged 280

WASHINGTON — Two US Government agencies are urging President Ronald Reagan, under pressure from Congress to stiffen sanctions against South Africa, to deliver a speech outlining US policy toward Pretoria, according to an official spokesman.

However, presidential spokesman Mr Larry Speakes said no decision had been made about the State Department and White House National Security Council requests.

Mr. Speakes said the idea of a speech originated at the State Department and was endorsed by Mr John Poindexter, the president's national security

adviser. "It is in the suggestion stage," Mr Speakes said.

The administration has announced it is reviewing its policy toward South Africa.

Mr Reagan, in an interview published this week in the New York Daily News, said that contacts between US officials and the outlawed African National Congress "are all right with me, on the recognition that the ANC, there is no question, has a communist influence."

In the interview, Mr Reagan said "there must be many of that organization that are not communist" but that "there is a radical element there, that, by its own statement and declaration, wants only a viol-

ent settlement."

While acknowledging that the State President, Mr P. W. Botha, had ignored US pleas for restraint, Mr Reagan said: "I believe he honestly is trying to take steps that will bring them closer to the end of apartheid."

Mr Reagan added: "But he then has political elements in his government that don't want an end to apartheid. And so he's got some tough judgments to make."

The Secretary of State, Mr George Shultz, is scheduled to testify on US policy toward South Africa when the Senate Foreign Relations Committee opens hearings on the issue on July 22. — Sapa-AP

Be prepared, Botswana told

GABORONE — The Botswana Minister of Agriculture, Mr Daniel Kwelagobe, told a public rally here yesterday that the people of Botswana should be prepared for retaliatory measures by South Africa if the world imposed economic sanctions against that country.

Mr Kwelagobe told his audience which included the President, Dr Quett Masire, that such a threat by Pretoria could not be taken lightly, "because if carried out, it would make life very difficult."

Mr Kwelagobe said it would be a

"very difficult experience, but we must be prepared to face it."

South Africa was "making noise about its economic muscle," he said, and he appealed to the people of Botswana to respond to government calls to utilise available financial assistance.

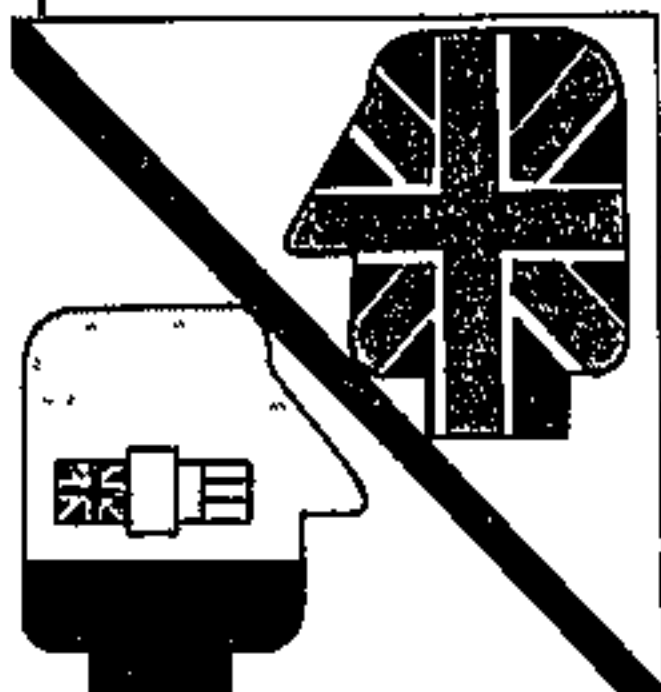
It was through active participation in schemes such as the financial assistance policy and arable assistance policy for farmers that the country could hope to counter South Africa's economic threat against Botswana. — Sapa

FINAL
11/7/86

(18) (280)

HOWE'S VISIT

Maybe he shouldn't come yet



Despite all the fuss and postponements and posturing, it is not clear why British Foreign Secretary Sir Geoffrey Howe, nice dour chap though he may be, is coming to this country at all.

It would be quite foolish to believe, whether he be charismatic in his way or not, that Howe is going to make one iota of difference to government's attitude to the imprisoned Mandela, the African National Congress or the State of Emergency.

Nor, if Howe doesn't come, will we here have reached the end of the road politically, economically or diplomatically. Howe's visit doesn't offer the least opportunity for reducing violence and promoting peaceful change to power-sharing. It is not within his power to offer anything of the sort; certainly he won't hold off sanctions if the West is determined on that unfortunate path.

Both Prime Minister Margaret Thatcher and Howe are seasoned politicians who know that no sovereign government is going overt-

Britain's Sir Geoffrey Howe has postponed his trip to Cape Town, ostensibly in the face of a Botha rebuff. But there may be more diplomacy to this madness than meets the eye.

ly to capitulate to the blandishments or threats of some foreign emissary with little more to offer than criticism.

They have seen the Bothas make short shrift of the interfering Eminent Persons Group, which was essentially a sop to the Commonwealth radicals who wish to see Britain act in the matter of sanctions against her own best interests and those of the blacks here. For Howe to be an extension of that misplaced initiative, this time with a European bias, would be another exercise in futility.

Thatcher has repeatedly been asked why Howe should succeed where the EPG bunch failed. She has not yet provided a convincing answer. All she has said is that Howe is the right man for the job. But precisely what job

is not clear.

The Bothas too are engaged in a dance of diplomatic defiance. If we're going to have sanctions don't just sit there, sock it to us now chaps. They clearly do not wish to be disturbed, especially not by the dismal Howe. It all sounds puerile and simplistic, but that is the essence of politics and is indicative of the intellectual depths to which modern communications have pushed diplomacy.

Probably, it is the right thing for the Bothas to do in the present circumstances. For, taunted to action, the chances are that our main trading partners are not going to go the whole hog with trade sanctions. Being asked to put their money where their mouths are usually concentrates their minds. As for blockading our ports, that is simply not realistic. It can safely be written off as the senile bluster of a former Labour bully boy who, in his own words, is a bit of an intellectual thug.

Of course, the South African government must determine its own policy and pace of change and be seen to be master in its own house, so to speak. The trouble is that the Botha government doesn't appear to have the

P.T.O.

SHORT-TERM INSURANCE

Sanctions shivers

Rumours of financial services sanctions increase while UK Foreign and Commonwealth Secretary, Sir Geoffrey Howe, delays his visit to SA.

Insurance connections in London claim the UK government could apply such sanctions if Sir Geoffrey's visit is not a "success." Yet PM Margaret Thatcher repeated in parliament last Tuesday (*FM* July 4) that her government "does not believe in general economic sanctions." A newspaper report confirmed it was unlikely that financial sanctions would feature in any selective measures supported by the UK government.

However, SA corporate insurance buyers are not taking any chances. Several big companies are already considering whether their overseas insurance placings should be replaced entirely domestically. Up to R300m per individual risk could be placed, provided the capacity included that of local reinsurance treaty facilities.

UK insurers are reportedly "tense, as government hedges on sanctions," fearing that many leading firms with subsidiaries in SA "could be prevented from sending funds if sanctions were imposed." A report says sanctions could mean that in the event of a major disaster, SA firms would be unable to meet claims or to call on the UK parent for money.

"The European reinsurance market could also be prevented from stepping in if the European Economic Community (EEC) decided to impose sanctions," says the report.

It is difficult to estimate the amount of premium business involved because of the intricacies of insurance and the fact that inwards business is included in net figures. For 1984, however, it is broadly estimated that some R400m in premiums was exported, while about R180m came in. It is the cover for which these premiums change hands that is at stake.

Loss potentials

Says Ernst Kahle, GM of Munich Re: "The history of reinsurance has proved that a nation or region cannot become fully self-sufficient in the field of reinsurance. Countries such as SA have a particular need for access to world markets; for instance, because of increasing industrialisation and building activities, which raise loss potentials all the time."

Kahle emphasises: "But we are not particularly concerned since worldwide experience has been that ways and means can be found to circumvent sanctions."

SA is prone to natural catastrophes, for which reinsurance cover is essential. As one insurer put it: "I'm worried about this aspect. Total free reserves of the SA insurance

market could be wiped out overnight by just one catastrophe claim."

Treaty reinsurance, however, which provides greater capacity for taking on, say, industrial risks, is not so much a problem.

"If the UK or any number of countries decide to impose financial services sanctions," says the insurer, "all you need is one or two notable exceptions to get cover. Besides, you can easily spread it under various guises and wrapped-up forms."

If some sanctions did have an effect, the market could ask the government to come in as reinsurer of last resort, as with Sasria. "Otherwise," says the insurer, "the market could only provide about R20m capacity per risk." (A risk is an incident which gives rise to a claim or series of claims.) He bases this on 5% of estimated capital and free reserves of the total market.

David Way, director of Willis Faber Enthoven, disagrees with the figure. "If all insurance companies and reinsurers have to operate on a net local lines basis, local capacity would be about R50m per risk."

Way has classified what he terms the "sanctions environment" into three: low,

medium and high. The first is already happening where sanctions on, say, coal and mineral exports influence thinking among providers of financial services. "We are already finding some insurance companies are saying, 'no, we don't do SA business,'" says Way. "That's been going on for about 18 months."

Little effect

The effect is, however, minimal. Indeed, even "medium level sanctions," as Way puts it, would have little effect. This is where insurers overseas are told they must not write SA business, although the "chances of that happening are slim, in my view," he adds. "This doesn't have a terribly dramatic effect so long as the reinsurance route remains open."

The only people who would notice medium level sanctions would be those who placed, or wanted to place business overseas, and those with risk values of, say, R300m or more. Local cost would increase because of the removal of international competition. In all, perhaps 1% of insurance buyers would be affected, he believes.

"High level sanctions" would be where no business with SA was entertained. Reinsurance would be withdrawn, contracts cancelled and claims repudiated. "This would obviously have a major impact on the local insurance industry," which would be down to its capacity of about R50m per risk. Such steps are, however, extremely unlikely, he says.

Gareth Bradburn, manager of Swiss Re, says: "I disagree that contracts could be cancelled, certainly from my company's point of view. Indeed, the likelihood of sanctions affecting us is negligible, especially bearing in mind that Switzerland is not a member of the UN nor the EEC, and in fact recently voted not to join these bodies."

Bill Rutherford, MD of Commercial Union, has heard nothing from London, and does not feel there is much to worry about.

Sanctions are, however, certainly at the forefront of the minds of local insurance companies. Several observers suggest it is more a question of putting on a brave face than really knowing what is going on. ■

BOOST FOR RESERVES

A weakening rand, which necessitated valuation adjustments, was a big influence in the slight improvement in gold and foreign exchange reserves in June.

From R3,23 billion in April, the reserves improved to R3,53 billion in May and R3,58 billion in June. Of this, R2,9 billion is accounted for by gold.

The average gold price used to calculate the reserves rose from R719,57/oz to R766,15. This is because of the fall in the rand/dollar exchange value and a firmer dollar price for gold, which was \$346/oz on Tuesday afternoon.

The gold stock fell from 4m oz to 3,8m oz, but a senior economist feels this is not indicative of a gold swap (a pledge against a loan of dollars). In the past, gold swaps have been in the region of 400 000 oz or more.

For the long term, economists believe gold swaps may play a larger role if debt issues take a negative turn. This will of course reduce the gold component of the reserves. It would seem from the June figures that a large outflow of capital is not taking place. The weak rand, coupled with strict foreign exchange regulations, is ironically the source of some good news.

FREE ENTERPRISE

Call for leadership

Adding its voice to the welter of business lobbyists calling for social and economic reform, Standard Bank weighs in with its June Review.

CAPL Times 11/7/86

US 'determined' to use influence

WASHINGTON. — The United States remained determined to continue to use its marginal influence in South Africa despite a mood of siege politics in the Pretoria government, the US Assistant Secretary of State, Dr Chester Crocker, said yesterday.

Dr Crocker rejected the concept of what he called a "scorched earth" policy in which Washington would cut contacts with Pretoria and impose wide sanctions.

He also told a news conference the idea of naming a special US envoy to South Africa had not been ruled out.

Dr Crocker said the administration was in the midst of intensive internal debate and discussions with US allies and friendly African states as it developed ways to deal with the new situation in South Africa following imposition of a state of emergency.

The administration had said it was reviewing its South Africa policy but spokesmen have made clear that it still believes it should continue so-called constructive engagement, a policy developed by Dr Crocker.

'Mood of siege politics'

Dr Crocker said the South African Government had struck a defiant pose by raiding neighbouring countries and by its unprecedented internal clamp-down.

"This adds up to something of a pattern in which one can say there is a mood of siege politics which de-emphasizes the external factor and strikes the apparent posture of being ready to go it alone and suffer the consequences," Dr Crocker said.

But he said: "Our influence is at the margins, but it is there and we're determined to use it."

Dr Crocker equated "a scorched earth" approach in which the United States would impose broad economic sanctions with actions by certain elements in South African Government against their own country and the region.

He said the United States maintained channels of communication with the ANC and acknowledged the organisation had significant communist representation in its leadership. — Sapa-Reuter

Pretoria reacted 'with savage glee'

Relly lashes out over 'welcome' for sanctions

BUS DAY 3/24/76 260 210

ANGLO American chairman Gavin Relly yesterday criticised Pretoria for reacting "with savage glee" to the threat of foreign trade sanctions.

Opening the two-day "What Boundaries for Business?" conference sponsored by the University of the Witwatersrand, he called on business leaders to narrow "the gap between the achievement of what we're doing now towards change and what we should be doing."



RELLY

Relly called for a new partnership between labour, management and shareholders. "Unless we break down the schism between management and labour and create something new, we will not have a functional economic entity at the turn of the century."

He applauded industry's achievements in labour relations, accomplished "without parallel political developments", but said executives should work towards instituting more profit-sharing and participatory practices for workers.

KwaZulu Chief Minister Mangosuthu Buthelezi asked business leaders to step up efforts to pressure government for reform of apartheid laws.



BUTHELEZI

"Businessmen are important opinion-makers, and their attitude to change and the demands for change that they can articulate can have a profound effect on white society," he said.

He called on executives specifically to "ensure that the National Council is given teeth and will be permitted to actually achieve the objectives set out in the Bill".

Buthelezi repeated his refusal to take part in the National Council "unless other black leaders are free to accept it or reject it". Specifically, Buthelezi said he required the release of Nelson Mandela, Zeph Mothopeng and other political prisoners.

He condemned what he termed the ANC's strategy of violent change. "Whites have lessons yet to learn, but

Economics Reporter

they cannot be taught those lessons with AK rifles or bombs." SA's existing free market economy would be a critical element of any new government.

"We dare not destroy the economy in bringing about radical change.

"We dare not make the country ungovernable now because it will remain ungovernable after change. We dare not bring about change in such a way that the bridging of the gap between black and white in our polarised society is impossible."

At the conference dinner last night, Barlow Rand chairman A M Rosholt said: "We must recast our total economic strategy — that is, if we have one — distinguishing very clearly between our First and Third World sectors."

Rosholt said the First World economy, by increasing exports and by import substitution, must finance itself and generate the wealth required to fund the Third World sector.

The Third World economy, meanwhile, "must deal without the greatest single national problem, unemployment, by investing primarily in labour-intensive industries."

Rosholt called on executives to recognise that blacks would not accept either the present political system or the present economic system; that they were looking for a new society and not just a cosmetic alteration to the present one; and that planning and actions had better take these facts into account.

The economy, though based on free market principles, would move inevitably toward a process of income redistribution in favour of lower income groups.

A major challenge in determining the balance in the economy between free enterprise and state socialism after the advent of power-sharing, Rosholt said, lay in changing negative black perceptions of the current free enterprise system.

Blacks increasingly viewed capitalism as anathema, "because they perceive the private sector as being in collusion with the government in the maintenance of the present political system, which they not unreasonably equate with racial oppression".

Visiting mayor opposes sanctions

DURBAN — A visiting Australian mayor who is strongly opposed to apartheid will still urge his countrymen not to impose trade sanctions on South Africa.

The Mayor of Sydney, Mr Douglas Sutherland, is touring South Africa, mainly at the invitation of the Mayor of Johannesburg, Professor Harold Rudolph, to attend the city's centenary celebrations.

He has met various black leaders and "significant political people" throughout South Africa.

He visited Durban briefly on Wednesday night to pay a courtesy visit to the mayor, Mr Stan Lange, after meeting the Chief Minister of KwaZulu, Chief Mangosuthu Buthelezi.

Asked if his visit had evoked any criticism among his countrymen, Mr Sutherland said there had been some publicity, and he had been seen to support apartheid.

"I find this rather curious as I recently attended a conference in Rome on peace, where the theme was dialogue as an essential foundation for peace.

"I can't see how talking to people is harmful or supportive to apartheid, which is criticised around the world," he said.

He had paid for his own trip to prevent the impression that he was "buying favour."

Mr Sutherland said he had met no hostile reaction in South Africa and had found no attempts to justify apartheid. — Sapa

Thatcher closing options

Defiant top Tory calls for sanctions

11/7/86 280

LONDON — Former British Cabinet Minister Mr Leon Brittan called yesterday for sanctions against South Africa, becoming the first major Conservative Party figure to break with the Prime Minister, Mrs Margaret Thatcher, on the issue.

In a speech in Horsham, southern England, Mr Brittan said Mrs Thatcher's refusal to countenance the sanctions weapon was closing her main option for forcing the South African Government to compromise.

"Weapons need not always be used to be effective, but if their preferable deterrent effect is to be achieved it must be clearly understood that the will and readiness to use them exists. So it is with sanctions," he said.

Without the sanctions sword to brandish at Pretoria, Foreign Secretary Sir Geoffrey Howe's peace mission stood little chance, Mr Brittan said.

Mr Brittan held the Home Affairs portfolio in Mrs Thatcher's government and later was Trade and Industry Secretary. He was forced to resign in January amid charges that he approved, and then covered up, the leaking of a document intended to damage a Thatcher foe in the Cabinet.

'Inflict misery on blacks'

Mrs Thatcher, however, remained implacably opposed to sanctions, arguing once again in the House of Commons that they would achieve nothing and would inflict misery on South African blacks.

She cited *The Guardian*, a newspaper that has consistently campaigned for sanctions, which conceded in an editorial yesterday:

"Some of the points from Mrs Thatcher are points of substance. Economic sanctions will not bring South Africa to its knees; they will mean that black children will starve; the desolation of the South African economy would be a tragedy for all Africa; deceitful nations and entrepreneurs may well make a mint out of illicit trade."

● Mr Robert Mugabe said in Harare last night British Foreign Secretary Sir Geoffrey Howe, "a lone adventurer carrying the white flag of peace and no sanctions", was on a futile mission if he thought he could persuade Pretoria to negotiate change in South Africa.

In hard-hitting comments after his meeting with Sir Geoffrey, the Zimbabwe Prime Minister lashed out at Britain.

● He called Mrs Thatcher a racist interested in protecting

● He termed as "reprehensible" claims that Britain was concerned about the Frontline states.

● He said Zimbabwe would not be blackmailed into apologising to President Reagan over threats of withdrawal of aid.

Mr Mugabe said he did not believe the Howe mission was genuine or sincere.

He rejected completely the assertion that Britain was concerned about the effects of sanctions on blacks in South Africa and on neighbouring states.

Shorten burden

The sanctions option offered the foreseeable goal of an end to apartheid.

"Sanctions will shorten the burden," he said. "That is Zimbabwe's position."

The question of withdrawal from the Commonwealth was a matter to be discussed when the Frontline leaders met in a week or so, Mr Mugabe said.

Zimbabwe believed in joint action and that the African states should not be seen to be divided.

On Zimbabwe's participation in the Commonwealth Games in Edinburgh, he said sports officials would examine this following the withdrawal of Nigeria and Ghana.

Zimbabwe did not link the games to the sanctions issue.

Its attention had been drawn, however, to the inclusion of South African-born competitors in the British squad. — Sapa-Associated Press and The Star's Africa News Service.

GERALD REILLY

AGRICULTURAL Minister Greyling Wentzel hinted strongly yesterday at a tough reaction should sanctions be applied against SA in the agricultural field.

In a statement, Wentzel said government had awarded a contract for 66 000 tons of wheat to US suppliers. It was not clear from the Minister's statement whether the Australian bid for the contract was rejected on political grounds.

Last weekend Australian reports were that the Australian government was holding back on its decision to tighten sanctions against SA until the contract was awarded.

SA might get tough over crop sanctions

And earlier this week, the Australian Labour Party at its annual congress voted for tougher sanctions against SA.

Wentzel said he hoped SA's traditional trading partners would honour their treaty obligations

"Should this however not happen, government will have to drastically review its purchases policy from abroad," he said.

280 DD 11/7/86

Dispatch Bureau
LONDON — British
Prime Minister Marga-

ret Thatcher an-
nounced in the House
of Commons yesterday
that she had won the
argument against econ-
omic sanctions.

"The argument
against general econ-
omic sanctions has
been won.

"I notice that the
Guardian (newspaper)
says today that econ-
omic snactions will not

Thatcher: I won sanctions argument

bring South Africa to
its knees but it does
mean that children
will starve," Mrs
Thatcher said.

"It is true — is that
what he wants," she
said in reply to a ques-
tion by the Liberal
leader, Mr David Steel.
Mr Steel had asked
which news item in
yesterday's media Mrs

Thatcher was most
proud of.

The praise for her
from the SABC's cur-
rent affairs commen-
tary?

The danger to the
Commonwealth Games
as a result of her stand
on sanctions, or

The public humilia-
tion of her Foreign

Secretary, Sir Geoffrey
Howe?

Mrs Thatcher's con-
fident answer during
another rowdy Prime
Minister's question
time clearly aston-
ished many MPs.

Mrs Thatcher's state-
ment followed a series
of interviews with for-
eign and domestic
journalists in which

she described econ-
omic sanctions as
"totally immoral and
utterly repugnant."

In an editorial en-
titled Morality and the
Prime Minister, the
Guardian — which has
argued the moral case
in favour of sanctions
in recent weeks — con-
ceded that Mrs. Thatch-
er's arguments against

sanctions had "some
points of substance."

"Economic sanctions
will not bring South
Africa to its knees:
they will mean that
black children starve;
the desolation of the
Pretoria economy
would be a tragedy for
all Africa; deceitful
nations and entrepre-
neurs may well make a

mint out of illicit
trade," the Guardian
said.

But the newspaper
went on to argue that
she was against a for-
midable tide of respon-
sible opinion both in-
side and outside the
country.

"There is the sense
now — just the merest
twitching thought
that Southern Africa
may prove Mrs Thatcher's
demesis," the edi-
torial said.

WEEKLY 11. 11/7/86

European Parliament calls for sanctions

280

THE European Parliament yesterday demanded the 12 European Community (EC) states impose full economic sanctions against Pretoria because of its failure to abandon apartheid policies.

The parliament, whose role is largely advisory, reflects virtually the whole spectrum of public opinion within the community. It adopted by 228 votes to 114, with 29 abstentions, a report calling for sanctions to pressurise South Africa into abandoning apartheid.

The heavily amended report, passed after socialists, liberals, communists and environmentalists joined forces, calls for an immediate ban on new investments in the country and on imports of South African coal, iron, steel and gold.

Prior to the vote, a succession of speakers criticised the decision of EC leaders to send British Foreign Secretary Sir Geoffrey Howe on a peace mission to the region. Dutch socialist Len van den Heuven said the trip was merely a figleaf to cover the reluctance of EC governments to take action.

The report deplored the EC governments' failure to agree to full sanctions at last month's summit in the Hague.

— Sapa-Reuter

THE WEEKLY LEADER, 11/7/86
Leaders said workers were not

Relly tells West: 'No sanctions'

280
CMT Times 11/7/86

Own Correspondent
JOHANNESBURG. —

The chairman of Anglo American Corporation, Mr Gavin Relly, has called on the West not to allow itself to be pressured into adopting punitive measures against South Africa as this would undermine both the transitional phase and the success of post-apartheid society.

In his statement to shareholders, Mr Relly said that while the will of the government and political parties would be the major factor in determining the success of this transition, the international community could make an important contribution to it.

"Any action taken now, primarily as an emotional response to the gravity of the situation here, is bound to be at the expense of freedom and justice in SA, for if our nascent and fragile democratic institutions are denied a strong economic underpinning, they will certainly give way to tyranny," Mr Relly said.

Mr Relly also called on the government to commit itself publicly to repealing the Group Areas Act, Separate Amenities Act, Population Registration Act and other discriminatory statutes within a fixed time.

Piecemeal reform had reached the limit of its usefulness, he said. The remnants of apartheid

should be expunged from the statute book as had been done with the pass laws.

"Once that goal is in sight, negotiations can begin on the framework of a new constitution which would establish and guarantee the rights and freedoms of all people, irrespective of colour, according to the principles so admirably set down by the State President earlier this year," he said.

Mr Relly said, however, that this process could not proceed in an environment clouded by the restrictions imposed by a state of emergency and measures which had resulted in the incarceration of people who would have to be included in negotiations.

"That is all the more reason why detainees should be charged or released with the utmost urgency and why the laws now in place should be used with the utmost moderation.

"No one should doubt, however, that the attempt to replace apartheid with a functioning democracy, supported by a free-enterprise system capable of creating wealth on the requisite scale, will be extraordinarily difficult, not least because some of those who now practise violence for their own political ends will not easily be persuaded to forsake violence."

280 weekend Post 12-7-86.

Relly warns on dangers of sanctions

Weekend Post
Correspondent

LONDON — Millions of Britons yesterday heard Anglo American Corporation chairman Mr Gavin Relly warn that sanctions could lead to a revolution and tyranny in South Africa.

Mr Relly told BBC radio's main national news-cast that the effect of sanctions on an already "sloppy" economy would make the process of reform impossible.

"I think that would lead inevitably to revolutionary circumstances, which would no doubt end in a tyranny of some sort or another," he said.

Asked what tyranny he could foresee he said. "Presumably a tyranny of people, whether they were white or black, who were determined to come out on top of the dung heap, so to speak.

"It would not be a reform process. It would be a revolutionary process."

Asked to comment on the effect sanctions could have on Anglo American's fortunes he said: "Well I don't know. Presumably you can sell gold."

On Anglo's other mining activities he said: "I would assume, in the nature of Europe, America and

Japan's dependency on many of the mining products, that they would probably continue to be sold anyway"

Asked what pressure, other than sanctions, could be placed on President P W Botha to accept major political reforms, Mr Relly said the President already had such changes in mind

"I think he has in mind major political reforms anyway. I think the problem really is that the outside world doesn't know what it wants

"That may be our fault for not being specific enough of the goals towards which we should be moving

"Perhaps Mr Botha will find himself anyway able to make those a bit clearer in the not too distant future.

"The outside world, if it actually stopped to bother to look, would realise that apartheid is being abolished — and I think quite successfully

"On any side, I think the legacy of apartheid is probably a very bad psychological one which will take years to eliminate.

"But of the practical day-to-day elements of apartheid, a number of these things have been removed by Parliament so far and no doubt this process will continue in the next session

next month."

Mr Relly agreed that apartheid had not been dismantled at the political level and stressed "That is what the process of reform is all about

"I think getting rid of apartheid is wiping the slate clean

"Reform is really what structure we give to a new non-racial society and that remains to be seen.

"I think it is a highly complex issue which I hope will be addressed in a practical way within the foreseeable future"

Told that this was impossible during a state of emergency, Mr Relly said he had explained in his annual Anglo chairman's statement that people involved in violence as a policy had to be drawn into the process of political negotiation.

"That of course you can't do while there is great violence and unrest in the country — and so it is a chicken and the egg sort of thing."

Mr Relly said he had consistently called for Nelson Mandela's release.

"But circumstances change, foreigners come and go and world opinion oscillates up and down — and there hasn't been so far an ideal moment."

Sanctions could lead to a revolution, says Relly

London Bureau

MILLIONS of Britons yesterday heard Anglo American Corporation chairman Mr Gavin Relly warn that sanctions could lead to a revolution and tyranny in South Africa.

Mr Relly told BBC radio's main national newscast that the effect of sanctions on an already 'sloppy' economy would make the process of reform impossible.

'I think that would lead inevitably to revolutionary circumstances which would no doubt end in a tyranny of some sort or another,' he said.

Asked what tyranny he could foresee he said: 'Presumably a tyranny of people, whether they were white or black, who were determined to come out on top of the dung heap, so to speak.'

'It would not be a reform process. It would be a revolutionary process.'

Asked to comment on the effect sanctions could have on Anglo American's fortunes he said: 'Well, I don't know. Presumably you can sell gold.'

On Anglo's other mining activities, he said: 'I would assume, in the nature of Europe, America and Japan's dependency on many of the mining products, that they would probably continue to be sold anyway.'

Asked what pressure, other than sanctions, could be placed on President Botha to accept major political re-

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SA has reserves Aussies told

European Parliament urges sanctions on SA

PERTH — South Africa's ambassador to Australia, Mr Cornelius Bastiaanse, said here that his country could make sacrifices and withstand economic sanctions.

"We have the reserves, the infrastructure, the coastline and the manpower to overcome any obstacles that sanctions might place in our way," he told the Perth Press Club.

"We are to a large extent self-sufficient, being blessed with many of the world's riches, which we are determined to supply to the Western world."

Australia's Labour Government has been coaxing Commonwealth countries to impose punitive sanctions against South Africa.

Mr Bastiaanse said: "The South African economy has reached a stage of diversification where it has the capability to manufacture virtually any essential requirement."

South Africa would have to make sacrifices if sanctions were imposed against it, he said. "But we are used to making sacrifices for centuries."

He said economic sanctions would deprive the outside world of any influence it might have had on the course of events in South Africa. — Sapa-RNS

STRASBOURG (France) — The European Parliament has urged the 12 European Community governments to impose economic sanctions against South Africa and has criticised them for not having done so already.

By a vote of 228-114 on Thursday, it adopted a resolution calling for the "immediate consideration" of economic sanctions. The vote followed a heated debate that divided the 518-member house along political and national lines.

British Conservatives and West German Christian Democrats argued against economic sanctions, stating their gov-

WASHINGTON — A US State Department official has criticised the "defiant pose" of the South African Government but has said tough sanctions could have "incalculable and dangerous consequences".

The Assistant Secretary of State for African Affairs, Dr Chester Crocker, said President Ronald Reagan's administration was considering a number of policy options to deal with the situation in South Africa.

"We clearly need to see what we can do to rekindle prospects for negotiations and dialogue there," he told the Overseas Writers Club.

He indicated that the administration was not inclined to go along with

ernments' views that such action would harm job opportunities for black South Africans and offer no hope for an early end to apartheid.

"The most likely result of immediate full-scale economic sanctions would be to bring the bloodbath closer," said the foreign affairs spokesman for the British Conservatives, Mr Derek Prague.

"What we do not want is measures that will do more harm than good."

At their June 26-27 summit meeting in The Hague, EC government leaders warned they may impose economic sanctions if there is no sign within three months of significant

changes in South Africa's apartheid policies.

At the summit, the British Prime Minister, Mrs Margaret Thatcher, and the West German Chancellor, Mr Helmut Kohl, opposed economic sanctions.

● A former Conservative Party cabinet minister, Mr Leon Brittan, has broken publicly with Mrs Thatcher over the sanctions issue.

Mr Brittan claims that a mission to Southern Africa by the Foreign Secretary, Sir Geoffrey Howe, is "utterly hopeless" without the threat of sanctions.

He was speaking at Horsham, Sussex. Sapa-AP-RNS

Crocker slates SA Govt defiance

House-passed legislation that would impose stiff economic sanctions against South Africa.

Dr Crocker said the South African Government was wrong in blaming communists for the nation's problems.

"The troubles inside South Africa reflect the reality of apartheid and growing black rejection of apartheid and the government's efforts to deal with black rejection by trying to break the back of black movements opposed to apartheid," he said.

Elsewhere in Africa, he asserted, "socialism as a doctrine and as a policy is on the wane."

For the first time in history, the free market was endorsed at a UN conference during the recent session on Africa and "country after country" was reviewing fundamental doctrines, privatising segments of industry and liberalising prices, Dr Crocker said.

US and other Western investors were now being welcomed "in a continent which has enormous potential and is in the stage now of a healthy turnaround," he added. — Sapa-AP

REMEMBER a retired colonel writing to The Times during Britain's three-day week in 1973. He was protesting at some apocalyptic editorial claiming that Britain was doomed and would never be the same again.

Wrong, he said. Britain had no problem. It would do what it had always done in such situations, muddle through.

It may be little comfort to nations experiencing great political or economic difficulties to say so, but they muddle through more often than not. And the ones that muddle through best are those which panic least when under pressure.

Take the siege economy, which now threatens not just South Africa but — through the nature of regional interdependence — nations throughout the southern half of the continent.

Conventional wisdom rightly holds that sieges are bad. They involve a constraint on free trade. They distort economies. They impose costs on victim governments and therefore on taxpayers. They lead to internal corruption. They rarely succeed in their political objectives.

In the past year in South Africa, an antithesis has developed. It states that the siege weapons — trade and financial sanctions — are not necessarily the agents of economic doom.

Profits

They protect domestic producers, encourage import substitution, devalue the currency and make more competitive those exports that get out. Disinvestment means higher retained profits.

The search for a synthesis of these viewpoints is full of romes. Restrains can trade are, of course, mostly characteristic of socialist planned economies. In South Africa, Nationalist economic policy has been that of Labour movements the world over: a large public sector, high levels of social spending, ubiquitous parastatal corporations, price and employment controls.

True, SA has enjoyed a decade of fluctuation with free market economics, but never with much conviction from the government. As Mrs Thatcher has found in Britain, an ultraconservative bureaucracy, once in place, is steadfastly hard to demolish.

South Africa, in sense, now stands like a mercenary army, eager to take up the weapons with which states tentatively react to economic siege: price and quota restrictions, barrier deals, planning boards and sequestration. Sieges give governments something new to do

Hostile

All economies operate under various forms of trade sanction, some hostile, some self-imposed. Britain's food sector is widely overpriced as a result of British and European agriculture policies regarding the market, a self-imposed siege to protect British farmers. Britain devalues itself the benefit of new technology imports by public purchasing policies that discriminate in favour of domestic products.

Many Third World countries are

By SIMON JENKINS
Political Editor of the
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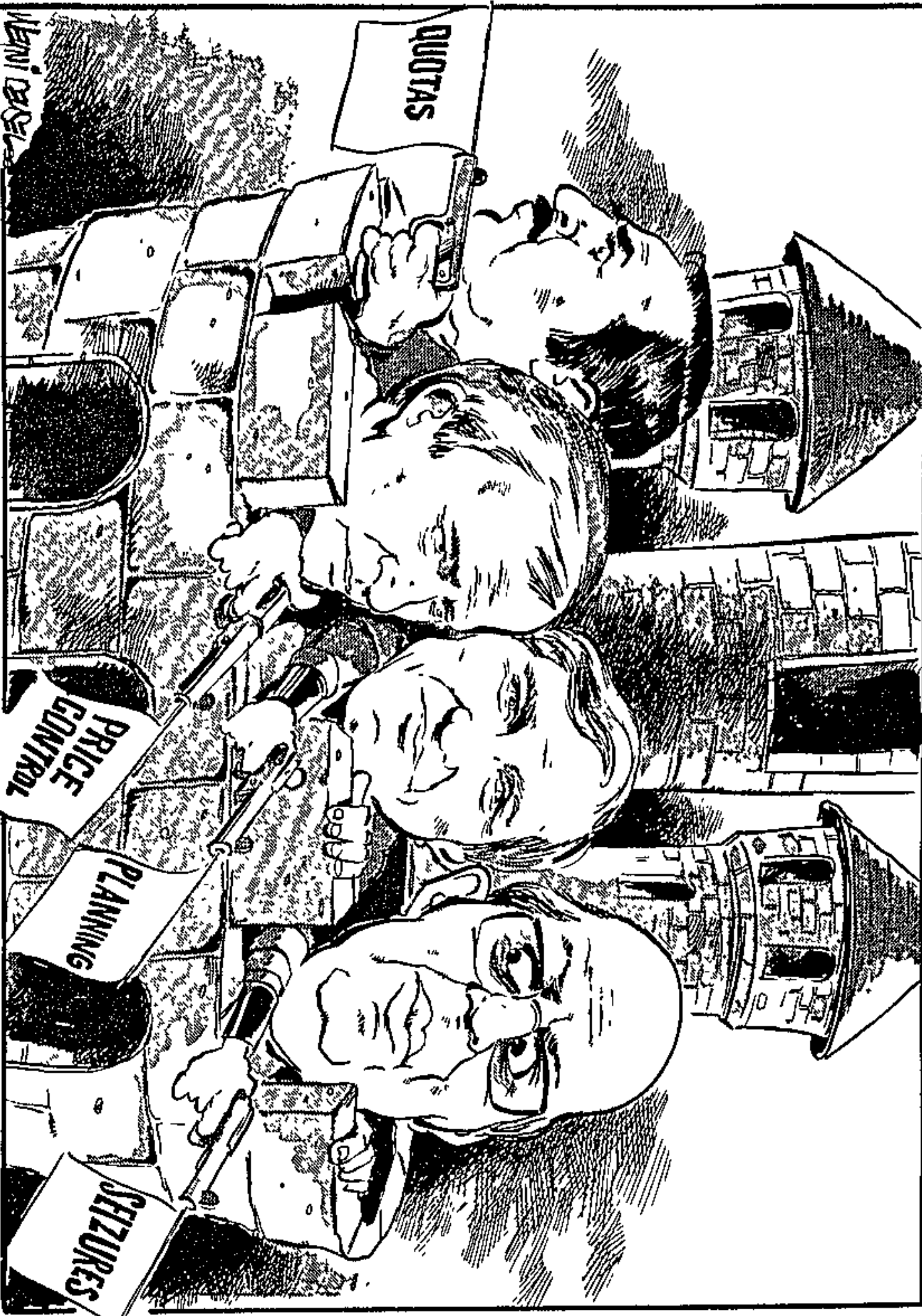
What will happen if there's a



JENKINS:
Economics
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currently subject to full economic siege: the debt backlog and resulting IMF intrusion experienced by China or Brazil or the overvalued currencies and foreign exchange imbalances of Nigeria or Zimbabwe. All these sanctions embattle and impoverish. Yet, far from toppling governments, many such sieges serve to keep existing regimes in power.

It is particularly ironic that it should be socialist governments abroad who so eagerly threaten a siege economy as the most effective weapon against an apartheid government. It is precisely the mechanism



least, these consequences of apartheid's progressive decay could obliterate any further sanctions effects.

The message is not that economic sieges are a good or bad thing, but that they are a fact of international economic life.

Most countries have industrial policies directed at protecting strategic industries, rationalising the inefficient and promoting employment. Many Third World states also seek to avoid being the dumping ground of international conglomerates and secure the advancement of their own entrepreneurs and encourage the training of their own staff.

By hyping the impact of sanctions, businessmen make a number of mistakes. They give great comfort to the pro-sanctions lobby abroad. If powerful businessmen say South Africa cannot "survive alone", say the lobbyists, then surely sanctions must work.

Defensive

Equally they foster in government a fortress mentality, goading Ministers to over-react, to introduce ever more defensive measures, to go down the path of intervention, expropriation and bureaucratic corruption. Such over-reaction tends to be irreversible.

Siege economies are regarded as short-term phenomena because those who help establish them — whether as hostile sanctions or supposedly benign self-disciplines — are usually short-term thinkers. They have an actual or metaphorical gun at their heads. Yet the short term, in modern politics, tends to go on for a long time.

Siege economies do not imply desublimation as such, but the temptations for governments which they bring in their train can shut off safety valves, political as well as commercial.

The steady erosion of apartheid in recent years would appear to have been helped by the lingering flexibility still built into South Africa's political community, partly free speech, partly free markets, a parliamentary tradition, elites continuing to operate independent of government and army, in business, the media, academic life.

Siege economies threaten these safety valves by panicking governments. They lead to states of emergency and repression, making the economy rigid and society brittle. Economies, however besieged, need to adjust to new equilibria to meet changing circumstances in prosperity.

These are, of course, guesses based on largely unquantifiable experience elsewhere. But at very least, these consequences of apartheid's progressive decay could obliterate any further sanctions effects.

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It is a constant mistake of commentators — mostly from growth-obsessed First World countries — to believe that impoverishing a country must by definition destabilise its government. Sometimes it does, sometimes it doesn't.

African and Latin American states daily demonstrate their willingness to prefer the security, or self-esteem, of their governments to the prosperity of their peoples. Few such regimes suffer internally from seizing the chance to snub multinationals, burn the fingers of a few foreign bankers and protect a few domestic producers. Why should South Africa be any different?

Impact

Assessing the impact of siege is equally problematic. It is never all or nothing: total freedom or total bondage. It is a matter of degree, the outcome of a complex mixture of freedom and regulation. How much trade would get

through anyway? What are the substitution effects? How exactly would workers move out of the sanctions-hit formal sector into the informal sector? How would government react? would it free internal markets or do what besieged regimes often do, which is restrict them?

South Africa has been experiencing various sanctions for a number of years, including the drastic devaluation of the rand and the virtual cessation of new overseas lending.

Since this has coincided with a recession, and will coincide shortly with the ending of influx control, it is hard to disentangle what economic variables are likely to be affected by what cause.

Take for instance the much-vaunted employment impact of sanctions. Most of the relevant surveys are of sanctions-vulnerable sectors, based on assumptions that make them almost worthless. One recently predicted one million unemployed assuming "total" sanctions (which are inconceivable) and

an even spread of impact across the economy

No attempt is ever made to assess the impact of sanctions/import substitution on the informal sector, where surely most of South Africa's future growth will be concentrated. But who knows? The essence of siege economies is that their statistics, especially on employment, become increasingly unreliable.

Increasing trade restrictions would come at a time when influx control is being relaxed. Estimates on the impact of this vary wildly. All a visitor to South Africa can

observe is that cities of the prosperity of Johannesburg and Durban and Cape Town seem astonishingly underpopulated (yes, even Alexandra and Crossroads) compared with Lagos or Sao Paulo or Bombay.

If the Latin American experience is any guide, an impoverished rural population, throughout the subcontinent, will flock to urban South Africa.

What experience suggests instead is that rapid urbanisation can actually be a engine of economic growth. Birthrates fall and living standards rise, if only because poverty is combated more efficiently in cities than in rural settlements.

Urban markets expand. The more market-responsive informal sector prospers. Unit labour costs decline. Exports become more competitive. In other words, a mismatch develops between official growth rates and real movements in prosperity.

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(Based on an address given to the "Foundations for Business" conference organised by Wits this week.)

I REMEMBER a retired colonel writing to The Times during Britain's three-day week in 1973. He was protesting at some apocalyptic editorial claiming that Britain was doomed and would never be the same again.

Wrong, he said. Britain had no problem. It would do what it had always done in such situations, muddle through.

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True, SA has enjoyed a decade of flirtation with free market economics, but never with much conviction from the government. As Mrs Thatcher has found in Britain, an interventionist bureaucracy, once in place, is fiendishly hard to demolish.

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What will happen if there's a siege



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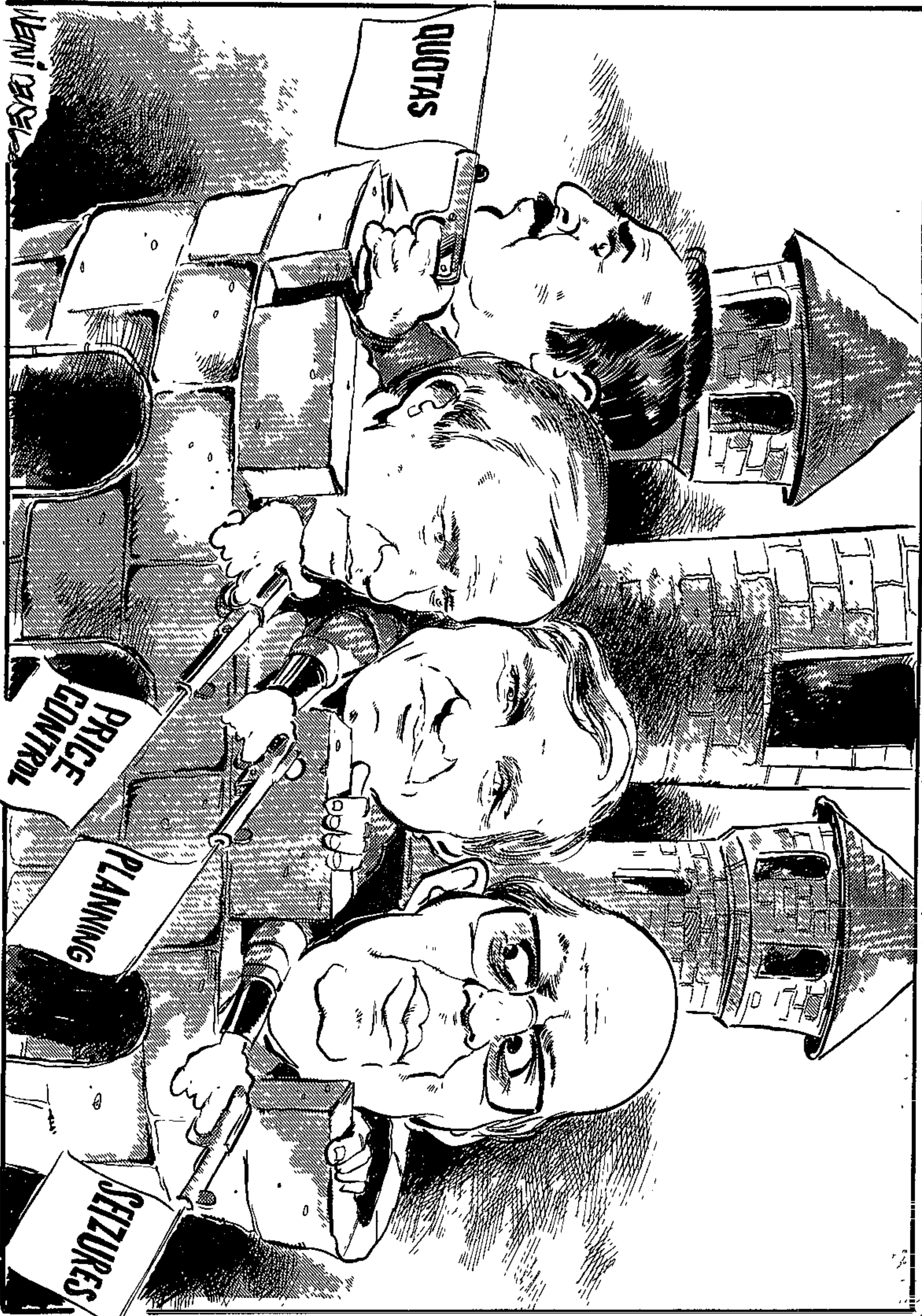
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If the Latin American experience is any guide, an impoverished rural population, throughout the subcontinent, will flock to urban South Africa.

The pro-sanctions lobby leans heavily on the assumption that such movements will mean soaring unemployment, and that this will mean a political cataclysm. There is no such evidence of a causal relationship.

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The message is not that economic sieges are a good or bad thing, but that they are a fact of international economic life.

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Siege economies threaten these safety valves by panicking governments. They lead to states of emergency and repression, making the economy rigid and society brittle. Economies, however besieged, need to adjust to new equilibria to meet changing circumstances. They need to be able to breathe.

(Based on an address given to the "Boundaries for Business" conference organised by Wits this week)

CARTE BLANCHE



by David
Carte,
BUSINESS
TIMES
Editor

At least two sane economists take the Pik Botha view — bring on sanctions.

Under sanctions, they reason, we would keep 90% of our export revenue.

High-value precious minerals, accounting for about 70% of our export base, would be unblockable. Even coal, agricultural and manufactured exports, which are most immediately threatened, would find foreign buyers at a discount if third parties could cream off a couple of percent.

Although exports would be relatively undented, say the defiant, imports would fall — not because they could not be procured but because we would tend to "buy South African" under siege.

That would leave us with a big surplus on the current account of the balance of payments.

If the world imposed sanctions, it would be flinging down the gauntlet, committing an act little short of war. So, never mind the diplomatic pussy-footing on the subject right now, the natural response would be for SA to renege on its foreign debt.

Chances are dividend payments would also be stopped and who knows, if our foreign persecutors became too stropky, we might even nationalise their assets before they could disinvest.

At present interest and dividends cost us \$5-billion — yes, R12,5-billion — a year.

Stop that outflow and in no time the country would be swimming in dollars — dollars that could be used to procure the unprocureable, and/or permit stimulation of the economy to rapid growth.

All those dollars would imply a stronger rand and lower interest rates, a lower inflation rate as well.

These conservative economists see another bonus as well.

If we reneged on our debt and got away with it, Mexico, Nigeria or some other oil state under pressure — maybe even Australia — might be tempted to follow suit.

The mere fear of another major debtor defaulting would jangle the nerves of international bankers — and do wonders for the dollar gold price.

In this situation, obviously attempts would be made to seize SA assets abroad — but we have very few.

True, export receipts would be subject to seizure. They would, therefore, not be able to flow through normal banking channels, so trade would be by cash or barter through the banks of nations not supporting sanctions.

We would have the dollars and the gold and platinum with which to pay.

W

hat about the internal economy?

As to unemployment, we could send back the workers of some of our more obstreperous neighbours, putting intense pressure on them.

If the private sector lacked the confidence to invest, the Government would do so. It would stimulate aggressively, spending on import replacement industries — Mossel Bay, more sunfuel plants and, of course, an "Operation Orderly Urbanisation", a huge township upliftment pro-

Sanctions
SUN TIMES
13/7/86 **two** (280)
edges to
the sword

gramme to defuse political tension.

As Simon Jenkins of the Economist argues elsewhere in this newspaper, urbanisation itself is a strong engine of economic growth.

These tough-guy arguments have an allure for South Africans who believe they are misunderstood and unfairly judged.

This type of thinking might well lie behind the bellicosity of certain politicians.

But judging by the University of SA's finding in its survey of industry that sanctions would cost a million jobs, they underplay the difficulty SA might encounter in trying to trade under the counter.

They also tend to trivialise the upheaval implied by the loss of even 20% of our exports and of slashing imports.

Essentially, the argument boils down to living well on refusal to service or repay one's debts.

For all their shortcomings, the arguments do bring home that sanctions are a double-edged sword, hurting those who apply them as much as the victim.

And that they may not be the end of the world.

Mr Jenkins says: "Only when we can get some quantifiable answers... will we know if sanctions really are going to hurt the economy. Otherwise all this is not just speculation: the unknowns are so great it is literally fantasy."

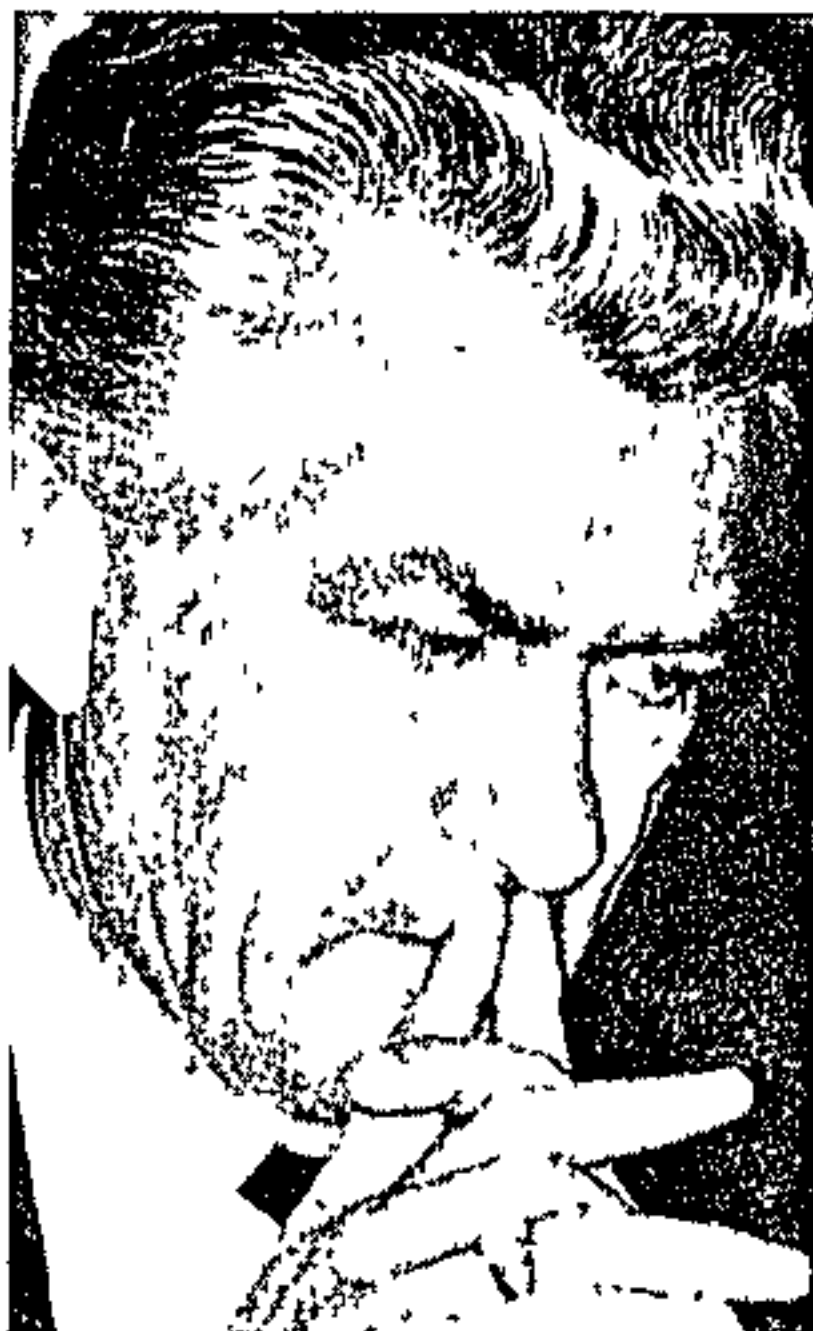
I tend to agree with him. To welcome sanctions is to play down the cost of being an international outlaw.

Any benefits would not last long. In a global village in which technology is changing rapidly, the long-term cost of isolation is too horrendous to contemplate.

One cannot gloss over it — sanctions would mean hardship and the end of the good life. But they would not bring collapse.

WORLD WATCH

BOOMERANG!



Bob Hawke, reported to be "furious"

A SANCTIONS boomerang walloped Australia's struggling farmers this week — and sparked an angry backlash against Prime Minister Bob Hawke's bellicose boycott brigade.

At the centre of the storm is South Africa's rejection of a lucrative Australian wheat deal in apparent retaliation to Mr Hawke's threats.

It is being seen as a costly and stinging lesson in how sanctions can be a double edged sword.

The rebuff provoked a harvest of rage among farmers — the ones who suffered financially — and precipitated an open Cabinet split.

Primary Industry Minister John Kerin, who's on the side of agriculture, came out publicly against sanctions only one day after the ruling Labour Party's national conference heeded an emotional call from his boss, Mr Hawke, in favour of a trade boycott.

The conference agreed to a 19-point package of steps "which

By NIC VAN OUDTSHOORN: Sydney

could be taken" against South Africa in conjunction with other Commonwealth countries.

Mr Kerin told a Sydney luncheon "By and large I believe that trade embargoes do bite back, and I have never been particularly affectionate towards financial sanctions."

"I haven't had a lot of regard for the Pinochet regime in Chile, but that doesn't mean I've supported sanctions against it."

Mr Hawke is reportedly furious

Aussie uproar as Bob's boycott threats backfire

about Mr Kerin's comments but has refused to comment publicly.

Significantly, Mr Kerin's repudiation of the Prime Minister came on the same day as the announcement that South Africa had rejected an Australian tender to supply of 70 000 tonnes of wheat and had awarded the contract to the United States.

As Primary Industry Minister, Mr Kerin is in close touch with Australian wheat farmers who are faced with a surplus of around 3-million tonnes this season.

There is no doubt in industry circles here that the South African decision on the tender was political.

Mr Mick Charles, president of the Grains Council of Australia, told me he had it on good authority that Australia's tender price to supply the 70 000 tonnes was "definitely the lowest" received.

But the tender went to the US after direct intervention by South Africa's Minister for Agriculture, Mr Greyling Wentzel.

First

It is understood to be the first time a South African Wheat Board tender was decided by the Minister and not by the board.

Mr Charles said the decision was an indication from South Africa to the Australian Government of what to expect if sanctions were applied.

"South Africa is showing sanctions can work both ways and hurt both ways," he said.

Australia's wheat exporters slammed as "idiotic" the government threats of sanctions which lost them the deal.

They are now threatening to claim compensation from the government if political "posturing" and interference cost them further deals.

Both Mr Charles and the chairman of the Australian Wheat Board, Mr Clinton Condon, said Australia would continue bidding for South African tenders until they received "direct orders" to the contrary from the Government.

Postponed

Last week the Australian Cabinet — apparently at Mr Kerin's urging — postponed announcing some unilateral sanctions against South Africa because the wheat export deal was in the balance.

It was decided to act only in concert with other Commonwealth countries because it was believed in such circumstances South Africa would not retaliate as harshly.

But any kind of sanctions are of deep concern to Australian farmers. "Any moves which will prohibit us from supplying South Africa worries us greatly," Mr Charles said.

"Losing the tender is a major blow to Australian wheat growers because we are in a lot of financial difficulties and this is a loss of some 10 or 11 million Australian dollars (about R16.5-million)."

The good and bad of a sickly economy

AUSTRALIA'S sickly economy is in deep trouble — and that means both good and bad news for South Africans planning to emigrate there.

GOOD in the short term, because this weekend the nosediving Australian dollar cost only R1.63 a marked improvement on only a few weeks ago, when the rate was R1.92. Economists predict the dollar will fall even further.

BAD news in the longer term, because a recession means more unemployment and thus greater opposition to immigrants from trade unions and supporters of the ruling Labour Party.

If Australia joins an international sanctions campaign against South Africa, this will put even greater pressure on exports and could further reduce the value of the Australian dollar.

Plunged

However, there is a belief in government circles that if enough countries boycott South Africa, Australia could gain by picking up markets for its coal and other raw materials at South Africa's expense.

Canberra sources say this is one reason why the Prime Minister, Mr Bob Hawke, will press for wide-ranging sanctions against South Africa from as many Commonwealth and Western countries as possible.

As the Australian dollar plunged this week to a record low against the US dollar — 62.2c — it was announced that the nation's international credit rating was being reviewed.

With an international debt of about A\$90 000 million — up from A\$68 000-million only a year ago — Australia now has the biggest current-account deficit in the indus-

By NIC VAN OUDTSHOORN
Sydney

trialised world after the United States.

The Labour Party came into office in March 1983 with a great fanfare about reaching an accord with trade unions, which initially led to some wages restraint and a significant drop in unemployment.

However, the more militant unions are becoming increasingly angry over what they see as falling living standards for their members brought on by the wages restraint.

This weekend millions of motorists in three states — New South Wales, Victoria

and South Australia — were subject to petrol rationing after members of the Storemen and Packers Union went on strike indefinitely for more money.

Campaign

The strike was expected to spread nationwide today. On Friday more than 35 000 federal government public servants went on strike for a day to protest at changes to working conditions proposed by the government as part of its cost-cutting measures.

The public-service unions told the government that any move to reduce holiday allowances and other working conditions would lead to "one of the biggest industrial campaigns ever undertaken".

Opinion polls have shown consistently that a majority of Australian trade unionists and Labour Party members believe immigrants threaten jobs of Australian workers in times of rising unemployment.

So, if the economy continues to decline, immigration quotas are likely to come under increasing scrutiny, which could hamper the prospects of South Africans wishing to settle in Australia.

This, together with growing fears among ordinary Australians about the potential dangers to their multicultural society if the government admits too many racist whites, means that long-term prospects for South African emigrants are becoming increasingly bleak.

Call for foreign trade in return for reform

Dispatch Correspondent

JOHANNESBURG — The managing director of Chase Manhattan in South Africa, Mr Simon Steward, has called for foreign investors, local businessmen and bankers to put together a package for the South African Government to break the economic and political logjam.

The joint deal would pledge foreign investment in areas such as housing and education and would guarantee a continued supply of trade finance for South Africa in return for reform.

"South Africa needs a strong economy to implement the reforms that are necessary. A siege economy would be unlikely to strengthen the overall economy in the long run," he said.

Mr Steward said that with five major Western conservative governments in power, there was at present a unique situation.

"Certainly, for at least three of these governments the idea of sanctions does not fit well with their political philosophies mainly because history proves they do not work. Also, sanctions would disrupt trade and investment in an area of the world where they have a sizeable interest."

Mr Steward warned that it was becoming extremely difficult for political leaders to resist sanctions.

Black nationalist organisations would have to see the purpose of the plan and give the country a grace period within which key objectives would have to be reached.

MICK COLLINS

POLITICAL and business leaders must do everything possible to keep SA within the world trading community, says SA Breweries' group MD Meyer Kahn.

At the SA-Israeli Chamber of Commerce in Johannesburg on Friday, he urged leaders to accept responsibilities and not to follow the dangerous path of isolation.

SAB chief warns on curbs

"Politicians must start negotiating. There is no comfort in a seige economy. It would be foolhardy to underestimate sanctions."

He said the past year had been one of the worst in SA's history with the depression, turmoil, drought and an economy which could be considered bankrupt. Now there was the threat

of sanctions.

But the country was strong enough to withstand pressures.

"SA will not collapse. The country is undeniably important. Already some countries are covertly trading with SA. The major countries will ignore UN-type decisions and suit themselves as to their dealings with SA."

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Chase Manhattan MD's revival plan

Call made for co-ordinated SA package

14/7/86 BUDDAH. (280)

SIMON STEWARD, MD of Chase Manhattan in SA, has called for foreign investors, local businessmen and bankers to put a package to government to break the economic and political logjam.

The joint deal would pledge foreign investment in areas such as housing and education, and would guarantee a continued supply of trade finance for SA in return for political reform.

"SA needs a strong economy to implement the reforms that are necessary. By reform, I mean the eradication of apartheid, and negotiation involving all political leaders including those at present in detention. A siege economy would be unlikely to strengthen the overall economy in the long run," he said.

"What I am proposing may or may not be the view of Chase Manhattan Bank — I am speaking as a concerned SA businessman."

Steward said with five major Western conservative governments in power, there was at present a unique situation.

"Certainly for at least three of these governments, the idea of sanctions does

GERALD PROSALENDIS
Economics Editor

not fit well with their political philosophies mainly because history proves they do not work. Also, sanctions would disrupt trade and investment in an area of the world where they have a sizeable interest."

Steward warned the present mood of the foreign media, as well as liberal elements in Europe and the US, was such that it was becoming extremely difficult for political leaders to resist sanctions.

"In doing so, they are being identified, rightly or wrongly, with apartheid."

"It therefore seems an imaginative initiative — which has the concurrence of SA's black community, government and conservative elements of business and politics both here and abroad — is now necessary."

"The initiative, co-ordinated by SA business, would identify key areas in the SA economy which the Western powers could assist financially, such as housing

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Call for SA package

14/7/86 BUDDAH. (280)

and education. In addition, the West could ensure that trade finance were made available to SA.

"This would enable the economy to start moving again."

However, black nationalist organisations would have to see the purpose of the plan and give the country a grace period within which certain key objectives would have to be reached.

The first objective would be negotiation with black leaders and following this, a rapid removal of apartheid legis-

lation. The country would also have to agree on a new constitution.

"There is no quick fix and the grace period would have to extend over a period of three or four years."

The plan would have to give all those interested in a peaceful solution to SA's problems comfort, and should also give supporters of government a feeling of security during the transition phase.

➡ ● From Page 1

Counter-sanctions by SA could hurt West

CME Times 14/7/86 280.

By CHRIS ERASMUS

SOUTH AFRICA'S resources of minerals such as platinum and chrome could be used as major weapons to ward off international economic sanctions, according to industry sources.

The prospect of strategic mineral counter-sanctions by South Africa against the Western nations would not only be a blow to these countries, but would be a financial and strategic windfall for the Soviet Union.

This is the opinion of sources in both government and industry in reaction to reports from London that British Trade and Industry Secretary, Mr Paul Channon, had recently halted sales of an estimated R200-million stockpile of strategic minerals.

A Trade and Industry spokesman confirmed the decision to hold back on the sale of the remaining three-quarters of the stockpile, which was built up during Mrs Thatcher's first term in office.

The decision to sell the stockpile was taken in 1984 to offset budget requirements, but was halted after 25 percent had been sold in March "while we take stock of world events", the spokesman said.

The move follows what have been interpreted as indirect threats by the South Africa government against the West if sanctions were implemented.

South Africa controls much of the world

reserves of several vital minerals, including platinum (89 percent), chrome ore (84 percent) and manganese ore (93 percent). It is also a major supplier of cobalt and vanadium.

No car or jet engine, power plant or computer can be built without these minerals. They are also vital for the West's hi-tech defence needs.

Industry sources estimate that in 1985 South Africa supplied between 65 percent and 80 percent of world's platinum, valued at about R200 million and about 30 percent of the world's chrome, valued at about R500 million.

Only Canada produces more than insignificant amounts of the world's platinum needs (five percent) after South Africa and the Soviet Union.

The Soviets follow South Africa in chrome production at about 27 percent of world needs and Albania is third with about 10 percent, while a handful of other countries including Turkey, Zimbabwe, Finland, India and Bophuthatswana produce about five percent each.

While neither President P W Botha nor the Foreign Minister, Mr Pik Botha, have specifically threatened the West with

counter-sanctions in the face of an international trade ban on South Africa, both have hinted at the possibility.

In his televised address on June 12, the day the state of emergency was imposed, President Botha warned that if necessary, South Africa would "go it alone".

He also warned the international community that South Africans "are not a nation of weaklings".

Mr Pik Botha told a meeting of National Party supporters in Witbank that "the sooner sanctions come, the better... we will show the world that we will not be made soft".

The British Prime Minister, Mrs Margaret Thatcher, warned her European Economic Community colleagues that a ban on imports of strategic minerals from South Africa would only benefit the Soviet Union — and limited trade sanctions might result in retaliation by South Africa, leaving the West reliant on East bloc countries for many of its strategic resources.

Industry spokesmen said that not only would the West be completely reliant on the Soviet Union for these resources but that prices of short-supply strategic minerals and metals would almost certainly rocket as the world market pushed up prices naturally and the Soviets took advantage of their position as chief suppliers.

Canada:
we'll
go it
alone

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147/80
MONTREAL — Canadian Prime Minister Mr Brian Mulroney emerged from talks with British Prime Minister Mrs Margaret Thatcher saying Canada was ready to impose economic sanctions on South Africa — with or without the support of Mrs Thatcher and the Commonwealth.

Mrs Thatcher has consistently rejected the use of economic sanctions to force SA to abandon apartheid.

"We abhor apartheid. The question is how to get rid of that policy," she said.

The talks between the two Conservative leaders were the political highlight of Mrs Thatcher's weekend visit to Canada, which included a stop at Vancouver's Expo 86 World's Fair.

Mr Mulroney, who called the meeting "a fairly exhaustive and very frank exchange of views", told reporters that a failure by the 49 Commonwealth members to agree on an approach would be "a bonanza" for South Africa.

Seven Commonwealth leaders, including Mr Mulroney, who is emerging as a key figure in the debate, will meet in London in August to consider sanctions.

He said Canada hoped for Commonwealth unanimity.

"In terms of those who plead for more time, 25 years ago the same arguments were made by the South Africans," he said.

● The Australian Government today warned its Commonwealth partners that the group's future was threatened by Britain's refusal to impose economic sanctions against South Africa.

Tories move against Maggie's sanctions policy

Thatcher faces revolt over SA

14/7/86 S.M.K. (280) (B)

The Star Bureau

LONDON — British Prime Minister Mrs Margaret Thatcher is facing a serious back-bench revolt over her refusal to consider sanctions against South Africa.

After a tense weekend meeting with the Canadian Prime Minister Mr Brian Mulroney, during which she stood firm against sanctions, she left Montreal for London last night where evidence is growing that influential Conservatives are planning to pressure her to change her mind before Commonwealth leaders meet next month.

Leading the revolt is former Prime Minister Mr Edward Heath who yesterday accused the South African Government of behaving in "an incredibly stupid way", leaving some people to believe they wanted to wreck everything being done to

try to reach a negotiated settlement.

Interviewed on TV, Mr Heath carefully avoided criticising Mrs Thatcher, although he said the Government had got itself into a difficult position.

He said: "We have got to take actions which affect trade — I don't think there is any doubt about that at all. If one is going to follow this through to its logical conclusion, then it does involve a trade blockade."

Party unity

"It does involve making arrangements for supplying the Frontline states. It does mean saying to South Africa: 'If you are going to launch attacks on the Frontline states, if they want us to help, we are prepared to help'."

Few MPs believe anything substantial will emerge from the visits of Foreign Secretary Sir Geoffrey Howe to Pretoria

this month, and Mr Cranley Onslow, chairman of the 1922 Committee of Backbenchers, is being pressed by some of the party's most respected members to tell Mrs Thatcher that the Commonwealth issue poses a grave threat to party unity.

The back-bench reaction follows last week's outspoken remarks by Mr Leon Brittan, former trade and industry secretary, in favour of sanctions.

Mr Francis Pym, the former foreign secretary, said at the weekend that he believed the majority of the Cabinet opposed Mrs Thatcher's stance on sanctions.

● In Durham Labour leader Mr Neil Kinnock, addressing trade unionists, called on Mrs Thatcher to impose sanctions swiftly.

He accused Mrs Thatcher of not taking seriously "the violence, immorality and silent barbarity of apartheid".

Canada prepared to go it alone on boycotts

MONTREAL — Canadian Prime Minister Mr Brian Mulroney emerged from talks with British Prime Minister Mrs Margaret Thatcher saying Canada was ready to impose economic sanctions on South Africa with or without the support of Mrs Thatcher and the Commonwealth.

Mrs Thatcher has consistently rejected the use of economic sanctions to force South Africa to abandon apartheid.

She told reporters after meeting Mr Mulroney yesterday that the preliminary talks, in advance of a Commonwealth meeting on the issue in London, had not changed her position.

"We abhor apartheid. The question is how to get rid of apartheid. I wish to get rid of it by negotiation, that is the way we have succeeded in the past," Mrs Thatcher told an airport news conference before returning to London.

The talks between the two conservative leaders were the political highlight of Mrs Thatcher's weekend visit to Canada.

Mr Mulroney, who called the meeting "a fairly exhaustive and very frank exchange of views", told reporters that a failure by the 49 Commonwealth members to agree on an approach would be "a bonanza" for South African President Mr Botha.

He said Canada hoped for unanimity. "Failing that, we won't hesitate to act on our own, in concert with those who support that approach".

Mr Mulroney did not specify what sanctions Canada was prepared to impose on Pretoria. That country has imposed limited sanctions, including a ban on Government agencies doing business with South Africa. — Sapa-Reuter.

Dispatch Correspondent
CAPE TOWN — European leaders are no longer prepared to stand by idly while the South African Government steps up repression and refuses to abandon apartheid, the leader of the PFP, Mr Colin Eglin, said here.

"The result is that a tidal wave of sanctions are building up that will be hitting South Africa soon," Mr Eglin said yesterday, home from a two-week tour of three European nations.

In West Germany, Sweden and Finland he held talks with foreign ministers, MPs, senior government officials, and academics.

Even those European leaders who were sympathetic to the complex problems facing South Africa were no longer impressed with the ar-

Eglin: embargo wave is building

gument that more time was needed for meaningful reforms.

"Time and again I was confronted with the argument that after 38 years of National Party rule not a single black person had been granted the vote."

The imposition of the state of emergency, press censorship and the clampdown on the government's opponents had "reinforced the worst perceptions Europe had held about South Africa."

UK industry chief: sanctions won't work

Dispatch Correspondent
LONDON — The chairman of the British Industry Committee on South Africa (Bicsa), Sir Leslie Smith, said yesterday that there had already been approaches from Eastern Europe to help as "staging posts" in the event of compulsory economic sanctions against South Africa by the West.

He was speaking to a Parliamentary Foreign Affairs Committee.

Sir Leslie mentioned the Eastern bloc approach to show that there would be escape clauses to sanctions.

Sanctions would not be effective, he claimed, but evading them would prove costly and subvert funds South Africa needed to implement reforms.

Sanctions would also probably make the government dig in its heels.

It was not outside

threats but internal pressure which had wrought many of the changes that had already taken place in South Africa, Sir Leslie claimed.

He told the committee that, in the opinion of Bicsa, there were two options:

● To cut the South African connection, at great cost to both South Africa and Britain, in the hope that it would force the pace for reform.

Bicsa believed that this was a false hope, based on a false reading of history and a superficial understanding of South African problems, which would result in the reasoned voice of business losing its influence; or

● As Bicsa believed, to maintain its trading relationship with South Africa and, through it, to contribute to raising liv-

ing and educational standards.

Sir Leslie added that British industry hoped to convey the message that it was only after apartheid was dead and buried that the real problems of South Africa could be tackled.

Racial prejudice and discrimination would not die when apartheid was finally abandoned.

The real problem was how to bring together, in peace and prosperity, a vast diversity of peoples.

Meanwhile, Associated Press reports that the Ghanaian Foreign Secretary, Mr Obed Asamoah, said Ghana is "considering further measures" against Britain to force it into imposing economic sanctions on South Africa.

A Ghana Radio report quoted him as saying that Ghana was "deeply concerned about the intransigent positions

adopted by Britain" on the South African question.

He did not say what other measures Ghana was considering, but his country was among the first to announce its withdrawal from the Commonwealth Games. Five African states have now withdrawn.

Mr Asamoah was speaking to reporters before flying to Tanzania for a meeting of the Organisation of African Unity's liberation committee.

He said Britain's attitude to South Africa was jeopardising the unity of the Commonwealth.

As a major investment and trade partner with South Africa, Britain could play a pivotal role by imposing sanctions, and this would change the anti-sanctions attitude of other Western countries, Mr Asamoah said.



The British Prime Minister, Mrs Margaret Thatcher, and the Canadian Prime Minister, Mr Brian Mulroney, during their talks in Montreal at the weekend Mrs Thatcher arrived back in Britain yesterday. (Reuters)

Canada to go it alone on sanctions

MONTREAL — Canada is prepared to act alone in imposing economic sanctions on South Africa if other Commonwealth members fail to reach agreement, the Canadian Prime Minister, Mr Brian Mulroney, said after meeting the British Prime Minister, Mrs Margaret Thatcher.

After their 90-minute meeting on Sunday, Mrs Thatcher repeated her view that the recent Eminent Persons Group (EPG) report on South Africa did not specifically recommend that the Commonwealth impose sanctions.

"We abhor apartheid. The question is how to get rid of it. Negotiation — that is the way we have succeeded in the past," she said.

Mr Mulroney, however, said he interpreted the EPG report as supporting some type of economic sanctions by the 49-member Commonwealth.

He said that Canada hoped to persuade the Commonwealth to take action but that if a consensus was not reached, Canada would act alone.

Seven Commonwealth leaders, including Mr Mulroney, who is emerging as a key figure in the debate, will meet in London in August to consider sanctions.

"We're going to go to the Commonwealth conference with our principles and our position and hope that it will be the majority," he said.

Mr Mulroney said a lack of unanimity in the Commonwealth would be "a bonanza" for South Africa, which he repeatedly called an "evil government."

He said Canada was not seeking a role as a mediator between Britain and the rest of the Commonwealth.

The Zambian President, Dr Kenneth Kaunda has suggested that Mr Mulroney was the only Commonwealth leader who could persuade Mrs Thatcher to change her mind on sanctions. — Sapa-RNS

Thatcher 'won't budge'

Capl Tmfs
15/7/86

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From JOHN
BATTERSBY

LONDON. — British Prime Minister Mrs Margaret Thatcher yesterday decided to confront head-on the mounting barrage of Tory criticism over her handling of South Africa.

The snowballing boycott of the Commonwealth Games — in spite of the banning of Zola Budd and Annette Cowley — has raised fears of a disintegration of the Commonwealth at next month's crucial sanctions mini-summit.

Senior Tories fear a showdown tomorrow at the first cabinet meeting after Mrs Thatcher's visit to Canada and Sir Geoffrey Howe's lacklustre visit to Southern Africa.

Anxiety

But Mrs Thatcher let it be known yesterday that she is determined not to budge.

As her government's crisis over South Africa deepened Mrs Thatcher agreed to a private meeting with the powerful Tory 1922 Committee — an association embracing all Tory backbench MPs.

The focus of Tory discontent yesterday had swung towards anxiety about the consequence of Mrs Thatcher's anti-sanctions stance on Commonwealth unity rather than the morality of economic sanctions.

The word was out at Westminster that she was anxious to defuse the threat of a backbench rebellion.

The remarks by former cabinet minister Mr Leon Brittan, known to be a close confidant of Mrs Thatcher, that further economic pressure would have to be applied, has put her further out on a limb.

Mr Edward Heath's support for trade sanctions — and ultimately a trade blockade — has shocked the party and added to similar criticism by former foreign secretary Mr Francis Pym.

Mrs Thatcher's unsuccessful weekend summit with Canada's Conservative Prime Minister, Mr Brian Mulroney, showed

to budge on her strong anti-sanctions stand.

Some Tories fear that Mrs Thatcher is threatening her own leadership position and the party's electoral chances.

● Meanwhile the Indian and Malaysian Commonwealth Games teams are holding back while their governments consider joining the boycott of the games.

So are Zimbabwe, Zambia and Botswana as well as some Caribbean countries.

Uganda, Ghana, Kenya, Tanzania and Nigeria have said they will not be going to the games in protest against Mrs Thatcher's refusal to impose economic sanctions.

● Cowley, Budd undaunted, back page

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Thatcher scorns black walkout

15/7/86

LONDON — UK Prime Minister Margaret Thatcher is sticking doggedly to her stand on SA despite mounting Commonwealth calls for sanctions.

She flew from Canada to the UK yesterday with threats ringing in her ears of unilateral moves against Pretoria by both white and black governments of the 49-nation organisation.

Strong efforts by Canadian Prime Minister Brian Mulroney failed to make any impression on her belief that discussion rather than economic upheaval is still the better policy on SA.

She returned to London to face intensified sporting and diplomatic pressure for action over apartheid.

Officials travelling with her from Montreal, where she met Mulroney, said she had not modified her position.

Their discussion climaxed a three-day visit to Canada overshadowed by her determination to resist pressure for sanctions.

Mulroney said he was prepared to go it alone in imposing tougher measures against SA.

Five black African nations have pulled out of this month's Commonwealth Games in Edinburgh. She ridiculed the walkout and said boycotts would never end apartheid.

The British officials said she was convinced she was right in opposing sanctions and certain she was winning the propaganda war.

In New Delhi the Sports Ministry is believed yesterday to have asked India's Commonwealth Games team not to fly to Edinburgh until government considers joining a boycott of the event.

Uganda, Ghana, Kenya, Tanzania and Nigeria have so far announced they are boycotting the Games in protest against Thatcher's refusal to impose sanctions.

Ghana is also reported to be considering "further measures" against Britain to force it into imposing sanctions. — Sapa-Reuter-AP.

Games: Africans urged to rethink boycott moves

LONDON — Organisers of the Commonwealth Games in Edinburgh have appealed to African nations to reconsider their boycott as India considered joining the ban.

The government in New Delhi shocked the organisers yesterday when it ordered the Indian team to postpone its trip to Edinburgh, where the Games are due to start on July 24.

The Sports Ministry said the government asked the Indian Olympic Association not to let the 126-strong squad leave for the Scottish capital today because it was pondering joining a growing list of countries boycotting the Games in protest against British policies on South Africa.

A withdrawal by India, by far the largest member of the 49-nation Commonwealth, would be a severe blow to the prestige of the sporting extravaganza.

Five African nations have decided to withdraw from the Games to show their dissatisfaction at the refusal of

British Prime Minister Mrs Thatcher to impose sanctions on South Africa.

British Press tycoon Mr Robert Maxwell joined other Games officials in urging the boycotters to drop their opposition to the sporting events, saying leaders of the Commonwealth countries should rather line up against Mrs Thatcher when they meet in London next month.

"For God's sake, don't do it."

"If you want to kick Mrs Thatcher, do it at the (Commonwealth) conference."

"Let the Games go on."

An opinion poll showed last night that a majority of Conservative parliamentarians supported Mrs Thatcher's stand against sanctions.

The poll, carried out among more than 100 parliamentarians for the BBC, showed that 78 percent of Conservative Backbenchers backed Mrs Thatcher, 11 percent disagreed, and the rest were undecided. — Sapa

Reuter

● See Page 13

UK told: Reds queue to set up trade links

Sanctions on SA 'will leak like a sieve'

15/7/86 STAR 280
The Star Bureau

London

Communist countries in Eastern Europe have already approached some British companies with offers to establish clandestine trade links with South Africa if sanctions are imposed and normal trade disputed.

Sir Leslie Smith, chairman of the British Industry Committee on South Africa (Bicsa) has told his country's Foreign Affairs Select Committee: "Sanctions will leak like a sieve."

And he has assured the committee that other countries in the Middle, Near and Far East would be just as willing to act as third parties to keep South Africa's trade open.

These revelations come at a time when British Prime Minister Mrs Margaret Thatcher is under growing pressure to give in and impose sanctions on South Africa.

She met Foreign Secretary Sir Geoffrey Howe yesterday for a briefing on his visit to Southern Africa. The visit will be debated fully in Parliament tomorrow.

Meanwhile, Sir Leslie has told the Foreign Affairs Select Committee that Bicsa believes the injection of funds into projects aimed at improving black education and living standards in South Africa was more likely to generate change than sanctions.

"If sanctions are imposed, though, and are effective, the first economic reaction would be a temporary boom.

"South Africa is already highly geared to having a siege economy and is a long way down the road towards import substitution.

"So there would be this short-term boom, but it would be disaster in the long term.

More misery

"Prices would rise and ultimately there would be mass unemployment. It would take a lot of time and money to put import substitution into practice.

"The biggest problem under those conditions, I think, is that it is only in a reasonably healthy economy that the reforms we would like to see can be properly and effectively managed.

"Where there is a decline in wealth, there is a scramble for resources, and that will be the cause of more misery, hardship and job losses."

He said he believed it would be far more sensible, instead of imposing sanctions — at an estimated cost to Britain, the United States and West Germany of R3 000 million a year — to inject that sum into black education and training, health and other services.

"We must do all we can to increase the standard of living and education of the black person in South Africa. That will increase their purchasing power — and the

OK Page 3

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Iron Lady melts a little on sanctions

LONDON — With the Commonwealth Games in crisis and the British Government preparing for a showdown over sanctions against South Africa, Prime Minister Mrs Margaret Thatcher was reported today to have softened her strident opposition to any economic measures against the country.

The growing Games boycott has sharpened public awareness of the South African issue and increasing attention is now focused on the visit that Foreign Secretary Sir Geoffrey Howe will make to Cape Town on July 23.

The political correspondents of three newspapers — The Times, the Guardian and the Daily Telegraph — reported a perceptible shift in Downing Street's attitude.

While Mrs Thatcher remains totally opposed to "general economic sanctions", she is said to be ready to negotiate with Commonwealth leaders over some minimal "measures and gestures" should Sir Geoffrey fail in his attempt to persuade the SA Government to release Nelson Mandela and indicate its preparedness to talk to the ANC.

At the same time, she believes she is winning her fight against comprehensive sanctions and

that some Commonwealth leaders will scale down their demands at the August 3 meeting to allow a compromise.

Mrs Thatcher's office regularly uses mainstream newspapers to get its views across.

Today The Times said: "The message was that the Government is pinning its hopes on the peace mission achieving progress, but that if it fails the Prime Minister may reluctantly go along with some of the selective measures which the European Council meeting agreed should be held in reserve."

The Guardian headlined its report "Thatcher moving towards limited use of sanctions" and said the change of tone from Downing Street was "unmistakable".

It reported that Mrs Thatcher "appeared to be preparing the ground for limited concessions to the pressure for an economic boycott".

The Daily Telegraph said: "The Prime Minister is giving the first signs of a new willingness to compromise with fellow Commonwealth leaders on a range of economic measures against South Africa if the Pretoria Government does not accelerate the dismantling of apartheid." — Sapa

SA forcing good guys into retreat

EVENTS of a nature that may not under the present dispensation be described, overtook Mr Amon Msane, chairman of the Johannesburg branch of the Commercial, Catering and Allied Workers Union, when he stepped off an international flight at Jan Smuts Airport last Wednesday on his return from a two-month tour of the United States.

It evidently did not matter to those in charge of the events that Mr Msane was carrying a letter signed by Senator William Roth, a conservative Republican of some standing, and a Democratic colleague, Senator Edward Kennedy, requesting that the events not occur.

Nor, perhaps more importantly, was it deemed of much consequence that the events would be a considerable embarrassment to Mr Msane's employer, the 3M Corporation, the giant United States multinational, and, by extension, the 250 or so other American firms still operating in South Africa.

Obscure reasons

The events were not entirely unexpected — witness the Roth-Kennedy letter — because Mr Msane had said some things in the US which, under current circumstances, tend to precipitate events. In particular he had publicly urged his employer to fold its tent. Ironically, the events may hasten the fulfilment of his demand.

Staying in South Africa is an increasingly Sisyphean proposition for the 250. It hardly needs to be restated that they are under intense domestic pressure to get out. And while it is chic to accuse them of exploiting South Africa's cheap labour, there are no longer fortunes to be made in them that masses.

In 1984, US operations in South Africa suffered losses equal to nine percent of the book value of their direct investments there.

The reasons only — the modifier is used advisedly — 53 US companies have pulled out since the start of 1985 are becoming daily more obscure to the managements of those who remain.

Aside from a natural reluctance to abandon assets (Bell and Howell, for example, sold out to a European company for

one dollar and took a \$14-million bath), the explanations are tending towards the abstract.

There is talk of setting bad precedents, of looking unreliable, of loyalty to customers, of the need to keep fingers in the pie. But it is talk, and, when the city of San Francisco says it is not going to buy your \$300-million trash-to-energy plant because of your South African connection, or school systems say they will not buy your books or equipment, talk becomes extremely cheap indeed.

For many companies the bottom line on staying has become a sort of corporate noblesse oblige. A member of the US Corporate Council on South Africa, Mr Sal Marzullo, told a meeting of Sullivan Code signatories in New York recently: "It isn't money anymore. No one makes much money there anymore, you know that. It's now a moral obligation to see this out."

Mr Marzullo is sincere. The captains of American industry have a tendency to see themselves as the guardians of capitalism and its reputation. In South Africa, they perceive a tremendous opportunity to

prove that they and their beloved system are forces for good.

Although there are obviously other, more venal considerations, this is at least part of the rationale behind the \$158 million the Sullivan signatories have spent on good works since 1977 and IBM's \$30-million computerized reading-to-write project.

Unfortunately, the moral dimension becomes meaningless if it is not permitted to function. The argument that US companies are a benign and moral influence is vitiated when, for example, Pretoria sends events to overtake employee Mr Msane, or, more broadly, flatly refuses to be influenced by appeals for more meaningful reform while at the same time, through its actions, helps convince the would-be beneficiaries that American firms, indeed capitalism as a whole, are evil.

At this point even the most missionary of chief executive officers begins to sense the law of diminishing returns.

"It's a waste of money," sighed an executive recently on his return from a trip to South Africa. "There is no appreciation in the black com-

munity for the money spent. Black leaders look at it as dirty."

These are the words of a businessman in the last throes of deciding to withdraw. He is implying that the last justification for resisting the disinvestment activists and staying on has been cut from under him.

Under these circumstances, the Reverend Leon Sullivan's increasingly shrill exhortations for US companies to step up their positive efforts sound hollow and hollow, especially since he has promised to demand a total corporate retreat if apartheid is not certifiably dead by May 31 next year.

The applause was modest, according to a Wall Street Journal reporter who managed to attend the closed session unobserved, the audience numb. Most already believe they have gone the extra mile.

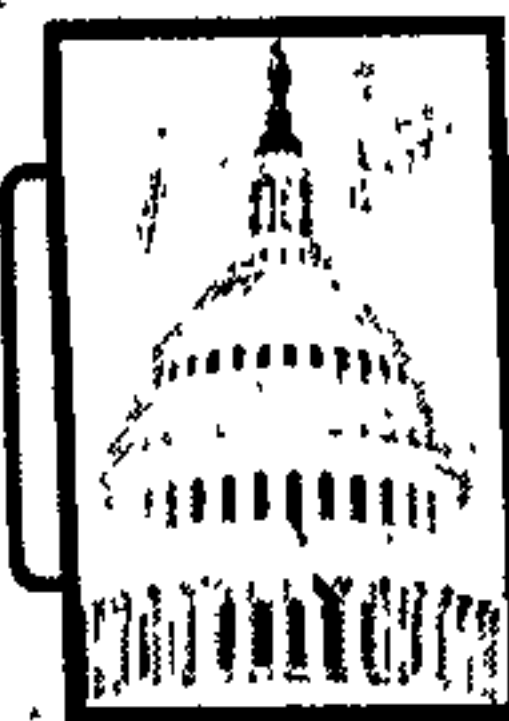
Modest applause

No doubt there will be the usual heated denials and clarifications, but it now requires a real leap of faith to believe that even companies like IBM and General Motors will not be retiring from what is literally becoming the field of combat within the next year or two.

The journal's man quoted a senior executive of major US manufacturer as saying: "I don't know of a single company down there that isn't looking at contingency plans to leave."

The consequences are hard to gauge. Yes, access to certain types of badly needed technology and expertise may be lost, but most firms will likely leave much of their existing plants in the hands of new owners, and will, as has been the case with many those already out (GTE and Bell and Howell, for example) continue to sell their products through local distributors — always assuming American law permits.

The real damage will likely be more intangible. Their record may have been spotty and fitful, but more than any other foreign investors, US firms have on the whole been trying to do some good. Pretoria is doing its best to ensure their efforts and money are wasted. It wants isolation and it's going to get it.



Washington
Letter
by SIMON BARBER



Senator Edward Kennedy . . . joint plea with a conservative Republic ignored by SA government.

Cape Times 15/7/85

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Eglin warns of wave of sanctions

Mercury Correspondent

CAPE TOWN—European leaders are no longer prepared to stand idly by while the South African Government steps up repression and refuses to abandon apartheid, says PFP leader Mr Colin Eglin.

'The result is that a tidal wave of sanctions is building up that will be hitting South Africa soon,' Mr Eglin said yesterday, after returning from a two-week tour of three European nations.

During his visit to West Germany, Sweden and Finland he held discussions with foreign ministers, MPs, senior government officials, academics and journalists.

Even those European leaders who were basically sympathetic to the complex problems facing South Africa were no longer impressed with the argument that the Government needed more time to introduce meaningful reforms, he said.

Advocates

'Time and again I was confronted with the argument that after 38 years of National Party rule not a single black person had been granted the vote and people in South Africa still lived under apartheid.'

Pressure to 'do something' about South Africa — particularly the need to impose sanctions — was rapidly building up.

'Given their own history, Europeans feel more strongly than ever that they can no longer remain silent or neutral about issues such as racial discrimination,' he said.

The advocates of sanctions had gained the 'high moral ground' throughout the continent and the argument that 'unless you are tough on sanctions you are soft on apartheid' was rapidly gaining momentum.

'The sanctions issue was brought to a crisis point by President Botha's Rubicon speech last August which switched what was a marginal hope for real reform into a complete despair.'

Censorship

'Sanctions, in the European view, flow from despair at the South African Government's apparent commitment to wasting opportunities and increasing the prospects for violence,' Mr Eglin said.

In spite of censorship by the Bureau of Information under the state of emergency, South Africa remained a 'front-burner issue' on all major media and was rapidly turning into an important domestic political issue, he said.

Recent issues that had placed South Africa in a negative light and increased the momentum for sanctions included the 'cynical' way in which President Botha had used the President's Council to force security legislation into law, and the collapse of the EPG mission which signalled that the Government was not amenable to dialogue.

The imposition of the state of emergency had reinforced the worst perceptions about South Africa.

The recent call by Foreign Minister Mr Pik Botha for the world to impose sanctions sooner rather than later had 'pulled the rug out from under those fighting against sanctions overseas,' Mr Eglin said.

CME 700 F's
16/4/86

SA: Bid to defuse crisis

From JOHN
BATTERSBY

LONDON. — Commonwealth secretary-general Sir Sonny Ramphal yesterday gave the first hint of the basis for a compromise on sanctions against South Africa.

In a bid to defuse a mounting Commonwealth crisis, Sir Sonny proposed a compromise on sanctions and appealed to African countries to pull back their boycott of the Commonwealth Games in Scotland next week.

While British Prime Minister Mrs Margaret Thatcher dug in her heels against "general economic sanctions" during another stormy session in the House of Commons, she made a clear distinction between punitive measures and "signal sanctions" or gestures.

Mrs Thatcher claimed, for the first time, that many Commonwealth leaders were opposed to general economic sanctions but said this was quite different from "signal sanctions" or gestures.

Sir Sonny said that while sanctions against South Africa was "the only way" forward for the Commonwealth, this did not mean a full trade embargo at this stage.

He was speaking at a meeting here of the Commonwealth and Diplomatic Writers' Association.

"To be effective, sanctions must be substantial and concerted. But they need not, at this point, be comprehensive or general," he said.

Questioned further about what sanctions the Commonwealth had in mind, Sir Sonny said the US Congress could provide the starting point if an agreed sanctions bill had been passed by both houses when the Commonwealth mini-summit met in London early next month.

DDI 6/7/86 280

Bristol vote to block SA imports

Dispatch Bureau

LONDON — Bristol is preparing to impose its own trade sanctions against apartheid with a block on handling South African imports

The council-owned port, which lost £4.3 million last year, will cease its £2-million annual direct trade with the Republic in three months unless the British Government brings in sanctions.

Bristol's Labour Party-controlled city council voted 39-23 in favour of the proposal and is urging other ports to follow suit.

A spokesman for the Port of Bristol Authority said: "The effect will be quite substantial. When you consider last year's loss, any further cut in trade will have a significant effect."

The port handles 200 000 tons of South African timber products a year, representing nearly 10 per cent of its total business.

Mr John Beesm, chairman of the dock's shop stewards' committee, said: "It is obvious that this could lead to a loss of trade. We are concerned that this could mean other losses as well."

The council's Conservative Party leader, Mr Bob Wall, said: "By approving sanctions in this way, the troubles in South Africa will not be resolved."

The Labour Party leader, Councillor Graham Robertson, said: "It was impossible for us to pay lip service to sanctions and still allow free trade at the port."

Sanctions tones hit compromise

16/7/86
BUD DAY
280



● RAMPHAL

LONDON — Commonwealth secretary-general Sir Sonny Ramphal yesterday gave the first hint of the basis for a compromise on sanctions against South Africa.

At the same time, the British Foreign Office announced that Foreign Secretary Sir Geoffrey Howe, trying to secure peaceful change in South Africa with a hectic round of shuttle diplomacy, would visit Washington tomorrow for talks with US Secretary of State George Shultz.

Also, with the Commonwealth Games in crisis and the British government preparing for a show-down over sanctions against South Africa, Prime Minister Margaret Thatcher was reported yesterday to have softened her strident opposition to any economic measures against the country.

In a bid to defuse a mounting Commonwealth crisis over South Africa, Ramphal proposed a compromise on sanctions and appealed to African countries not to boycott the Commonwealth Games in Scotland next week.



● THATCHER

While Thatcher dug in her heels against general economic sanctions during another stormy session in the House of Commons, she made a clear distinction between these punitive measures and signal sanctions or gestures.

Ramphal, addressing a meeting of the Commonwealth and Diplomatic Writers' Association in London, said that while sanctions against South Africa were "the only way" forward for

JOHN BATTERSBY

the Commonwealth, this did not mean a full trade embargo at this stage.

"To be effective, sanctions must be substantial and concerted.

"But they need not, at this point, be comprehensive or general," he said.

He conceded that there were no guarantees that sanctions would work.

"Sanctions are not an end in themselves. They are not so much punitive as corrective.

"They are to induce the rulers of Pretoria to come to their senses and to negotiate the dismantling of apartheid and the establishment of democracy in South Africa."

He appealed directly to all Commonwealth heads of government not to boycott the Commonwealth Games in Edinburgh.

In the House of Commons yesterday, Thatcher claimed for the first time that many Commonwealth leaders were opposed to general economic sanctions, but said this was quite different from signal sanctions or gestures.

She again stressed that it was vital that any measures adopted should be both unanimous and effective.

Thatcher quoted at length from a recent letter in *The Guardian* from KwaZulu leader Chief Mangosuthu Buthelezi arguing against sanctions and vowing that South Africa "will not be liberated with the blood of children".

But there were signs of compromise from Downing Street yesterday where officials adopted a far more conciliatory line.

'New jet proves SA resolve'

JOHANNESBURG — International, co-operation was important, but South Africa would not allow itself to be humiliated and undermined to escape sanctions, the State President, Mr P W Botha, said today.

Unveiling the SA Air Force's new Cheetah jet fighter aircraft at a ceremony in Kempton Park, he said the achievement embodied "demonstrates once again our response to the imposition of sanctions against us".

"We are a strong and proud nation, with the faith and the ability to ensure our future... we are not a nation of jelly-fish."

The Cheetah, a rebuilt Mirage III, is the culmination of a top-secret Armscor project over the last few years to produce a sophisticated jet fighter, suited to Southern African operational conditions.

The success in developing South Africa's own highly sophisticated arms industry since the imposition of the international arms embargo was increasingly forcing the world to take cognisance of the unique ability which existed in the country, and which was still improving, he said.

"This will always be our response to international boycotts and threats against us in every field of life.

"We will fight back

with self-respect and determination."

Essentially, there were three main challenges facing South Africa today, he said.

The first was the protection of its territorial integrity and the safety of its citizens; while the second was finding peaceful democratic solutions in the constitutional field.

"Let me remind Europe that it took them hundreds of years to reach their present stage of economic and constitutional development... yet some of them demand immediate final results from us."

It appeared that, with a few exceptions, the world was intent on making the Republic's third challenge self-sufficiency through the imposition of sanctions.

"If it is expected of us to forego essential agricultural products, let us ourselves cultivate enough so that we can also export.

"If it is expected of us to forego other essential goods which we cannot manufacture or build, let us obtain it by exploiting the self-interest of others."

The radical change of warfare since the Second World War had restricted the likelihood of a world war, but it had at the same time increased the occurrence of limited and revolutionary warfare, he said. — Sapa

CA Times 16/7/86
280

Sanctions: Thatcher 'softening'

LONDON. — With the Commonwealth Games in crisis and the British Government preparing for a show-down over sanctions against South Africa, Mrs Margaret Thatcher was reported yesterday to have softened her strident opposition to any economic measures against the country.

The growing Games boycott has sharpened public awareness of the South African issue, and increasing attention is now focused on the visit that the Foreign Secretary, Sir Geoffrey Howe, is scheduled to make to Cape Town next Wednesday, July 23.

The political correspondents of The Times, the Guardian and the Daily Telegraph reported a perceptible shift in Downing Street's attitude.

While Mrs Thatcher remains totally opposed to "general economic sanctions", she is said to be ready to negotiate with Commonwealth leaders over some minimal "measures and gestures" should Sir Geoffrey fail in his attempt to persuade the South African Government to release Mr Nelson Mandela and indicate its preparedness to talk to the ANC.

Scale down their demands

At the same time, she believes she is winning her fight against comprehensive sanctions and that some Commonwealth leaders will scale down their demands at the August 3 meeting to allow a compromise that will not destroy unity.

Mrs Thatcher's office regularly uses main-stream newspapers to get its views across without making formal comment on situations.

Yesterday The Times said: "The message was that the government is pinning its hopes on the peace mission achieving progress, but that if it fails the Prime Minister may reluctantly go along with some of the selective measures which the European Council meeting agreed should be held in reserve."

The Guardian reported Mrs Thatcher "appeared to be preparing the ground for limited concessions to the pressure for an economic boycott".

'New willingness to compromise'

The Daily Telegraph said: "The Prime Minister is giving the first signs of a new willingness to compromise with fellow Commonwealth leaders on a range of economic measures against South Africa if the Pretoria Government does not accelerate the dismantling of apartheid."

The Foreign Office, meanwhile, has sent senior officials to Australia and Japan to explain the government's attitude, and the Foreign Secretary is expected to visit Washington tomorrow and on Friday for talks with the Secretary of State, Mr George Shultz.

Sir Geoffrey will also meet the US Vice-President, Mr George Bush, and Senator Richard Lugar, chairman of the Senate Foreign Relations Committee.

Sir Geoffrey was due to speak in the House of Commons yesterday on his visit last week to Zambia, Zimbabwe and Mozambique, but the Foreign Office said he had decided not to speak in the Commons because the opposition Labour Party had gained approval for a debate today on the South African sanctions issue. — Sapa-Reuter-AP

Howe heads for US in second phase of his peace mission

STAR
280 16/7/86

The Star Bureau

LONDON — British Foreign Secretary Sir Geoffrey Howe's mission for peace in Southern Africa enters its second phase this week when he leaves for America for talks which Britain hopes will help boost the initiative and lend weight to the drive for negotiations.

In London, an effort has been launched to steer the Commonwealth away from a damaging conflict with Britain over sanctions on South Africa.

Yesterday Prime Minister Mrs Margaret Thatcher spelt out again her unswerving commitment to the pursuit of negotiations and opposition to sanctions.

But in a move clearly intended to make it easier for her to agree to additional, possibly limited, measures at

the Commonwealth leaders summit next month, Commonwealth secretary-general Sir Shridath Ramphal has proposed a compromise.

Clearly concerned that a major row over sanctions could inflict irreparable damage on Commonwealth unity, Sir Shridath has asked the Commonwealth to tone down demands for full sanctions.

He said: "There is a point between comprehensive sanctions and mere gestures, at which Commonwealth leaders can meet," — and went on to suggest that full sanctions could be a last resort if South Africa retaliated against its neighbours.

He said the disqualification of Annette Cowley and Zola Budd had opened a "window of opportunity", and urged Commonwealth nations to keep that option open.

He said he hoped the "window" would not be closed in London, and hinted that if the Commonwealth was to agree on a compromise it would have to be matched by a concession from Mrs Thatcher.

Sir Shridath said that if the meeting next month ended in deadlock, an emergency meeting of all 49 Commonwealth nations would have to be considered.

The call for a Commonwealth compromise came as Sir Geoffrey announced his trip to Washington for talks with US Secretary of State Mr George Shultz.

He will also meet Vice-President George Bush and Senator Lugar, chairman of the Senate Foreign Relations Committee.

In the House of Commons yesterday, South Africa dominated a tumultuous question time.

Commentators had suggested earlier that Mrs Thatcher was showing signs of softening on sanctions and might agree to some new measures at the Commonwealth meeting.

But Mrs Thatcher maintained that the Commonwealth leaders advocating sanctions were talking in terms of "signals and gestures" and not a comprehensive embargo.

"Sanctions", she insisted, "have never been known to work to bring about internal change" — and she asked Labour leader Mr Neil Kinnock why, in view of this, he wanted them imposed.

He replied "It is obvious to everyone that real negotiations will only be secured when there are strict sanctions against apartheid, and that persuasion without pressure is utterly hopeless."

He accused Mrs Thatcher of doing nothing about the "basic atrocity" of apartheid.

Mrs Thatcher seemed momentarily wrong-footed when she was challenged by Labour MP Mr Jo Richardson to name a single Commonwealth leader who did not favour sanctions.

ARKENS 16/7/86 280

We will fight back against sanctions: PW

The Argus Correspondent

PRETORIA. — President P W Botha today called for mutual co-operation and trust between the public and private sectors to beat sanctions.

South Africa, he said, would fight back with self-respect and determination against international boycotts and threats against the country in every field of life.

Speaking at the unveiling of the new Cheeta fighter, Mr Botha said: "The war against us is now being increasingly fought away from the military battlefield.

PROUD NATION

"We realise the importance of international co-operation but we will not allow ourselves to be humiliated and undermined in order to escape sanctions. We are a strong and proud nation, with the faith and the ability to ensure our future. We are not a nation of jellyfish."

He said South Africa faced the challenges of protecting its territorial integrity and the safety of its citizens and finding peaceful, democratic solutions in the constitutional field.

He said: "It would appear that, with a few exceptions, the world is intent, through the imposition of sanctions, to make self-sufficiency our third challenge.

"If it is expected of us to forego essential manufactured products, let us manufacture them ourselves.

SELF-INTEREST OF OTHERS

"If it is expected of us to forego essential agricultural products, let us cultivate enough so that we can also export. If it is expected of us to forego other essential goods which we cannot manufacture or build, let us obtain it by exploiting the self-interest of others.

"It is my sincere wish that we can look forward to an era of mutual co-operation and trust between the public and private sectors, an era of dedication to more lofty ideals than mere personal interest."

US Senate looks at SA sanctions

280
0 016/7/86

WASHINGTON — The United States Senate began consideration of sanctions against South Africa yesterday, taking a first step towards what many senators predicted would be quick passage of a tough anti-apartheid package.

The House of Representatives last month passed a bill that would sever virtually all American trade and investments in South Africa but the Senate has been slower to act.

In the first hearing on sanctions in the Senate this year, a banking subcommittee heard testimony yesterday from Senators Edward Kennedy of Massachusetts, a Democrat, and Republican Lowell Weicker of Connecticut calling for an almost total Ameri-

can economic withdrawal from South Africa.

"The Congress must act now to put the United States back on the right side of history," Sen Kennedy told the international finance sub-committee, referring to Mr Reagan's opposition to further sanctions against South Africa.

"If the leaders of the administration are unwilling to change their policy, then Congress must change it for them," Sen Kennedy said.

Mr Reagan, who for five years has followed a policy of "constructive engagement" or quiet diplomacy with Pretoria, last September imposed a set of limited sanctions against the South African Govern-

ment, but only after Congress was about to enact even tougher measures.

"That policy is now in ruins," said Sen Weicker, who along with Sen Kennedy and other senators on the panel predicted the full Senate would hold a first vote on a sanctions bill before a recess scheduled for mid-August.

A house-senate committee would then meet to reconcile any differences between the two pieces of legislation and a second vote in both chambers would be needed on any compromise.

Yesterday's hearing was the first of two meetings scheduled to consider one of three sanctions bills currently before the Senate. — Sapa-RNS

Embargo-busting SA jet unveiled

280

eve Post 16/7/86

JOHANNESBURG — A sanctions-busting jet fighter aircraft said to match the Russian's Mig 23 and be comparable with the best in the world was unveiled today by the South African Air Force.

The commissioning of the aircraft named the Cheetah was announced in Pretoria today by President P W Botha.

It is the culmination of a top-secret Armscor project tackled over the past few years to dramatically upgrade the SAAF's ageing French-built Mirage IIIs to produce a highly sophisticated fighter aircraft which is ideally suited to operational conditions in Southern Africa.

About 50% of the aircraft is reconstructed and it is equipped with the latest navigational and totally SA weapons systems.

"We believe it will match the Mig 23 class aircraft and as far as its handling goes, it is in many aspects comparable with the best in the world," the Chief of the SAAF, General Denis Earp, said.

In a statement, the Minister of Defence, Gen Magnus Malan, described the Cheetah project as a "modern, sophisticated and highly effective trump card" for SA but emphasised the country was not seeking a confrontation with anybody.

At first glance at Armscor's Kempton park subsidiary, Atlas Aircraft Corporation, the Cheetah's Mirage origins are obvious. But the considerably extended snout, providing space for the sophisticated avionics, and the canards, or miniature wings, attached to the fuselage below the twin cockpit for added stability and control give it a longer, leaner appearance.

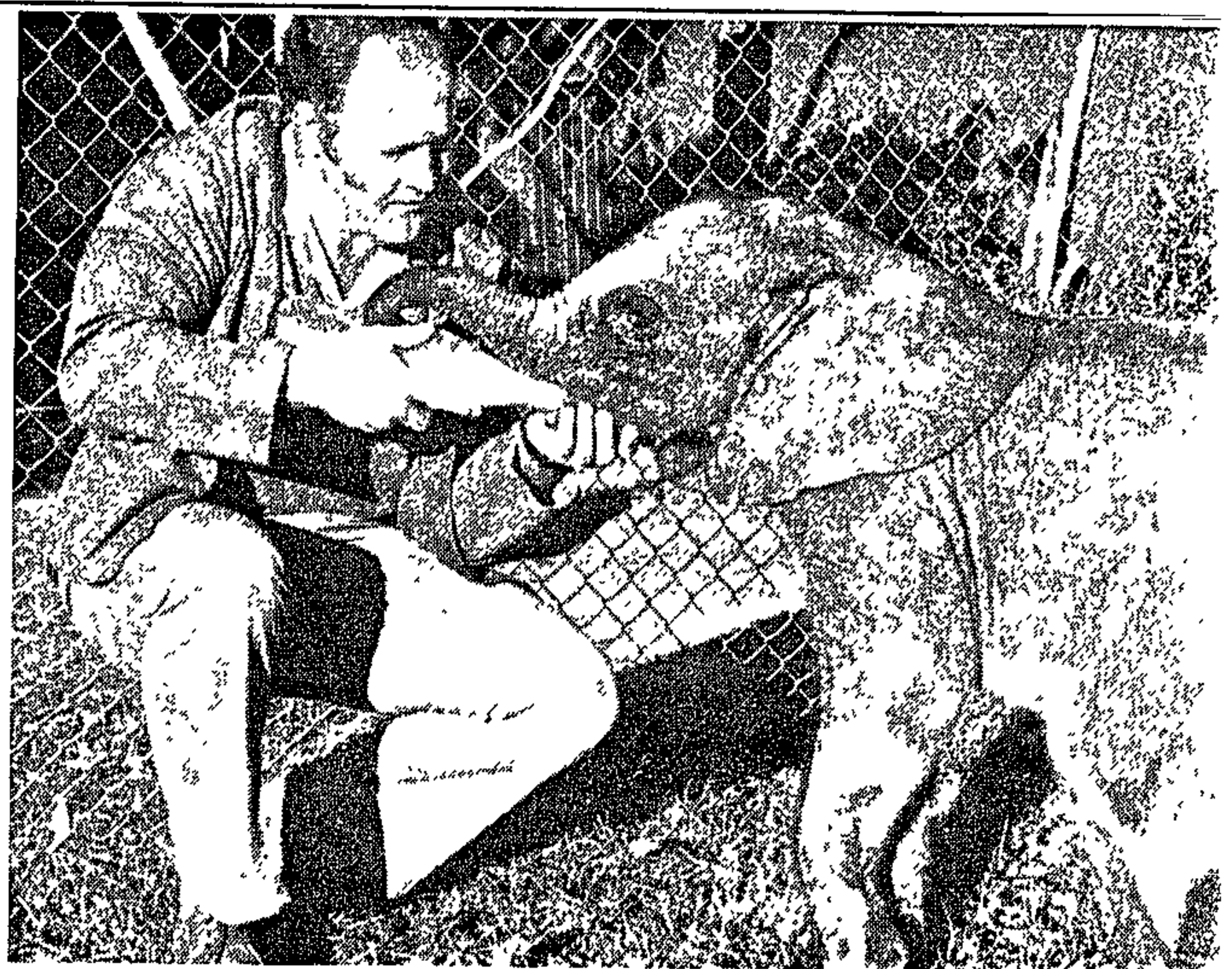
Gen Malan said it was a known fact there had been a continuous build-up of weapons on SA borders recently and "it is therefore only logical that we anticipate the threat and prepare ourselves accordingly".

A modern fighter aircraft cost more than R70 million and the conversion of existing aircraft remained the most cost-effective approach.

Gen Malan referred to the recently announced development of the Alpha attack helicopter and a locally manufactured gas turbine engine, saying these once again demonstrated the Republic's ability to establish its own aviation industry.

Gen Earp said: "We cannot allow ourselves to be dependent on a possibly hostile supplier... if we cannot get assistance, we can go it alone."

● See Page 2



The chief warden at Addo Park, Mr PIERRE VAN ROOYEN, "mothers" orphaned elephant Elly. Picture by Eve Post

Orphaned Addo elephant has 'chance' of survival

A BABY elephant found alone and in poor condition in the Addo Elephant Park on Monday is the darling of the camp where it is being "mothered" by the chief warden, Mr Pierre van Rooyen.

"Little Orphan Elly" was found wailing at a dry watering hole, apparently abandoned.

"Something very strange must have happened to the mother," Mr Van Rooyen said today. "It's not at all like elephant mothers to abandon their babies."

"Perhaps the mother had mastitis and was unable to feed it."

He estimates that Elly, a female, is between two and three weeks old and that she has a slightly better than an even chance of surviving.

The greatest danger to Elly is that her diet does not include the substances in mammalian milk that protect animal babies from infections and diseases.

When Mr Van Rooyen found Elly on Monday she had severe diarrhoea.

Elly was given an injection of penicillin and later that day she was coaxed into taking cow's milk

mixed with egg yolk from a bottle.

"I heard from Kruger National Park wardens that the right thing for a little elephant is soya-based milk," Mr Van Rooyen said.

Now she sucks hungrily from her bottle up to 10 times a day at the rate of a litre a time.

"Half a litre costs about R4,50, so I wouldn't mind a manufacturer sponsoring her."

"Little elephants in the wild aren't weaned before they are at least a year old. In fact, they go on

taking -- mothers up to 18 months

What do we do when she's up with me.

"She slept in my room, lying on a carpet."

"Soon she's tiredly doing things. She opened she back."

"The best would be while we're some air for when she's older. A among him an awful lot."

A vet is should need

20/6 Post
COUNCILS
16/7/80
impose

their own sanctions

Post Correspondent

LONDON — A sanctions campaign against many top companies who deal with South Africa has been launched by left-wing town and city councils and the trade unions.

The councils and unions are effectively blocking the companies from tendering for lucrative jobs because they have links with South Africa.

Some councils are insisting on details of the ethnic breakdown of a contractor's workforce before they are awarded a contract.

The London borough of Haringey insists on a breakdown of the labour force into seven categories before a contract is signed — Afro-Caribbean, Asian, British, European, Greek-Cypriot, African and Irish.

The Federation of Civil Engineering Contractors has claimed that unless rigid guidelines are met, contracts will not be given to any company with any remote link with South Africa.

In some cases, the company could be blocked from a contract if it has a bank account with Barclays because of its South African connections.

The federation has given evidence to a House of Commons select committee on employment, saying that any Government legislation should be at a national level and that local authorities should not be allowed to apply their own rules for contracts.

The federation's deputy director-general, Mr Jack Bowen, commented: "It is a form of blackmail by the back door which could end up with those local authorities who indulge in it losing many advantages for the people who live in their own areas."

He said at least 14 councils had written to local construction firms warning them that unless they cut off links with South Africa they would not be awarded contracts.

Among the councils were Leicestershire, Lancashire, Derbyshire, Brent and Haringey.

The federation has written to Mr J. Ridley, the Thatcher Government's Environment Secretary, expressing the "deep concern" of its members.

Mr Bowen said: "If the company with the best and cheapest offer has a South African connection then it will not be accepted and the job is just as likely to go to somebody with a far more expensive

'Economic pressures forced SA reforms'

EYE
Post
280
16/7/86

LONDON — Sir Leslie Smith, chairman of the British Industry Committee on South Africa, has said sanctions against South Africa would fail and that most apartheid reforms have been due to economic needs and not foreign pressure.

"If sanctions were to work, then I have not the slightest doubt that Bicsa would go along with it. But we don't think there would be the slightest hope of their working," he told the House of Commons Foreign Affairs Committee.

"Perhaps the strongest voice in South Africa for peaceful reform is the private business sector. We are adding our voice

to theirs," he said.

He suggested that instead of losing up to about R3,85 billion a year in trade with South Africa, the British Government should consider giving aid to independent agencies to help black education and training in the country.

Bicsa represents about 50 British companies with interests in South Africa.

Sir Leslie said sanctions would be evaded because companies in countries which applied them could use other routes.

He claimed West German companies were already being offered alternative routes through East Germany.

● In Washington the US

Senate yesterday took a first step towards what many senators expect will be quick passage of strong sanctions.

In the first Senate hearing on sanctions this year, a banking sub-committee heard testimony from Senator Edward Kennedy, a Democrat, and Senator Lowell Weicker, a Republican.

A House-Senate committee will meet to reconcile whatever measures are passed by the Senate and a tough anti-apartheid Bill passed by the House of Representatives last month.

President Ronald Reagan, while offering to work with Congress on a US response to apartheid,

yesterday expressed continuing opposition to punitive measures.

"We want help from Congress... in developing constructive ideas," Mr Reagan was quoted as telling Republican congressional leaders at a White House meeting.

Asked whether that meant Mr Reagan was considering economic sanctions, a White House spokesman told reporters "The President remains opposed to sanctions."

The Reagan Administration, under congressional pressure to take tough action against South Africa, is reviewing policy and the Secretary of State, Mr George Shultz, is expected to an-

nounce the result at a congressional hearing next week.

One step under discussion is appointment of black diplomat Mr Robert Brown as ambassador to Pretoria but Mr Shultz declined to confirm an NBC News report that Mr Brown had already been chosen.

Mr Kennedy told the International Finance Sub-committee that Congress should act "to put the US back on the right side of history".

"If the leaders of the Administration are unwilling to change their policy, then Congress must change it for them," Mr Kennedy said. — Sapa-Reuter

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States 'keen to open routes for SA trade'

MICK COLLINS

SHIPPING sources in South Africa say countries to the north have come forward with offers to set up secret trade links in the event of sanctions.

Freight and shipping agents are gearing up for the embargoes which they fear are inevitable, but remain tight-lipped on any Rhodesian-type contingency plans.

Yesterday senior Mozambique port and rail officials met with local shipping agents.

Ostensibly here to sell harbour facilities at Maputo, officials of the delegation were reticent to discuss sanctions implications.

In a guarded statement delegation leader Dr I Dinis said existing SA customers would be serviced within constraints until such time as the official Mozambique policy was established.

"This issue is sensitive and difficult for us. We are not aware of any developments since the visit by Sir Geoffrey Howe to Mozambique. There has been no official statement from our government."

Dinis declined to release the full text of his statement to the Press.

Lillian Boyle, of Renfreight, said the freight group was investigating

alternative routes.

"We are taking steps to protect clients and clients' cargoes. At this stage we consider our strategy to be sensitive from a national viewpoint.

"Any further announcements would undermine the effectiveness of such contingency plans in the long term."

SA Foreign Trade Organisation (Safto) GM (membership and services) Anne Moore said companies would make plans to counter any situation that might arise.

"Safto has a firm policy not to be actively involved in any sanctions-busting. That plans are being made is a fact but we cannot be as forthcoming as in the past."

One industry source said companies with large export markets were known to be omitting "Made in SA" from goods destined for abroad.

He said SA could mount similar operations to those mounted in Rhodesia and which saw the then government use sanctions-busting Air Gabon.

"Countries north of SA appear to be only too willing to participate in such a venture."

African leaders call for sanctions

West gets warning



● ARAP MOI

NAIROBI — Leaders of seven East and Central African nations said yesterday Africans would not forgive Western governments which failed to apply mandatory sanctions against SA.

They called for comprehensive sanctions in a joint communique at the close of a two-day summit meeting attended by Sudan's prime minister and the presidents of Kenya, Zaire, Tanzania, Uganda, Rwanda and Burundi.

"The people of Africa will never forget those that deliberately failed to join them at the crucial moment in their fight against... apartheid," the communique said.

It was signed by Daniel Arap

Moi of Kenya, Yoweri Museveni of Uganda, Mobutu Sese Seko of Zaire, Ali Hassan Mwinyi of Tanzania, Juvenal Habyarimana of Rwanda, Jean-Baptiste Bagaza of Burundi and Sadiq el-Mahdi of Sudan.

They agreed to strengthen co-operation on security, crime detection, cultural and social programmes, disease control, trade, transport and communications.

They called for steps to prevent dissidents from conducting subversive activities against their home countries from bases in neighbouring states.

They agreed to meet again in November in Kigali, Rwanda.

Three of the participating nations — Zaire, Uganda and Kenya — border on Sudan, which is

torn by a civil war.

The leaders were briefed on the conflict by El-Mahdi.

El-Mahdi said after the summit that Sudan's recent elections had been conducted democratically and had produced a government committed to human rights and negotiations.

"The people organising the violence have lost all credibility," he said, referring to the rebels fighting in southern Sudan. "There is no reason for anyone to bear arms against the government."

He said the government was willing to talk directly to rebel leader John Garang or to include his Sudan People's Liberation Army in a planned national conference. — Sapa-AP.

Sandton keen to be 'open'

HAMISH McINDOE

SANDTON should be opened to all races and used as the pilot scheme for a zone free of group areas, PFP MP for the area David Dalling said yesterday.

Speaking at a report-back meeting, Dalling called on President P W Botha to give the town council immediate authority to open Sandton to South Africans of all races.

"Sandton is willing to be a forerunner in the abolition of the Group Areas Act. The times are too urgent for government to wait for the report on the Act by the President's Council," he said.

Dalling said the town would be happy to open its doors to all people who wished to live there.

He urged the State President to use his powers to give Sandton immediate authority to open the town to South Africans of all races.

ADDITIONAL MOVEMENTS

n/7/86 00 (280)

SA no jellyfish PW tells world

(280)

JOHANNESBURG — International cooperation was important but South Africa would not allow itself to be humiliated and undermined to escape sanctions, the State President, Mr P. W. Botha, said yesterday.

Mr Botha was unveiling the South African air force's new arms embargo-busting Cheetah jet fighter aircraft at a ceremony in Kempton Park.

He said the Cheetah "demonstrates once again our response to the imposition of sanctions against us."

"We are a strong and proud nation, with the faith and the ability to ensure our future — we are not a nation of jellyfish."

The Cheetah, a rebuilt

Mirage 111, is the culmination of a top-secret Armscor project over the last few years to produce a sophisticated jet fighter comparable to the best in the world and ideally suited to Southern African operational conditions.

The success in developing South Africa's own highly sophisticated arms industry since the start of the international arms boycott was increasingly forcing the world to take cognisance of the unique ability which existed in the country and which was still improving.

"This will always be our response to international boycotts and threats against us in every field of life.

"We will fight back with self-respect and de-

termination," Mr Botha said.

There were three main challenges facing South Africa today.

The first was the protection of its territory and the safety of its citizens and the second was a search for democratic solutions in the constitutional field.

"Let me remind Europe that it took them hundreds of years to reach their present stage of economic and constitutional development. Yet some of them demand immediate final results from us."

It appeared that, with a few exceptions, the world was intent to make the country's third challenge self-sufficiency through the imposition of sanctions.

"If it is expected of us to forego essential manufactured products, let us manufacture it ourselves.

"If it is expected of us to forego essential agricultural products, let us cultivate ourselves enough so that we can also export.

"If it is expected of us to forego other essential goods which we cannot manufacture or build, let us obtain it by exploiting the self-interest of others."

The radical change of warfare since World War 2 and the introduction of nuclear weapons had restricted the likelihood of a world war between the super powers, but had increased the occurrence of limited and revolutionary warfare — Sapa

Fears for queen in crossfire over S

London Bureau

TOP-LEVEL moves were made yesterday to avoid involving the queen in a damaging constitutional crisis over South Africa and the Commonwealth.

The Foreign Office, Buckingham Palace and senior Tory ministers at Westminster are said to be deeply concerned about the prospect.

They are afraid the queen could become a conduit for pressure from Commonwealth leaders urging Mrs Thatcher to soften her opposition to economic sanctions.

The opportunity would arise at a royal dinner to be given for Mrs Thatcher and six Commonwealth heads of government at Buckingham Palace on the night the potentially explosive sum-

mit on sanctions opens in London on August 3.

The other leaders at the table will be Zambia's Kenneth Kaunda, Zimbabwe's Robert Mugabe, India's Rajiv Gandhi, Canada's Brian Mulroney, Australia's Bob Hawke and Sir Lynden Pindling of the Bahamas.

Sapa-Reuter reports that the Archbishop of Canterbury dismissed talk of a constitutional crisis as premature but called on Mrs Thatcher to soften her stand against sanctions yesterday.

Archbishop Robert

Runcie, spiritual leader of the Church of England and head of the world's Anglicans, said he believed Britain must be prepared to adopt tougher measures against Pretoria to force an end to apartheid.

Asked if he agreed with talk of a constitutional crisis, Dr Runcie said he thought it was 'premature' but predicted that there would be some hard talking within the Commonwealth.

Violent

He said he understood Mrs Thatcher's deep desire for a negotiated settlement between South Africa's white rulers and the country's voteless blacks, but he could not ignore the advice of his fellow churchmen.

'Now they're at a stage where they feel that unless some economic measures are taken the moderate element will lose credibility and they will be at the mercy of violent elements who don't believe there is a peaceful resolution.'

There is also a mounting fear among the Prime Minister's closest Cabinet colleagues that unless she moderates her position on South Africa, she herself could be involved in a head-on clash with the queen.

Letters

It has been disclosed that there has been a series of letters between Buckingham Palace and Downing Street against a backdrop of rising tension over the sanctions issue and its potential impact on Commonwealth unity.

Lord Whitelaw, Deputy Prime Minister and Lord President of the Privy Council, has been called in to help ease tension between the Palace and Number 10.

Lord Whitelaw heads the Cabinet lobby urging Mrs Thatcher not to be so dogmatic in her rejection of sanctions and to put more emphasis on the need for further pressure.

April fights sanctions

The Star Bureau

NEW YORK — US sanctions would hurt South Africa's reform process, Labour Party MP Mr Chris April of the SA House of Representatives told a news conference here.

He said half-a-million people would starve if the 375 American companies operating in South Africa were to close. "Seventy percent of the population is against sanctions," he said.

Chf Times 17/7/86

Threat of sanctions worries Zimbabwe

280

From
MIKE WILLIAMS

HARARE. — A public debate has begun over the impact of possible sanctions by South Africa against the region's black-ruled states, whose economies are intertwined with South Africa's.

Industrialists and farmers are warning that Zimbabwe, Botswana, Zambia, Swaziland, Lesotho and Malawi will need massive Western aid if Pretoria orders an economic blockade in reprisal against international sanctions. These states all depend heavily on South Africa for trade and transport links to overseas markets. The amount of Western aid needed and whether it would be forthcoming is not clear. Some bankers and Western diplomats here say losses could run into the equivalent of billions of United States dollars.

South Africa has long warned that sanctions could hurt neighbouring black states, either because of a spillover of economic hardship from South Africa or because it might intentionally limit economic ties with neighbours.

Curtail relations

"Should the senseless sanctions campaign, which is currently enjoying so much attention, jeopardize our economic development, black Southern African states will consequently suffer," the South African Deputy Minister of Information, Mr Louis Nel, said on July 2.

A week earlier, the Foreign Minister, Mr Pik Botha, had warned that if sanctions were imposed against Pretoria, South Africa might curtail economic relations with its neighbours.

Washington and London have said they would not shore up African nations that sought sanctions and then suffered under them themselves.

"If you want to cut your own throat, don't come to me for a bandage," the British Prime Minister, Mrs Margaret Thatcher, said at last October's Commonwealth heads of government meeting when the Prime Minister of Zimbabwe, Mr Robert Mugabe, called for South African sanctions.

Financial coup de grace

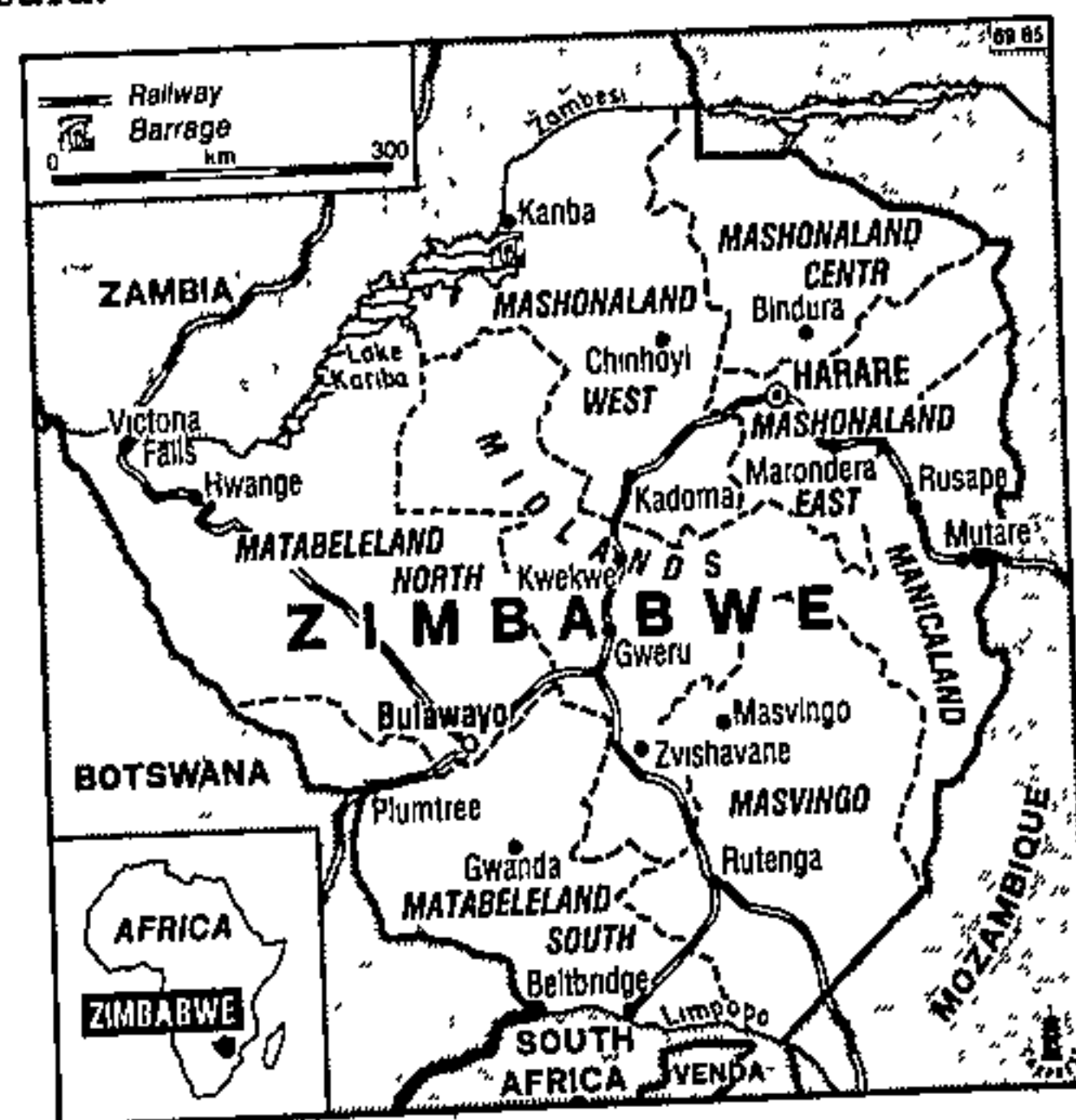
The problem is greater for some countries, like landlocked Botswana, which sends nearly all of its foreign trade through South Africa. But there is a general agreement that without some kind of aid, most of Southern Africa's black states would face disaster if South Africa imposed sanctions.

Businessman Mr Bud Whittaker told several hundred mostly white commercial farmers at a recent meeting that Pretoria could deliver a financial coup de grace to the entire region if the international community did not "get its act together" in helping make non-South African trade routes viable.

"It's no good telling us they are willing to apply

pressure to change the direction of South African politics if we can perceive they don't really mean it," said Mr Whittaker, a former chairman of Zimbabwe's Commercial Grain Producers' Association.

"We can only believe it when we see positive support for actively constructing and co-operating on an alternative outlet to the sea," he said.



The outlet Mr Whittaker referred to was the 300-km road, rail and oil pipeline corridor running from the eastern Zimbabwean town of Mutema to Mozambique's Indian Ocean port of Beira.

The Beira corridor is the only Mozambican trade route that has been closed by attacks by guerillas of the South African-backed Mozambique National Resistance. With Zimbabwean troops providing security, it handles the 10 percent of Zimbabwe's trade that does not go to or through South Africa.

International aid is helping improve the rail line and the port itself but sources familiar with the effort say the total handling capacity will at most be tripled during the next few years.

Mr Mugabe told an annual congress of industrialists meeting July 2 at Victoria Falls to begin using the Beira corridor in anticipation of "destabilization" by Pretoria.

Longer, but cheaper

"Surely it is wiser, too, for you the businessmen, to change your transport routes voluntarily rather than wait for the day when you will do so because you have no alternative," he said. But the much longer South African import-export routes are not only more dependable, they are cheaper, Harare bankers say. Others, including Mr Bill Irvine, leader of a group of pro-government white moderate legislators, say they oppose sanctions because Zimbabwe would need more than the Beira outlet to remain economically healthy. Mr Irvine said more trade routes were needed, among them the war-damaged Chicualacuala rail link to Mozambique's Maputo port. That railway has been out of service for more than a year because of rebel attacks, and Mr Irvine said rebuilding it would require a tremendous effort.

Knockout effect

Speaking at the same meeting as Mr Whittaker, the British High Commissioner, Mr Ramsay Melhuish, said Britain was committed to improving Mozambique's trade and communications routes to Zimbabwe and Malawi, but those routes would still not be an adequate alternative.

"If sanctions led to a closure of South African borders, the knockout effect on South Africa's landlocked neighbours would be extremely damaging," Mr Melhuish said.

"In practice, sanctions are more easily evaded than enforced. The reason being that businessmen who make money from sanctions-busting are better at doing so than civil servants are at stopping them." — Sapa-AP

JOHN BATTERSBY

LONDON — Top-level moves were made yesterday to avoid involving Queen Elizabeth in a damaging constitutional crisis over SA and the Commonwealth.



● THE QUEEN

The Foreign Office, Buckingham Palace and senior Tory ministers at Westminster are said to be deeply concerned at the prospect.

They are afraid that the Queen could become a conduit for pressure from Commonwealth leaders urging Prime Minister Margaret Thatcher to soften her opposition to economic sanctions.

The opportunity would arise at a Royal dinner to be given for Thatcher and six Commonwealth heads of government at Buckingham Palace on the night the summit on sanctions opens in London on August 3.

The other leaders at the table will be Zambia's President Kenneth Kaunda, Zimbabwe's Robert Mugabe, India's Rajiv Gandhi, Canada's Brian Mulroney, Australia's Bob Hawke and Sir Lynden Pindling of the Bahamas.

There is also a mounting fear among Thatcher's closest cabinet colleagues that, unless she moderates her position

Royal rumpus: Govt acts

on SA, she could herself be involved in a head-on clash with the Queen.

It has been disclosed that there had already been a series of letters between the Palace and Downing Street against a backdrop of rising tension over the sanctions issue and its potential impact on Commonwealth unity.

Lord Whitelaw, deputy Prime Minister and Lord President of the Privy Council, has been called in to help calm tensions between the Palace and Number 10. He heads the cabinet lobby urging Thatcher not to be so dogmatic in her rejection of sanctions.

The Queen's personal involvement in

● To Page 2



Drive to save Queen from row

the Commonwealth and her commitment to its welfare and unity has raised the possibility of a public clash with Thatcher if the Commonwealth began breaking up over SA.

Kaunda has threatened to pull Zambia out of the Commonwealth if Thatcher refused to change her anti-sanctions stance by the August mini-summit. There is growing speculation that he

might make a personal appeal to the Queen in London next month.

The Queen takes advice only from Thatcher on matters affecting UK policy and from 17 other Commonwealth heads of government on matters affecting their countries.

● From Page 1

Bahamas, ³⁰⁰ Papua New ²⁸⁰ Guinea quit games

LONDON — The Bahamas and Papua New Guinea have decided to boycott the Commonwealth Games.

Now eight countries have withdrawn, the Bahamas being the first from the Caribbean, the British Broadcasting Corporation said today.

The BBC, which monitors world radio broadcasts, said the Bahamas Sports Minister, Mr Livingstone Coakley, told Nassau Radio the Government had withdrawn because of Britain's refusal to impose economic sanctions against South Africa.

"In view of the adamant position taken by the British Government to date, we find ourselves unable to give any support, assistance, encouragement or recognition to the coming Commonwealth Games," he said.

WITHDRAWN

Malaysia yesterday became the first Asian country to boycott the games, which start in Scotland on July 24.

Five African states had already withdrawn.

A BBC reporter who spoke to Bahamas officials said Jamaica, Trinidad and other Caribbean states were likely to decide in the next 24 hours whether to go.

Mr Coakley said the British Prime Minister, Mrs Margaret Thatcher, had made public declarations of her "unwillingness to walk in step" when it came to discussing South Africa's policies of racial segregation at last year's Commonwealth summit.

Some Caribbean countries in the Commonwealth said last week they were awaiting the outcome of a meeting tomorrow of six Southern African states before they decided whether to attend the games.

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New threat
to Zola's career

London Bureau

ZOLA Budd's career came under a serious new threat yesterday when Zimbabwean athletes were ordered to boycott any meeting where she participated.

The order from Harare has immediate effect and four Zimbabwean runners have withdrawn from the Pearl Assurance Invitation meeting in Birmingham at the weekend.

The new controversy has alarmed and angered Birmingham athletics and city officials who fear the anti-Budd boycott will snowball

The weekend meeting was being used to promote Birmingham's application to stage the 1992 Olympic Games.

Birmingham has made a major effort to win African support for its Olympic bid and has even been housing and training the Zimbabwean team for the crisis-ridden Commonwealth Games.

Now the order to the Zimbabwean athletes to boycott the city event is seen as a serious warning that Miss Budd's presence could cost Birmingham the African support it has so expensively nurtured.

Birmingham City officials and the local MP, former Labour government Sports Minister Dennis Howell, are expected to urge Zola to withdraw.

Zola, who stands to receive at least R19 500 for

participating, is highly unlikely to withdraw and will be strongly supported by the English Women's Amateur Athletics Association

A spokeswoman for the WAAA said yesterday. 'We cannot understand this Zimbabwean decision. It is disgraceful. They only asked us if they could compete a few days ago and they are now really abusing the situation

'Zimbabwe competed in the last Olympic Games when Zola was running and it seems ludicrous and nothing at all to do with sport that they should pull out of this meeting now.

'It is incredibly unfair on Zola and will add to the stress on her, but she will certainly be running on Saturday afternoon. There is no question of us pulling her out'

Fears

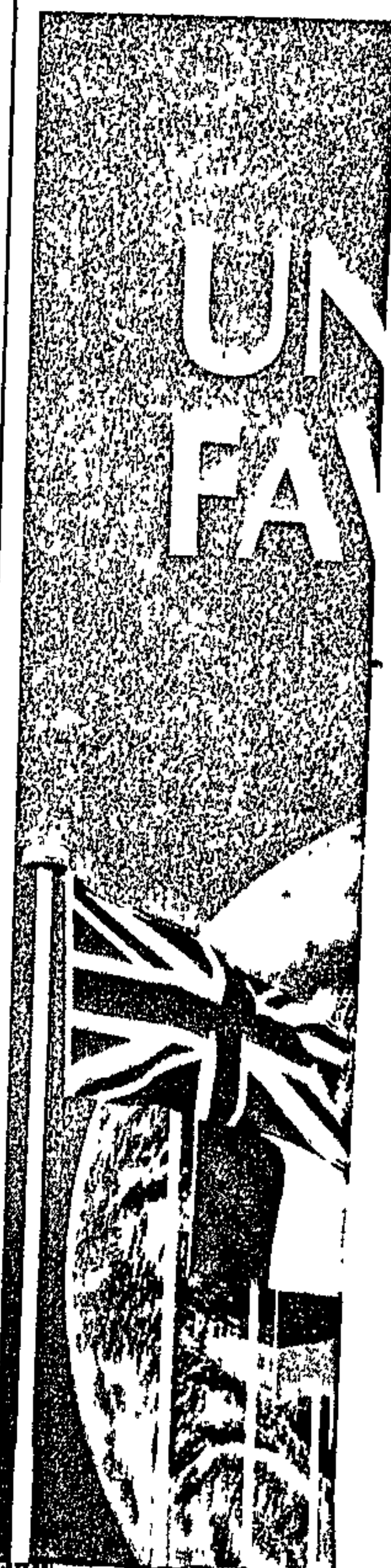
The shock Zimbabwean action has also increased fears that Prime Minister Mugabe will order his national team to join the boycott of the Commonwealth Games, which are due to open in Edinburgh on July 24

The Zimbabwean decision will be announced after a meeting of frontline state representatives in Harare tomorrow.

In Edinburgh, officials of the Commonwealth Games Federation, the controlling body, say they have been warned that Zimbabwe is being urged by African

countries to the north to boycott the games.

● Zola 4th. See Page 21



Sanctions yes, games boycott no — Kinnock

The Star Bureau

LONDON — Labour Party leader Mr Neil Kinnock has tried to persuade Commonwealth nations considering withdrawing from the Edinburgh Games not to do so.

But he said yesterday that he understood the reasons for the boycott.

He told the Royal Commonwealth Society: "I regret that a policy of withdrawal has been adopted, but I completely understand it because it is one of the ways people from the Commonwealth have of manifesting the resentment they feel at the attitudes of the British Prime Minister."

He said he was sure that if Mrs Thatcher signalled her willingness to accommodate Commonwealth demands on sanctions, the boycott could end.

Mr Kinnock said he approached Commonwealth leaders to persuade them not to withdraw from the games.

THE LEVER

"The lever I used in my approach to those considering withdrawing was that it is better for the purposes of the worldwide campaign against apartheid and for the education of people against apartheid for every opportunity to be taken to secure a platform against the system."

"And I think the Edinburgh Games provide an opportunity for doing that."

However, Mr Kinnock says sanctions offer the world the only plausible way of ensuring the end of apartheid without warfare.

He joined Commonwealth secretary general Sir Shridath Ramphal in urging Mrs Thatcher to agree to new, tougher measures.

He feared the absence of sanctions could leave South Africa embroiled in a war very similar to Rhodesia's 15-year conflict that cost 30 000 lives.

In an address titled "South Africa: Measures that Matter", the Labour leader set out his stand on sanctions, reiterating this party's commitment to imposing comprehensive sanctions if it was voted to power.

But, with the crucial Commonwealth summit due in a fortnight, Mr Kinnock turned his attention on Mrs Thatcher, urging her to end her "obstruction and evasion" and embrace "the strategy of effective sanctions".

He suggested the minimum action required was the adoption of the measures agreed at Nassau last year — which includes a ban on air links — as well as a ban on imports of coal, iron, steel and uranium.

Further measures should include terminating all collaboration with apartheid — a ban on financial flows, transfer of technology and capital equipment exports.

Mr Kinnock has been told by five major companies with extensive South African interests that sanctions will have little impact on jobs in Britain.

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NWC 17/07/86

Neil Kinnock commits Labour to sanctions

London Bureau

MR NEIL Kinnock yesterday committed the next Labour government to leading the world by example towards imposing comprehensive economic sanctions on South Africa.

The Labour Party leader, now clearly using South Africa as a key platform in his general election challenge, said that as a minimum 'first step' his government would enforce a total ban on imports of coal, iron, steel and uranium.

These immediate bans would be introduced, he said, together with the already drastic sanctions proposed at the Commonwealth summit in Nassau last year.

The Nassau proposals were a ban on air links with South Africa, a ban on new investment or re-investment of profits earned in South Africa, a ban on the import of agricultural products from South Africa, the termination of double taxation agreements and an end to all government assistance to, investment in and

trade with South Africa.

'That should be a starting point for the European Economic Community (EEC) and, through a mandatory decision at the United Nations, all other countries,' Mr Kinnock said in his fiery speech to the Royal Commonwealth Society here.

He added: 'It is still only a minimum. More is needed and needed urgently to match the requirements of the situation in South Africa.'

'Action is required to terminate all collaboration with apartheid by banning all financial flows, transfer of technology, capital equipment exports and the other main categories of exports to South Africa.'

'That is why the speedy imposition of comprehensive economic sanctions has to be made universal and binding on all countries through a mandatory decision of the United Nations Security Council.'

Most forecasts are that Mr Kinnock would win a general election now with a clear majority.

New threat to Zola's career

London Bureau

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countries to the north to boycott the games.

● Zola 4th. See Page 21

1986

July 4/17/86 Mercury

Threats 'won't free Mandela'

Mercury Correspondent

ULUNDI — Chief Mangosuthu Buthelezi warned the West in London yesterday that the threat of escalating economic sanctions would not blackmail the South African Government into releasing Nelson Mandela.

In written evidence to the British House of Commons Select Committee on Foreign Affairs, he also called for the issue of the release to be separated from that of the unbanning of the ANC.

Dr Oscar Dhlomo, secretary-general of Inkatha, delivered the message to the committee.

It was essential for Mandela to be released first and without any condi-

tions being attached to his behaviour, the KwaZulu Chief Minister and Inkatha president said.

There were at least some prospects of Mandela's being freed, but a point had been reached where the unbanning of the ANC together with the release of Mandela and other political prisoners could not be hoped for.

If the West really wanted to help bring about a multiparty democratic future for South Africa, it should direct the full weight of international diplomacy at the former ANC leader's release.

He believed that Mandela would be responsible for relating the ANC mission-in-exile to the poli-

tics of negotiation, as opposed to its present violent tactics designed to produce a one-party socialist or even marxist state.

Chief Buthelezi said escalating sanctions, inevitably accompanied by more suffering and increased black violence, would create circumstances in which the South African Government would become ever more impervious to pressures to release Mandela.

The West had to be warned that ill-conceived action on its part could well escalate violence to the point where his release became irrelevant.

This was because such relevance surely lay in his ability to bring about attitudes on the part of the ANC mission-in-exile compatible with a negotiated settlement.

Chief Buthelezi said he called for separation of the release-Mandela and unban-the-ANC issues in spite of the danger of his being wrongly accused of supporting the continued ban of black political organisations.

Gains

'I want Dr Mandela released, I also want the ANC and the PAC unbanned.

'I am saying simply that the first and necessary step which international diplomacy should take is to gain the release of Dr Mandela.

This would derestrict black democracy and, even if Mandela decided finally to go into exile to join the armed struggle, negotiating gains would have been made.

Chief Buthelezi said the successful imposition of comprehensive mandatory sanctions would drive white South Africa into a laager from which it would conduct the kind of scorched-earth policies which would make negotiation impossible.

The Government must not be driven into such insanity, he said.

Mangope understands violence

'SA govt is to blame'



● MANGOPE

BOPUTHATSWANA may disagree about the tactics involved in freeing SA, including sanctions, but dared not condemn those who believed in extremes to achieve that goal, President Lucas Mangope said in Mma-batho yesterday.

And he said those who favoured extreme means had been forced into that position by the SA government's intransigence.

Mangope said: "They have been forced by those who, even now, want to continue to enslave their own people just because the enslaved have a black skin."

"Though we were fortunate to find a way to be free without sanctions and without violence, we know there are those who don't feel their freedom will come without resorting to such methods."

"It is time for us to do whatever it takes to end apartheid."

But the Boputhatswana people wanted to be certain that

sanctions would not cause further suffering "to the millions who have suffered under human repression for so long".

Mangope said there were many in SA who believed that full sanctions were absolutely necessary to avoid violence and there were others who were convinced that violence was better than continued enslavement.

He said: "Those of us who live under other laws than those which are so cruelly applied in SA find it easy to condemn those whose ideas seem extreme."

At the time of Boputhatswana's independence, no infrastructure had been left by former rulers and, even now, the SA government was using electronic devices to stop its citizens from receiving the racially integrated and uncensored programmes of the local TV station.

DIANNA GAMES

Warning to blacks of ID tricksters

NO private person or organisation had been appointed to take photographs, fingerprints or to complete identity document application forms for blacks, Home Affairs director-general Gerrie van Zyl said yesterday.

In a statement issued in Pretoria, he said complaints had been received that black members of the public who applied for the documents were being exploited by people who professed to have been appointed by the department to receive payment for their services.

"The department wishes to state unequivocally that no private person or organisation has been appointed to render any such services to the public."

Applicants for the new identity documents who required assistance in completing the forms could approach any regional or district office of the department, or any magistrate's or development board office, where their fingerprints would be taken.

Van Zyl appealed to whites, coloureds and Indians who already had ID documents not to apply for new books. The documents they had remained valid.

— Sapa.

AIRLINE MOVEMENTS

29
Dispatch Bureau
LONDON — Mr Neil Kinnock yesterday committed the next Labour government to set a world example by imposing comprehensive economic sanctions against South Africa.

The Labour Party leader, now clearly using South Africa as a key platform for his general election challenge, said that as a minimum "first step" his government would enforce a total ban on imports of coal, iron, steel and uranium.

These immediate bans would be introduced, he said, together with the already drastic sanctions proposed at the Commonwealth summit

DD 17/7/86
**Kinnock
promises
drastic
sanctions**

in Nassau last year. The Nassau proposals on South Africa include:

- A ban on air links.
- A ban on new investment or re-investment of profits earned in South Africa.
- A ban on the import of agricultural products.
- The termination of double taxation agreements with South Africa.

● A ban on the promotion of tourism to South Africa.

"That should be a starting point for the European Economic Community (EEC) and, through a mandatory decision at the United Nations, all other countries," Mr Kinnock told the Royal Commonwealth Society here.

Scorning Prime Minister Margaret Thatcher's insistence on negotiation with Pretoria rather than sanctions, he said the only "plausible" and peaceful way to bring the "apartheid state to serious negotiations" was to impose strict sanctions.

See page 9

280 187/86 DD

T'kei to probe sanctions issue

Dispatch Correspondent

UMTATA — Transkei's Prime Minister, Chief George Matanzima, said he would investigate the opinions of Anglican Church leaders in the country on sanctions against South Africa.

He said the investigation was because the Archbishop-elect of Cape Town, Bishop Desmond Tutu, had advocated sanctions.

During a presentation of drums to school majorettes at Mount Fletcher, Chief Matanzima said he wanted to find out if Transkei's Anglican leaders agreed with Bishop Tutu.

"The prophets of doom firmly believe that South Africa will be brought down through sanctions, but my question is, who is really going to suffer? Is it not the blacks?", Chief Matanzima said.

"We have even ministers of religion trying to preach wayward things. Desmond Tutu, head of the Anglican Church, is preaching disinvestment, although he knows

only blacks will suffer."

Chief Matanzima said Bishop Tutu should first refuse money "he receives from overseas" before preaching disinvestment, which would not change his lifestyle.

The African National Congress (ANC) had used the most extreme methods of violence, claiming it was fighting for liberation. Transkeians had never delegated "this terrorist" organisation to place bombs in Johannesburg or anywhere else to "kill all and sundry", he said.

Corporal punishment would be made law in Transkei and education was now compulsory under Transkei emergency regulations.

"Emergency regulations in Transkei require that no student be outside school premises during school hours," Chief Matanzima said.

He praised the white community for showing interest in Transkei education and giving assistance to his campaign for all Transkei

schools to have drum majorettes and guides.

He said Transkei students would learn from white students that class boycotts, the burning of schools, and the harassment of teachers was not a solution towards settling differences.

Referring to conditions at the University of Transkei (Unitra), he said he "smelt" that parents of students at the university supported the behaviour of their children.

If they did not, he asked why they were quiet and accepted the students back home after disrupting classes at the university.

Chief Matanzima said that as long as he was Prime Minister of Transkei, all uprisings would be quelled.

The language best understood by black children was that of a sjambok or cane.

He said police had been sent to the Unitra campus to drive students to the lecture halls, and they did this with sjamboks.

Britain considers range of sanctions

From JOHN BATTERSEY

LONDON. — The British Government is considering a wide range of selective sanctions against South Africa.

But government sources yesterday downplayed reports that this amounted to a policy switch, pointing out that Britain was committed to considering further measures both within the Common Market and the Commonwealth.

The British Prime Minister, Mrs Margaret Thatcher, stressed in the Commons yesterday that creating the conditions for black-white dialogue in South Africa was still her government's priority.

She said no further measures would be imposed automatically if the peace mission by the Foreign Secretary, Sir Geoffrey Howe, failed.

A Downing Street spokesman conceded however that a wide range of measures was under consideration.

The problem was deciding where to draw the dividing line between gestures and punitive economic sanctions, he said.

"We are looking for ways of sending messages which will have the maximum impact — but this also means looking at possible reprisals by South Africa."

Sir Geoffrey left for Washington last night for talks with his United States counterpart, Mr George Shultz, on co-ordinating Anglo-US action on South Africa.

It is understood that the question of imposing further financial and economic sanctions — including a ban on new investment and new bank loans, and a ban on the import of steel, iron and coal — will be high on the agenda at the Washington talks.

Heading the list of measures under consideration by the British Government are those listed in a declaration at the Common Market Summit in The Hague last month.

These include a ban on new investment and a ban on the import of

steel, iron, coal and gold coins.

These measures coincide with three Bills being considered by the US Senate which add a ban on bank loans to the list. One Bill calls for a ban on existing bank loans while a more moderate measure seeks a ban on new bank loans.

Further measures under consideration include a list of contingency measures included in the Nassau declaration at the Commonwealth summit last October.

Visas

These include a ban on air links, the termination of the double taxation agreement, a ban on the import of agricultural products, a ban on the promotion of tourism, a ban on government procurement in, assistance to, investment in, and trade with South Africa and a ban on government contracts with majority-owned South African companies.

Measures also believed to be under consideration are a ban on new bank loans — possibly subject to specific concessions being made within a limited period — the reduction of diplomatic and consular staff in South Africa and the introduction of a visa regime for South African passport holders.

Speaking during Prime Minister's question time in the House of Commons yesterday, Mrs Thatcher said "further contingency measures" listed in the EEC communiqué were under consideration, but she stressed that their imposition was not automatic. "They are there to be considered," Mrs Thatcher said.

She has rejected "general and punitive economic sanctions" as an option but has conceded a role for "signals and gestures".

She has also rejected a ban on air links on the grounds that it would undermine existing legal contracts and she has also argued strongly against a ban on the import of South African fruit and wine.

● Cowley wins first round of legal battle, page 2

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INSIDE

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FIN MAIL 18/7/86

SIMON JENKINS

BALANCING THE SANCTIONS DEBATE

Total sanctions against SA might conceivably be effective but are unimplementable; partial sanctions are implementable but will be ineffective. This is the view of *The Economist's* political editor, Simon Jenkins, who was in SA last week to address a business economics conference at Wits.

Nonetheless, acceding to pressures to put together a sanctions package as a symbolic action could be useful to Britain, Jenkins concedes. "Indeed, it's almost necessary. We are still members of an international community, the majority of which won't believe we oppose apartheid if we won't agree to sanctions."

He agrees with Thatcher's arguments, but deplores her intellectual dogmatism: "Geoffrey Howe, with a temperament antipathetic to Thatcher's, favours putting together a package to prevent us being ostracised. I imagine he's willing to say that we still believe sanctions are counterproductive, but on a majority vote we'll go along with the Commonwealth."

The consequences are difficult to analyse. The concept of a siege economy is anyway very relative, he points out: "All countries impose various states of siege on themselves, what with buy-British campaigns, agricultural subsidies, import quotas and so on. Or, like African states, they may be besieged by debt, by socialist planning and inappropriate agricultural policies. The difference in the case of sanctions against SA is that they would not be self-imposed."

The big danger is government panic, ending both economic and political flexibility to adjust constructively to changing circumstances. The key to white supremacy in SA, Jenkins believes, is the "very rudimentary oligarchic democracy" among whites, which in the past enabled the power group to provide some internal flexibility: "partly free speech, partly free markets, something of a parliamentary tradition, and elites independent of government and army in business, the media and academic life. Siege economies threaten these."

If sanctions do have an impoverishing effect on SA, the frontline states will suffer still more, and willy nilly be driven closer to SA, "cementing the subconti-

nent together in poverty."

The second-order effects would probably be more complex. Jenkins believes the abolition of influx control will in a year or so result in a wave of urbanisation, a major demographic shift, with all that means for the growth of an informal sector. "The whole of SA is the hinterland of Johannesburg, and instances like Sao Paulo, Buenos Aires and Mexico City probably indicate the shape of things to come," he says.

While the pro-sanctions lobby sees this, combined with soaring unemployment, as a recipe for revolution, Jenkins is not convinced. He points out that major urbanisation can in fact give impetus to economic growth, and particularly to the informal sector. A good thing too: "In a Third World or siege economy the relation between the formal sector and reality is ever more distant."

But in a system as dedicated to red tape as SA's, can the informal sector absorb that much enterprise and unemployment? "That is why governments in this situation need to react appropriately to sanctions and to deregulate employment provisions generally. Pretoria should be ready to help as SA moves towards import substitution and keep out of the way of the local market. It needs, overall, to be highly sophisticated."

Unfortunately, he agrees, politicians act in the short term, and will probably react as ever by hurling a bureaucrat at any problem.

Jenkins has made a study of world troublespots. "I've been fascinated with these sorts of problems — with countries like Vietnam, Lebanon and Northern Ireland."

And SA. He first visited SA 10 years ago while pursuing actress Gayle Hunnicutt, now his wife, who was on a film assignment here. "It was just after Soweto I found the South African question fascinating, though that's easy if you're not living here." (To avoid the Lebanese option — "the only place that's worse than reports would lead you to believe" — the key is not to have too many weapons in circulation.)

When he started at *The Economist* seven years ago he wrote the first of a series of essays on apartheid, then came back annually to write surveys, retaining his interest in the subject.

Jenkins started as an academic, a researcher in political science at London University.

"Then I decided I wanted to be a journalist, and started on the *Times Educational Supplement*, went on to the *Evening Standard*, then the *Sunday Times* before I started at *The Economist*." He'll be leaving *The Economist* soon to write for the *Sunday Times*.

He's written a number of books including a *History of the Falklands War*, but *Landlords to London*, is the book of which he says he's most proud.

"It always seemed to me that the South African situation would evolve. When I first visited SA it seemed to me unlikely there'd be a successful black uprising and bloody revolution."

"But I believed the economy would become more besieged, that blacks would impose their costs, and that government would react with ever greater embattlement as life becomes increasingly less pleasant for whites as well as blacks," Jenkins says. He sees no reason to change this prediction.



Arnold Brown

and business of the London internship programme, run by Boston University, and lectures at the University of Buckingham — "the only private sector university in the UK."

His view of Thatcherite economic policy is uncompromising: "I don't feel we've managed to turn around the situation — or exploited our potential as fully as we could."

He fears a reversion to the "British disease" and foresees danger in the general misunderstandings about public spending. "People believe we have made enormous cuts in expenditure. All we have had is cuts in the increase in expenditure. In fact, there has been growth in expenditure, in real terms, under Mrs Thatcher and this has caused the largest peacetime tax rise in British history."

As for sanctions, he believes Britain could only go through the motions of applying them. "We have a high ratio of exports to national income and key marginal constituencies in the midlands are very dependent on exports." He believes that, though the size of the consequent cutback is a matter of dispute, even a Labour government would hesitate, as in the past, to impose full sanctions. ■

18/7/86 BUS DAY - (280) (B)

GfSA target of campaign

LONDON — The Anti-Apartheid-Movement yesterday launched a major campaign to try to force the giant British mining finance house, Consolidated Gold Fields, to "get out of SA".

The CGF group is to become the non-stop target of demonstrations and "exposures" of its role in SA in a bid to cause maximum embarrassment to the group and the British government.

A wing of the Anti-Apartheid Movement, the Counter Information Services

IAN HOBBS

(CIS), has started the process by publishing a booklet titled *Consolidated Gold Fields — Partner In Apartheid*. The CIS accuses the CGF of making "massive profits" through Gold Fields of SA while absolving itself of "responsibility for GfSA's employment practices".

The CIS publication claims GfSA employs 72 000 black mineworkers, making it the largest foreign employer of black labour in SA.

US history an 'ill guide to SA'

18/7/86
280

NEW YORK — The Wall Street Journal yesterday cautioned against the use of sanctions against South Africa.

The influential publication said: "... in deciding on the sanctions passed by the House and coming before the Senate ... it will pay to remember that South Africa is not the US. Our historical experience may serve ill as a guide to the future of Soweto.

"Like Lebanon before its collapse into anarchy, South Africa is less a cohesive nation than a landscape of many rival factions living under an uneasy truce ... Shake up a country like this enough

and it will fragment into bloody chaos of warring factions, far poorer and more wretched than anything we have seen there so far ...

"The one hope for throwing out apartheid without promoting a bloody anarchy lies in economic development, which lifts wages and ultimately makes it too costly to distinguish among people on the basis of race. But the South African economy is increasingly under siege by foreigners of good will, who favour the strange idea that economic collapse will somehow confer unity and true democracy

END

POST

cap Times 8/7/86 280

Sanctions: 'Tidal wave' building up

Political Correspondent

EUROPEAN leaders are no longer prepared to stand by idly while the South African Government steps up repression and refuses to abandon apartheid, according to PFP leader Mr Colin Eglin.

"The result is that a tidal wave of sanctions is building up that will be hitting South Africa soon," he said yesterday after returning from a two-week tour of three European countries.

During his visit to West Germany, Sweden and Finland he held discussions with foreign ministers, MPs, senior government officials, academics and journalists.

Mr Eglin said even those European leaders who were sympathetic to the complex problems facing South Africa were no longer impressed with the argument that the government needed more time to introduce meaningful reforms.

"Time and again I was confronted with the argument that after 38 years of National Party

rule not a single black person had been granted the vote and people in South Africa still lived under apartheid.

Pressure to "do something" about South Africa — particularly the need to impose sanctions — was rapidly building up.

"Given their own history, Europeans feel more strongly than ever that they can no longer remain silent or neutral about issues like racial discrimination," he said.

The advocates of sanctions had gained the "high moral ground" throughout the continent and the argument that "unless you are tough on sanctions you are soft on apartheid" was rapidly gaining momentum.

Despite censorship by the Bureau for Information under the state of emergency, South Africa remained a topical issue with all major media and was rapidly turning into an important domestic political issue.

Recent issues that had placed South Africa in a

negative light and increased the momentum for sanctions included:

- The "cynical" way in which President P W Botha used the President's Council to force security legislation into law after the measure were rejected by two of the three Houses of Parliament.

EPG

- The collapse of the EPG mission which signalled that the South African Government was not amenable to dialogue and that other methods had to be found to bring about change.

- The imposition of the state of emergency, press censorship and the clampdown on the government's opponents had "reinforced the worst perceptions Europe had held about South Africa".

- The recent call by the Minister of Foreign Affairs, Mr Pik Botha, for the world to impose sanctions sooner rather than later had "pulled the rug out from under those fighting against sanctions overseas".

OVERPOST
18/7/86

Sanctions policy (280) may help Marxism

LONDON — The former Australian Prime Minister, Mr Malcolm Fraser, said today that US and British policies on sanctions against Pretoria could encourage South African blacks to set up a Marxist government with the help of the Soviet Union.

He said if London and Washington failed to take punitive measures against South Africa, the country's black majority was likely to turn to the Soviet Union for help.

The result could be a bloody revolution and the creation of a pro-Soviet or Marxist state," Mr Fraser said in a radio interview.

"I don't believe Mrs Thatcher wants to give that kind of present to Mr Gorbachev (the Soviet leader)," he said.

Mr Fraser was co-chairman of the Eminent Persons Group set up by the Commonwealth to seek dialogue between blacks and whites in South Africa. The group's mission failed earlier this year.

British Prime Minister Mrs Margaret Thatcher has consistently refused pressure from home and abroad to impose economic sanctions against South Africa, saying they would hit the black majority and hinder reforms. — Sapa-Reuter

Mercury: 18/07/86 x

AAM bid to pressure giant mining group (28c)

London Bureau

THE Anti-Apartheid Movement yesterday launched a major campaign to try to force the giant British mining finance house, Consolidated Gold Fields, to 'get out of South Africa'

The CGF group is to become the non-stop target of demonstrations and 'exposures' of its role in South Africa in a bid to cause maximum embarrassment to the group and the British Government.

A sophisticated wing of the Anti-Apartheid Movement, the Counter Information Services (CIS), has started the process by publishing a booklet titled *Consolidated Gold Fields - Partner in Apartheid*.

The CIS is staffed by business and finance experts who accuse the group of making 'massive profits' through Gold Fields of South Africa while absolving itself of 'responsibility for GFSA's employment practices'.

The CIS booklet claims GFSA employs 72 000 black mineworkers on its group-administered gold mines,

making it the largest foreign employer of black labour in South Africa.

The CIS said yesterday. 'In a century of operation the company has won a reputation as one of the worst employers in the South African mining industry.'

'With mounting pressure on Britain to impose sanctions against South Africa, such a tie is not only an embarrassment to the Government, but could become a political liability.'

Calling for massive pressure to be placed on CosGold, the CIS and Anti-Apartheid Movement said the group's large interests in Britain, Ireland and the United States left it 'extremely vulnerable to public pressure'.

In spite of this, said the CIS, 'CosGold continues to support the tough negotiating stance of its South African management in the current round of mine wage negotiations there'.

Merc. 18/07/86 (240)

Games rocked by legal move

London Bureau

HOPES for a deal to save the Commonwealth Games have been rocked by the South African-born swimmer Annette Cowley, who yesterday began a totally unexpected legal challenge to the Commonwealth Games Federation (CGF).

In the High Court in London, Mr Justice Peter Gibson gave the 19-year-old student permission to seek to overturn the decision of the CGF to disqualify her from the Games.

The hearing will be on Monday and Miss Cowley will be backed by the English Amateur Swimming Association.

With only six days to the opening ceremony in Edinburgh next Thursday, the 'friendly' Games are now in the deepest crisis since their inception in 1930, with their entire future in doubt.

Nine countries represented by some 40 athletes have already withdrawn from the Games, with more than 20 countries and 1300 participants threatening to join the boycott, out of a grand total of 3240.

Sapa-Reuter reports that the CGF will hear an appeal on Sunday against the banning of Zola Budd and Annette Cowley.

The appeal is being brought by the CGF for England, a member of the governing federation which represents the English national team at the games.

The council's chairman, Sir Arthur Gold, said it was not satisfied that the federation had properly interpreted the legal position and believed it had reached the wrong decisions.

'The federation has confirmed that this appeal will constitute a full fresh hearing of the cases and that accordingly the members of the Appeal Panel would ap-

proach the hearing entirely with open minds,' said Sir Arthur.

Miss Cowley and the ASA said that she and Miss Budd had been sacrificed on the altar of African brinkmanship and black mail.

Miss Cowley, who has a British passport through her English mother, claims a right to compete on the grounds that she intends making England her permanent home.

There was no indication yesterday that Zola Budd would add to the crisis by also making a High Court challenge.

Mr Peter Heatley, the CGF chairman, insists that the decision to disqualify Cowley, who has never lived in England, was a correct interpretation of the eligibility rule.

Loopholes

But officials admit privately that the rule was never designed to stand the test of the High Court and was full of loopholes.

Cowley wins and insists on competing, Zimbabwe Prime Minister Robert Mugabe will have no choice but to trigger a full Third World boycott of the Games.

Fears were so great yesterday that Games organiser Mr Ken Borthwick asked New Zealand, who are to host the 1990 Games in Auckland, to postpone arrangements as a warning that a mass boycott now would destroy the Games forever.

The New Zealand offi-

cials rejected Borthwick's request as 'naive' and 'provocative'.

The dismayed Games officials now fear they will start next Thursday with just the white Commonwealth attending.

Mr Borthwick admitted that the disruptions created by the nine countries had already taken the heart out of the occasion and would cause massive re-programming.

Final nail

But he said that even if the Games were reduced to the 'old' or white Commonwealth alone there would be close to 2000 competitors — mostly from England, Wales, Scotland, Northern Ireland, Canada, Australia and New Zealand.

The countries which have boycotted so far are Nigeria, Ghana, Kenya, Uganda, Tanzania, Sierra Leone, Malaysia, Bahamas and Papua New Guinea.

The rest of the African Commonwealth members, including Botswana and Swaziland who had agreed to compete, are now said to be prepared to join a mass boycott.

India, Singapore and all Pacific Commonwealth countries and the entire Caribbean group with the exception of tiny Dominica could boycott.

The Mercury's Harare Correspondent reports that Zambia's President Kenneth Kaunda and Mr Mugabe yesterday held talks in preparation for the meeting there today of the six frontline state leaders, which is expected to drive the final nail into the coffin of the Commonwealth Games.

Own move

The verdict of the six is certain to sway countries such as India, the Pacific and Caribbean States now wavering about allowing their athletes to compete.

Officials arriving in Edinburgh for the 10-day sports festival have made their own move to try to stop the boycott, reports Sapa-AP.

Team managers from 12 countries unanimously passed a resolution urging all Commonwealth members 'to support and participate in' the Games 'in the interest of the youth of the Commonwealth'.

Bruce Ullrich, team manager of the New Zealand squad and one of the instigators of the resolution, commented, 'If those countries who have said they are boycotting Edinburgh will come after all, then perhaps these Games can be called the "athletes against apartheid games"'. There is still time for reconsideration.

Filed under

Mercury: 18/07/86

Sanctions could cost a million jobs

Labour Reporter

ONE million people in South Africa — 83,6% of whom are non-whites — stand to lose their jobs if total trade sanctions are imposed, according to the Bureau of Market Research of the University of South Africa.

The bureau recently completed a study of the development and economic welfare of employees on behalf of the South Africa Foundation. A summary of its findings has just been released by Prof P A Nel, director of the bureau.

Prof Nel said the study

focused on the public and private sector's role in the development and economic welfare of employees and the private sector's contribution to community development.

It also found that if the expected fall of 644 000 in black employment was added to the estimated 1 700 000 blacks who were unemployed and underemployed in South Africa and the TBVC countries, 31,9% of the economically-active black population would be unemployed and underemployed.

A minimum of 3 600 000

new job opportunities would have to be created in South Africa and the TBVC countries in the next 15 years.

If unemployment was to be eliminated by the year 2000 and the percentage of the economically active non-whites in wage earning employment was to be raised to that of whites, an additional 3 200 000 jobs would have to be created or a total of 6 800 000 new job opportunities.

The survey also disclosed that roughly 80% of employers believe the business sector had an obligation to improve the social circumstances of non-white employees and about a third apply minimum living level figures.

Segregation in the workplace was, however, fairly common, the report said, adding that separate facilities were most common in respect of cloak-rooms.

Discrimination was still practised in the remuneration of employees since more than one-fifth of the enterprises concerned did not follow a policy of equal pay for equal and comparable work, the survey found.

See also Page 9

Mercury: 18/07/86

50 000 trained in Natal under relief scheme

Labour Reporter

ABOUT 50 000 unemployed people in Natal have been trained in various trades since last year as part of the Government's relief aid programme for the unemployed, Dr Piet van der Merwe, director-general of the Department of Manpower, said yesterday.

Speaking at a function at the Building Industries Federation of South Africa training centre, Dr van der Merwe said it had cost the Government R14,2 million to train the unemployed in Natal and of the 50 000 people who received training, between 25% and 30% had obtained a livelihood.

'For the present financial year 25 contracts were entered into in Natal to train more than 30 000 unemployed persons. This amounts to R12,4-million.'

He added, 'Of the 59 boroughs and townships

embarked on a total of 319 projects to the value of R9 500 000.

'One of the largest of these projects is being undertaken by the Pietermaritzburg municipality. This involves the canalisation of the Baynes Spruit for 1,2 km in order to make land available for cottage-type industries and recreational areas for all population groups.

'On this project the workforce employed for the last six months ranged between 1 085 and 1 756.

'In KwaZulu projects to the value of R13 million were undertaken since 1985 in the interest of the local community. This includes the combating of soil erosion, the establishment of tea plantations, the cleaning of towns, clinics and hospitals, the maintenance of roads, the establishment of firewood plantations and food aid to unemployed

Mercury: 18/07/86

Man is shot in 'faction' incident

Crime Reporter

A 40-YEAR-OLD man was shot and seriously wounded as he got off a bus in the Mdlala area on the lower South Coast in an incident police believe is related to faction fighting.

Police said Mr Ernest Duma was accosted by three men wearing balaclavas who started shooting at him.

Two more shots were fired at him as he tried to run away. When he collapsed from a bullet wound in the back, the men fled.

Police said Mr Duma was in serious condition in Port Shepstone Hospital.

The incident follows a spate of seemingly motiveless shootings in the area which have claimed about five lives recently.

The police spokesman said they believed all the incidents to be related to faction fighting.

Mercury: 18/07/86

Two men seriously ill after attack

Pietermaritzburg Bureau

TWO men are in a serious condition in Kokstad Hospital after an attack in which one of them was shot six times.

The men, believed to be brothers, were still unconscious yesterday and police had been unable to interview them.

A senior police spokesman said the men were shot by two balaclava-clad gunmen who burst into their home at Makatembise township about 9 pm Wednesday.

Mr Davidson Qula, 40, was shot six times and Mr Mzwandile Qula was struck once, the spokesman said.

So far police have been unable to establish a motive for the shooting.

Workers back

EAST LONDON—Workers at the Mercedes Benz plant here returned to work yesterday while the industrial council dealt with the dispute.

Buck horn kills driver

Mercury Reporter

A 21-YEAR-OLD man died yesterday after his forehead was pierced by the horn of a bushbuck which smashed through the windscreen of the car he was driving.

Doctors at Empangeni Hospital battled to save the life of Mr W A van Zyl, but he died at midday, five hours after the freak accident occurred near Magudu in Zululand.

Mr van Zyl, a member of the Prison Services in Witbank, was travelling from the Transvaal to

Mercury: 18/07/86

Sanctions threat grows

280

London Bureau

THE British Government is considering a wide range of selective sanctions against South Africa.

But Government sources yesterday pointed out that Britain was committed to considering further measures both within the Common Market and the Commonwealth.

And British Prime Minister Margaret Thatcher emphasised in the Commons yesterday that creating the conditions for black/white dialogue in South Africa was still her Government's priority.

She said that no further measures would be imposed automatically if the peace mission by Foreign Secretary Sir Geoffrey Howe failed.

Sir Geoffrey left for Washington last night for talks with his United States counterpart George Shultz on co-ordinating Anglo-US action on South Africa.

It is understood that the question of imposing further financial and economic sanctions — including a ban on new investment and new bank loans and a ban on the import of steel, iron and coal — will be high on the agenda at the Washington talks.

Heading the list of measures under consideration by the British Government are those listed in a declaration at the Common Market summit in The Hague last month.

These include a ban on new investment and a ban on the import of steel, iron, coal and gold coins.

These measures coincide with three Bills being considered by the US

Senate which add a ban on bank loans to the list.

Further measures under consideration include a list of contingency measures included in the Nassau declaration at the Commonwealth summit last October.

These include a ban on air links, the termination of the double taxation agreement, a ban on the import of agricultural products, a ban on the promotion of tourism, a ban on government procurement in, assistance to, investment in, and trade with South Africa and a ban on government contracts with majority-owned SA companies.

Helpful

Both the Foreign Office and Downing Street denied last night that there had been a policy shift on the sanctions issue.

Mrs Thatcher has rejected 'general and punitive economic sanctions' as an option but has conceded a role for 'signals and gestures.'

In a BBC radio interview yesterday the Commonwealth secretary-general, Sir Shridath Ramphal, who is at the centre of a desperate bid to rescue the Commonwealth Games, indicated that remarks by Sir Geoffrey on Wednesday had been helpful.

Sir Geoffrey linked progress more specifically than he had done in the past to the release of Nelson Mandela and the lifting of the ban on the African National Congress.

Reagan to harness new SA strategy

18/7/86 STNR
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By Neil Lurssen,
The Star Bureau

WASHINGTON — President Ronald Reagan will decide this weekend at his Camp David retreat on a new United States approach to South Africa.

Sources say it is likely to involve an international drive involving the United States, Britain and West Germany, to persuade the South African Government to start power-sharing negotiations with black leaders — but that Mr Reagan will probably decide against actions that would seriously harm the South African economy.

He is expected to call for closer US ties with South African blacks.

The President will be handed several policy options later today at the White House. They were prepared under the supervision of the Secretary of State, Mr George Shultz, the National Security Adviser, Admiral John Poindexter, and the White House Chief of Staff, Mr Donald Regan.

Sources say the option papers will be in Mr Reagan's briefcase when he flies by helicopter to his weekend retreat in nearby Maryland where he likes to put his feet up and relax away from the pressures of Washington.

Announcement early next week

Much of the pressure this week has come from Republican congressmen who, for political reasons, are anxious for the president to toughen his stance on South Africa and who have threatened to approve the economic sanctions the president wants to avoid.

It is expected President Reagan will announce the new approach early next week.

There is speculation that the speech will be televised nationwide, but some informed sources say the president may rule against that format because he does not want to create a climate of crisis around US-South Africa relations.

At least two versions of the speech have been prepared and the final version will be one of the choices the president will make this weekend.

It is believed that elements of the new approach were disclosed to the British Foreign Secretary, Sir Geoffrey Howe, at a meeting with Mr Shultz here yesterday.

Crisis

Sir Geoffrey gave an account of his recent visit to Southern Africa and outlined the crisis that the South African issue

Afterwards, Mr Shultz drove to the White House where he briefed President Reagan while Sir Geoffrey visited Capitol Hill for a meeting with Senator Richard Lugar, whose Foreign Relations Committee is to hold three days of hearings on South Africa sanctions next week.

With elections due in November, many senators, especially those with significant numbers of black voters, are anxious to go on record as opposing the Botha Government.

Asked about the Howe-Shultz meeting, the White House foreign policy spokesman, Mr Ed Djerejian, said: "It is natural for our countries to consult on issues of mutual concern".

Dangerous

Mr Djerejian said the US Government is eager to hear Sir Geoffrey's assessment of the situation in South Africa and his views on dealing with the problem.

The situation in South Africa is becoming increasingly dangerous, he said.

"However, we think the opportunity for political dialogue between blacks and whites is still there.

"We remain opposed to breaking all ties with South Africa, disinvestment and punitive sanctions because that will only make the situation worse and promote a violent solu-

Sanctions will drive us into laager, says Beukes

The Star Bureau

WASHINGTON — South African ambassador here, Mr Herbert Beukes, has warned Americans that sanctions will drive white South Africans into a laager.

"The better way for Americans to influence events in South Africa ... is to press those who refuse peaceful negotiation and pursue violence to enter negotiations for black political rights and genuine power-sharing," writes Mr Beukes in his latest monthly newsletter.

The ambassador writes that in Afrikaner tradition the laager symbolised a deeply rooted survival instinct, a willingness to turn inward toward self-reliance and self-defence, and reject outside interference.

Today, following a seven-year period of unprecedented changes, in which the Afrikaner-led government had opened the political system for the first time to non-whites and had rejected apartheid as the basis for the country's future, the laager was once more being urged by some as the national strategy to be adopted.

REVERSED

"Rightly or wrongly, the perception in South Africa is that the changes of the last seven years, in which the great majority of whites fundamentally reversed the way they had conceived of their place in South Africa and their relationship to the other peoples of the country, have earned little else but derision and contempt from abroad," Mr Beukes adds.

He could understand those who were impatient with the pace of change. But for a people to reverse in such a short time their pattern of thought was worthy of more than mere notice.

Sanctions would not have the effects envisaged by their advocates.

"Rather they will force South Africans to withdraw into a laager. If this occurs, America's influence inside South Africa will in real terms be lost," Mr Beukes warns.

Harare talks may decide Club's fate

18/7/86
The Star's Africa News Service

HARARE — A crucial meeting of leaders of the Frontline States, which will have a direct bearing on the future of the Commonwealth, takes place in Harare today.

The immediate matter for decision is whether the Commonwealth members of the six-nation grouping will pull out of the Games in Edinburgh, a decision which will influence the attitudes of India and some Caribbean countries.

While Zimbabwean Prime Minister Mr Robert Mugabe has said his Government has not yet made up its mind, the speculation in informed circles is that those in favour of a boycott will carry the day.

President Kaunda of Zambia, who has already threatened to pull out of the Commonwealth in protest at Mrs Margaret Thatcher's refusal to apply sanctions against South Africa, told reporters that a boycott of the Games was not something he was taking lightly but "it might possibly be the only way out".

URGED TO PARTICIPATE

As the withdrawals of Sierra Leone, the Bahamas and Papua New Guinea swelled to nine the number of nations boycotting the Edinburgh Games, team managers of 12 of the shrinking number of competing countries unanimously passed a resolution urging all Commonwealth members to "support and participate in the Games in the interests of the youth of the Commonwealth".

Although the withdrawals have cut the number of athletes taking part by 362, the Games will still involve almost 3 000 competitors.

In Edinburgh, Mr Brian Cowgill, deputy executive chairman of the Games, said: "This resolution carries the full support of the Commonwealth Games Association and I hope it will be taken into account before irrevocable decisions are made.

"We feel nothing but disappointment that, for political reasons, these countries have decided not to be with us." — Sapa-Associated Press.

UK weighs up sanctions

18/7/86 BUDDAI 280



● THATCHER

JOHN BATTERSBY

LONDON — Britain is considering a wide range of selective sanctions against SA.

But government sources yesterday down-played reports that these amounted to a policy switch.

They said Britain was committed to considering further measures, both within the European Community (EC) and the Commonwealth.

Prime Minister Margaret Thatcher stressed in the House of Commons yesterday that creating the conditions for black-white dialogue was still her government's priority.

No further measures would be imposed automatically if the peace mission by Foreign Secretary Sir Geoffrey Howe failed.

But a Downing Street spokesman conceded Britain was considering a wide range of measures.

"The problem is deciding where to draw the dividing line between gestures and punitive economic sanctions," he said.

"We are looking for ways of sending messages that will have the maximum impact — but this also means looking at possible reprisals by SA."

Howe left for Washington last night for talks with US Secretary of State George Shultz on co-ordinating Anglo-US action.

It is believed the question of imposing further financial and economic sanctions will be high on the agenda at the Washington talks.

Heading the list of measures under

● To Page 2 →

UK weighs up selective sanctions

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consideration by Britain are those listed in a declaration at the EC summit at The Hague last month.

These include a ban on new investment and a ban on the import of steel, iron, coal and gold coins.

The measures co-incide with three Bills being considered by the US Senate, which add a ban on bank loans to the list. One Bill calls for a ban on existing bank loans, while a more moderate measure seeks a ban on new bank loans.

Other measures include a ban on air

links, the termination of the double taxation agreement, a ban on the import of agricultural products, a ban on the promotion of SA tourism, a ban on government procurement in, assistance to, investment in, and trade with SA and a ban on government contracts with majority-owned SA companies.

US President Ronald Reagan is, meanwhile, considering addressing the nation on the subject of SA.

● From Page 1

Britain looks at sanctions steps

Dispatch Bureau

28/1/81
LONDON — The British Government is considering a wide range of selective sanctions against South Africa.

But government sources yesterday downplayed reports that this amounted to a policy switch, pointing out that Britain was committed to considering further measures both within the Common Market and the Commonwealth.

280
The Prime Minister, Mrs Margaret Thatcher, stressed in the Commons yesterday that creating the conditions for black-white dialogue in South Africa was still her government's priority.

She said that no further measures would be imposed automatically if the peace mission by the Foreign Secretary, Sir Geoffrey Howe, failed.

DD
A Downing Street spokesman conceded, however, that a wide range of measures was under consideration.

“(The problem is deciding where to draw the dividing line between gestures and punitive economic sanctions,” he said.

“(We are looking for ways of sending messages which will have the maximum impact — but this also means looking at possible reprisals by South Africa.”

“(Sir Geoffrey left for Washington last night for talks with his United States counterpart, Mr George Shultz, on co-ordinating Anglo-US action on South Africa.

“(It is understood that the question of imposing further financial and economic sanctions — including a ban on new investment and new bank loans and a ban on the import of steel, iron and coal — will be high on the agenda at the Washington talks.

“(Heading the list of measures under consideration by the British Government are those listed in a declaration at the Common Market summit in The Hague last month.

“(These include the bans on new investment and imports already under consideration.

Thatcher urged to end rupture with sanctions

SYDNEY — Australia has called on Britain to immediately introduce tough sanctions against South Africa to entice back to the Commonwealth Games countries that have already withdrawn.

Australia's Prime Minister, Mr Bob Hawke, said his British counterpart, Mrs Margaret Thatcher, was coming under increasing pressure within Britain and the Commonwealth, and from the United States, to act.

His call followed that of the Foreign Minister, Mr Bill Hayden, who warned Britain the games might end in disaster, with an irreparable Commonwealth split.

"Very large" moral considerations went beyond Britain's huge commercial interest in South Africa.

"I can only express the hope that the developing attitudes around the world will impress themselves upon those who have to make the decisions in London when we meet there in a very short time," Mr Hawke said.

"Particularly, I hope those events are becoming clear to the British Prime Minister," he added.

Australia has said it will not withdraw from the games, which are due to start on July 24, but Mr Hawke is to press for wide-ranging sanctions at the meeting of Commonwealth leaders in August.

Nine countries have already withdrawn.

Mr Hawke said he believed there was now no chance of full participation at the games.

"But it would be great for everyone concerned if there could be a sufficiently strong statement from the British Government to give confidence to those who have made a decision not to attend to reverse that decision," he said.

He said the split over sanctions had put obvious strains on the Commonwealth.

"But you've got to understand the arithmetic of it.

"As it stands now every nation out of the 49 but one has a common position," as I understand it.

"I don't think that's grounds for the breaking up of the Commonwealth."

Meanwhile, Mrs Thatcher is believed to have made a last-ditch attempt to save the games from a total boycott by all the African, Asian, Pacific and Caribbean countries in protest against her refusal to impose sanctions on South Africa.

The British deputy high commissioner to Zimbabwe, Mr Roger Martin, yesterday delivered a special message to the Zimbabwean Prime Minister, Mr Robert Mugabe, who was hosting an emergency meeting in Harare on the games.

The British High Commission would not disclose the contents of the message from Mrs Thatcher but it is believed to refer to statements made by the British Foreign Secretary, Sir Geoffrey Howe, pledging that contingency plans were being made for "further measures against South Africa" if his peace initiative failed.

● A newspaper poll published in London yesterday shows that two thirds of the people questioned believed South African-born Zola Budd and Annette Cowley should be allowed to compete in the games.

The Daily Mirror, which commissioned the poll, said it contained two messages: The first to the boycotters: "You are not winning over anybody." The second to the Games Federation: "You shouldn't have banned Zola and Annette. Appeasement has got you nowhere."

The Games Federation is to hear an appeal on the ban from the England Commonwealth Games Council tomorrow. — Sapa-RNS-DDC

UK Govt MPs have interests with SA links

From IAN HOBBS

LONDON. — Nearly one in four Conservative MPs have interests in companies directly or indirectly linked to South Africa and this influences their opposition to sanctions, a new survey claims.

The research department of the opposition Labour Party says 71 Conservative MPs, including cabinet minister Mr Tom King, are directors, shareholders, parliamentary consultants or advisers to 85 British companies with investments in South Africa.

Mr King, the Northern Ireland Secretary, has a large interest in the finance group Sale Tilney, which has a South African associate company.

The survey adds that 73 companies with South African subsidiaries or associates donated £1 203 700 (about R4 044 300) to the Conservative Party last year.

Introducing its findings, the Labour document says the government's reluctance to introduce sanctions against South Africa is, therefore, not surprising.

It said three Conservative MPs were connected to two companies which paid "the lowest sum possible for an average family to survive on" to

black workers in South Africa.

The three MPs are named as former party chairman Mr Cecil Parkinson, a director of Babcock International, Sir Anthony Grant, an adviser to Pritchard Service, and Mr Michael Forsyth, whose PR company advises Pritchard's.

Ten Conservative MPs and one Liberal were connected to six companies which paid black workers below the minimum wage recommended by the EEC code of conduct.

One Liberal

The one Liberal MP is Mr Clement Freud, a consultant to a Grand Metropolitan subsidiary.

Seven companies with South African interests have connections with three or more MPs. They are the Midland bank, with five MPs, the US corporation Marsh and McLennan, four MPs, Grand Metropolitan, four, and Barclays Bank, BET, Commercial Union and Sedgwick with three each.

Only one Conservative MP, Mr Julian Amery, described as a "Victorian-style imperial right-wing strategist", is a director of a South African-based company having seats with two mining groups.

Fraser slams US, UK on sanctions

LONDON. — The former Australian prime minister, Mr Malcolm Fraser, said yesterday that US and British policies on sanctions against Pretoria could encourage South African blacks to set up a Marxist government with the help of the Soviet Union.

He said if London and Washington failed to take punitive measures against South Africa, the country's black majority was likely to turn to the Soviet Union for help.

The result could be a bloody revolution and the creation of a pro-Soviet or Marxist state, Mr Fraser said in a radio interview.

"I don't believe Mrs Thatcher wants to give that kind of present to (Soviet leader) Mr Gorbachev," he said in the interview with the BBC.

Mr Fraser was co-chairman of the Eminent Persons Group set up by the Commonwealth to seek dialogue between blacks and whites in South Africa. The group's mission failed earlier this year.

Mrs Margaret Thatcher has consistently refused pressure from home and abroad to impose economic sanctions against South Africa, saying they would hit the black majority and hinder reforms. — Sapa-Reuters

Post Focus

'If you cut your throat

HARARE — A public debate has begun over the impact of possible sanctions by South Africa against the region's black-ruled states, whose economies are intertwined with South Africa's.

Industrialists and farmers are warning that Zimbabwe, Botswana, Zambia, Swaziland, Lesotho and Malawi will need massive Western aid if Pretoria orders an economic blockade in reprisal against international sanctions. These states all depend heavily on South Africa for trade and transport links to overseas markets.

The amount of Western aid needed, and whether it would be forthcoming at all, is not clear. Some bankers and Western diplomats here say losses could run into the equivalent of billions of US dollars.

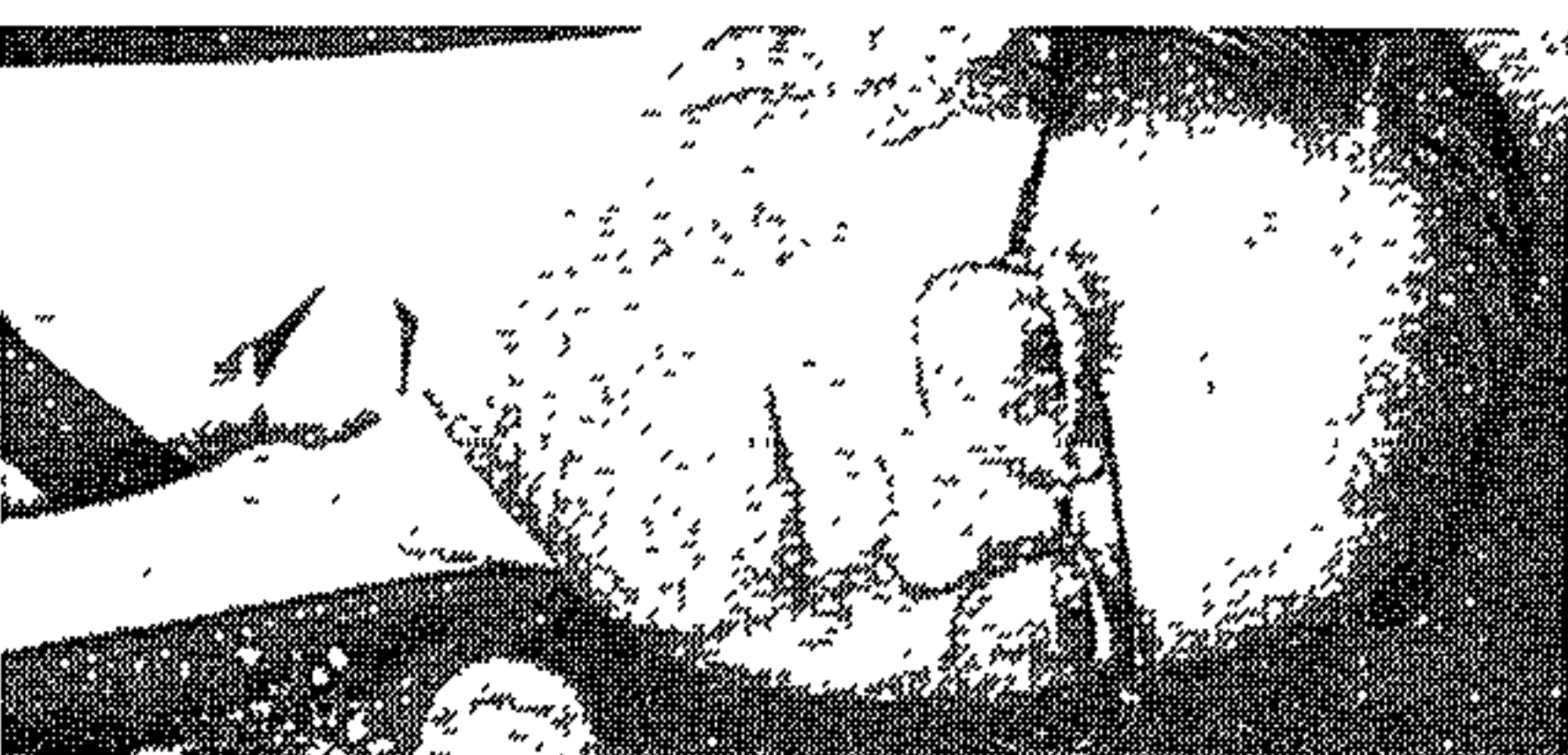
South Africa has long warned that sanctions could hurt neighbouring black states, either because of a spillover of economic hardship from South Africa or because it might intentionally limit economic ties with its neighbours.

"Should the senseless sanctions campaign, which is currently enjoying so much attention, jeopardise our economic development, black southern African states will consequently suffer," Mr Louis Nel, South Africa's Deputy Minister of Information, said on July 2.

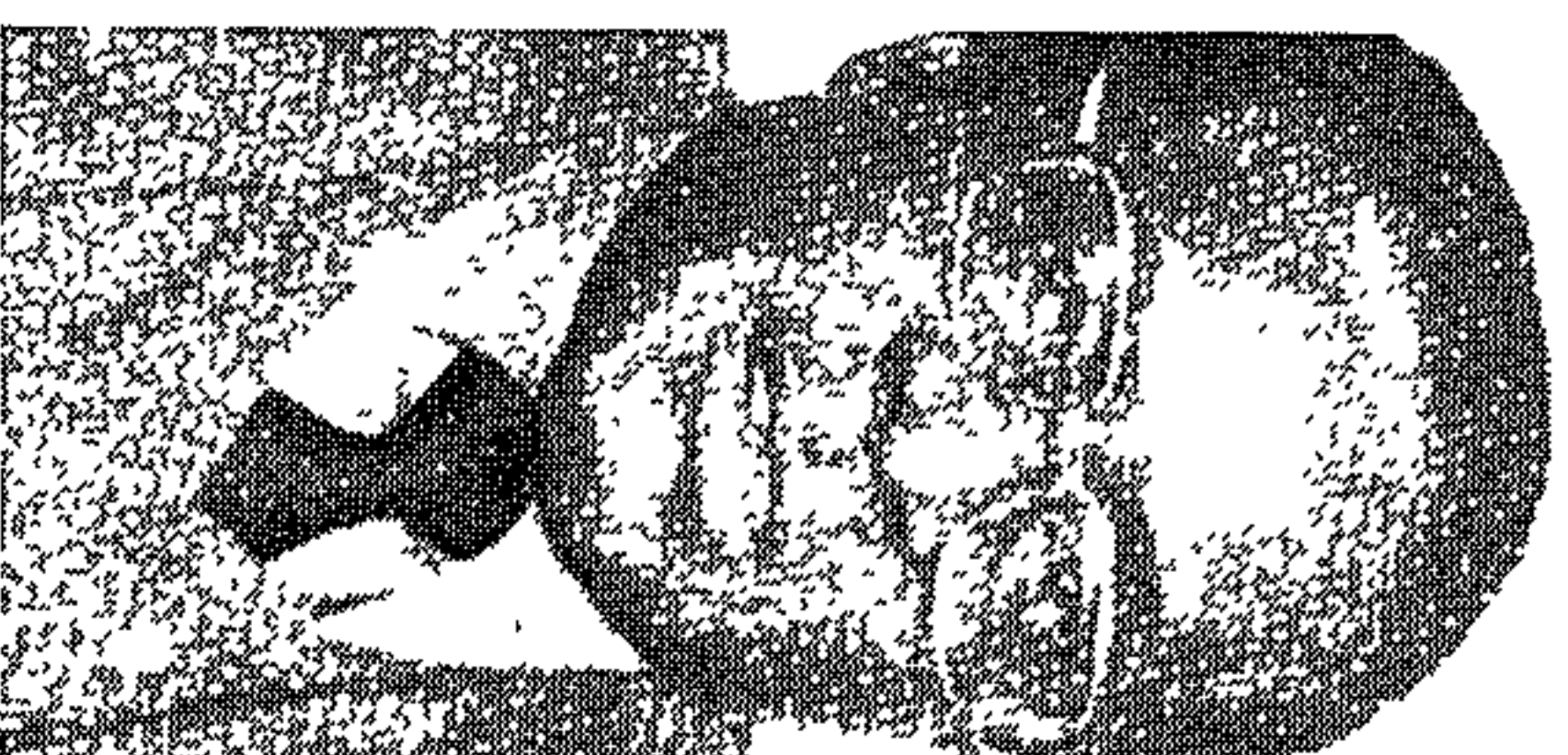
A week earlier, the Foreign Minister, Mr Pik Botha, warned that if



Mr PIK BOTHA



Mr LOUIS NEL



Mr ROBERT MUGABE

sanctions were imposed against Pretoria, South Africa might curtail economic relations with its neighbours.

Washington and London have said they will not shore up African nations that seek sanctions and then suffer under them themselves.

"If you want to cut your own throat, don't come to me for a bandage," the British Prime Minister, Mrs Margaret Thatcher, said at last October's Commonwealth heads of government meeting when the Zimbabwean Prime Minister, Mr Robert Mugabe, called for South African sanctions.

The problem is greater for some countries, like landlocked Botswana, which conducts nearly all of its foreign trade

through South Africa.

But there is a general agreement that without some kind of aid, most of southern Africa's black states would face some degree of disaster if South Africa imposed sanctions.

A leading Zimbabwe businessman, Mr Bud Whittaker, told several hundred (mostly white) farmers at a July meeting that Pretoria could deliver a financial coup de grace to the entire region if the international community does not "get its act together" in helping make non-South African trade routes viable.

"It's no good telling us they are willing to apply pressure to change the direction of South African politics if we can perceive they don't really mean it," said Mr

Whittaker, former chairman of Zimbabwe's Commercial Grain Producers' Association.

"We can only believe it when we see positive support for actively co-operating on an alternative outlet to the sea."

The outlet Mr Whittaker referred to is the 300-kilometre road, rail and oil pipeline corridor running from the eastern Zimbabwean town of Mutare to Mozambique's Indian Ocean port of Beira.

The Beira corridor is the only Mozambican trade route that has been closed by attacks by guerrillas of the Mozambique National Resistance movement. With Zimbabwean troops providing security, it handles the 10% of landlocked Zimbabwe's

we will not bind it

trade that does not go to or through South Africa.

International aid is helping improve the rail line and the port itself, but sources familiar with the effort say the total handling capacity will at most be tripled during the next few years.

Mr Mugabe told an annual congress of industrialists meeting this month at Victoria Falls, 500 kilometres west of the capital, to begin using the Beira corridor in anticipation of "destabilisation" by Pretoria.

"Surely it is wiser, too, for you the businessmen, to change your transport routes voluntarily rather than wait for the day when you will do so because you have no alternative," he said.

But the much longer South

African import-export routes are not only more dependable, they are cheaper, Harare bankers say.

Others, including Mr Bill Irvine, leader of a group of pro-Government white moderate legislators, say they oppose sanctions because Zimbabwe would need more than the Beira outlet to remain economically healthy.

Mr Irvine said more trade routes were needed, among them the war-damaged Chicalacuala rail link to Mozambique's Maputo port.

That railway has been out of service for more than a year because of rebel attacks, and Mr Irvine said rebuilding it would require a tremendous effort.

Speaking at the same

meeting as Mr Whittaker, the British High Commissioner, Mr Ramsay Melhuish, said Britain is committed to improving Mozambique's trade and communications routes to Zimbabwe and Malawi, but those routes would still not be an adequate alternative.

"If sanctions led to a closure of South African borders, the knockout effect on South Africa's landlocked neighbours would be extremely damaging," Mr Melhuish said.

"In practice, sanctions are more easily evaded than enforced, the reason being that businessmen who make money from sanctions-busting are better at doing so than civil servants are at stopping them." — Sapa-AP

Post Focus

**Not without
support on
sanctions**

Is Maggie a limb



Mrs MARGARET THATCHER sent Sir Geoffrey Howe to meet the State President, Mr PW Botha, at Chequers because the wind would "ruin my hair".

LONDON — When P W Botha's helicopter touched down on the lawn at Chequers for his controversial meeting with Mrs Thatcher two summers ago, much was made of the fact that the Prime Minister stayed indoors and sent Sir Geoffrey Howe out to meet him.

A clearer sign of her disapproval of the South African Government could not have been given, said the pundits.

The fact of the matter, though, was different.

As Mrs Thatcher waited with her Foreign Secretary in the lounge and the "chopper" came into earshot, she said to him "Geoffrey, would you go out and meet him? The wind from the rotors will ruin my hair!"

Now the public perception of the Thatcher-Botha relationship has changed markedly.

She is now widely considered to be not only a trenchant opponent of sanctions against SA but at heart a supporter of the Pretoria government.

The Labour leader, Neil Kinnock, the other night went so far as to say he wondered whether she was opposed to sanctions because she believed they would not work, or because she feared they might

While this view may go too far, a number of Minis-

A Post Correspondent examines the reasons for British Prime Minister Mrs Margaret Thatcher's stance on South Africa.

ters are privately concerned that she is "running ahead of the pack".

As far as can be ascertained, no other member of the Cabinet feels anything like as strongly about the issue as Mrs Thatcher.

Few Ministers like the idea of sanctions, sharing her experiences of Rhodesia and the Tory folk-memory of Abyssinia.

But, almost to a man, they believe a substantial package will have to be put together if the Foreign Secretary obtains no concessions on his visit to SA.

Mrs Thatcher is not entirely without supporters.

Paul Channon, Trade and Industry Secretary, is taking a "hawkish" line against interference with trade links — though his officials are steadily revising downwards the estimate of the number of Britons who would be thrown out of work by a total break. John Moore, Transport Secretary, argued long and hard against the cancelling of air services

But the majority of the Cabinet believes much more needs to be done to indicate British disapproval of the apartheid system. They would not have "gone public" in the way which Leon Brittan, an old associate of Sir Geoffrey, did on Thursday when he warned that sanctions of a kind might be inevitable. But the bulk of the Cabinet share his assessment. However, knowing how vehemently the Prime Minister has reacted when her Foreign Secretary has taken such a line, they see little point in rocking the boat.

Four arguments are being put forward by colleagues to explain the line Mrs Thatcher is taking both in public and in her dealings with them. The real explanation could be a mixture of them all.

● **Explanation One:** This states that speaking out so strongly against hasty punitive measures is a means of fulfilling her stated aim of "playing it long" — arriving at the Commonwealth leaders' meeting in

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really out on sawing hard?

London next month with nothing arranged in advance, and securing a compromise deal she can accept.

The problem with this is that her utterances have infuriated a number of those with whom she will be dealing, and that "consensus" has never been her favourite word.

● **Explanation Two:** This interprets her stand against sanctions as stemming from a desire to keep the Tories together. Her own

position on the Right of the party not only makes her sympathetic to its mood, but also means she knows how to keep it in check. It is widely thought she could soften her line the moment the Commons goes into recess on July 25, leaving a week or so to mend fences before the crucial Commonwealth meeting.

Against this, it is pointed out that the Tory Right, far less exercised over SA than it was over Rhodesia, has probably shrunk as a pro-

portion of the party; and that Mrs Thatcher is more capable than anyone else of getting it to accept a tough line with Pretoria.

● **Explanation Three:** This is the simplest explanation — that she believes what she is saying. While she may hate apartheid, she has no desire to see white SA suffer. Given her husband's business and rugby links with SA over the years — the latter having caused her some embarrassment — it is reckoned by col-

leagues that "this is one issue where it is really Denis speaking."

● **Explanation Four:** This argues that, while she never rules out compromise — despite her insistence otherwise — she has been so angered by the pro-sanctions campaign that the temptation to squash it with rhetoric has got the better of her.

Mrs Thatcher has been immensely irritated by what she sees as the posturing and humbug of

totalitarian Governments within the Commonwealth as well as outside it, who happily trade with SA but demand that Britain should stop doing so.

How far Mrs Thatcher is ready to take "measures" will probably not become clear until the Commons have risen and the Commonwealth meeting is imminent. She may appear to be out on a limb and sawing hard, but perhaps those below are being blinded by the sawdust.

MPs' links influence SA policy — claim

Dispatch Bureau

LONDON — Nearly one in four Conservative MPs have interests in companies directly or indirectly linked to South Africa and this influences their opposition to sanctions, a new survey claims.

The research department of the opposition Labour Party says 71 Conservative MPs, including Cabinet Minister Mr Tom King, are directors, shareholders, parliamentary consultants or advisers to 85 British companies with investments in South Africa.

Mr King, the Northern Ireland Secretary, has a large interest in the finance group Sale Tilney, which has a South

African associate company.

The survey also claims 73 companies with South African subsidiaries or associates donated £1 203 700 to the Conservative Party last year.

Introducing its findings, the document said the Conservative Party's reluctance to introduce sanctions against South Africa was, therefore, not surprising.

It said three Conservative MPs were connected to two companies which paid "the lowest sum possible for an average family to survive on" to black workers in South Africa.

The three MPs were named as the former

party chairman and a director of Babcock International, Mr Cecil Parkinson, an advisor to Pritchard Service, Sir Anthony Grant, and Mr Michael Forsyth, whose PR company advises Pritchard.

Ten Conservative and one Liberal MP were connected to six companies which paid black workers below the minimum wage recommended by the EEC code of conduct.

The one Liberal MP is Mr Clement Freud, a consultant to a Grand Metropolitan subsidiary.

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They are the Midland Bank, with five MPs, the US corporation Marsh and McLennan, four MPs, Grand Metropolitan, four, and Barclays Bank, BET, Commercial Union and Sedgwick with three each.

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Mercury 19/07/86 (280) 112

Games despair as more pull out

London Bureau

DESPAIR spread in Edinburgh last night as Commonwealth Games officials awaiting Africa's verdict were told India was the 11th country joining the boycott

Hours earlier the Commonwealth Games Federation (CGF) was stunned when Bangladesh became the 10th country to withdraw

The Press Trust of India then reported that Indian officials had decided to withdraw from the games which will open in Edinburgh next week

PTI gave no source for its report

Mr Rajiv Gandhi, the Indian Prime Minister, who was attending an anti-apartheid display by African students, had earlier said he would stand by whatever decision was reached by leaders of the African front line states meeting in Harare

The meeting was still in session late last night

30 countries

The sudden decision by Mr Gandhi raised fears that Africa, the Caribbean and Pacific Commonwealth countries would follow taking the total number of boycotters to nearly 30 countries

Games officials said that even if the Africans and others came to Edinburgh, the withdrawal of the most populous Commonwealth country, India, providing the 'green' Commonwealth team, was devastating

Indian diplomats said Mr Gandhi had been under pressure from his own Cabinet to boycott the games as a warning that the Commonwealth would split if British Prime Minister Margaret Thatcher continued to resist sanctions against South Africa

In the meantime, the lengthy meeting chaired in Harare by Zimbabwean Prime Minister Robert Mugabe raised marginal hopes that he might produce a compromise deal

This was heightened as a British diplomat handed Mr Mugabe a message from Mrs Thatcher urging him to

save the games

The Commonwealth Secretary General Sir Sonny Ramphal, is understood to have renewed his appeal that the games should be spared now that South African born Zola Budd and Annette Cowley have been disqualified and Mrs Thatcher has hinted that she is changing her mind on at least limited sanctions

It is claimed that all the Caribbean countries with the exception of Dominica and Bermuda and all the Pacific Commonwealth states except Malaysia, which has already withdrawn, will bind themselves to the decision in Harare, be it for or against the games

Nigeria, said to be piqued that its front-running stance to boycott has not been followed by all African countries, renewed its boycott call yesterday

Interference

As the Harare meeting continued the Canadian team, the largest foreign Commonwealth team, arrived in Edinburgh, swelling the number of athletes present to about 1,000

Black and white athletes interviewed on radio and television spoke bitterly against political interference in the games which they said were anti-apartheid by their very nature

Meanwhile the Superior Council for Sport in Africa has called on all African Commonwealth countries to join the boycott

The council is a body of the Organisation of African Unity

● See Editorial Opinion

Lion dies

LAGOS—A lion presented to former Nigerian military leader Yakubu Gowon in 1969 by the late Emperor Haile Selassie of Ethiopia has died in a Nigerian zoo — (Sapa Reuter)



Burned metal and a bent telephone pole — remains of a head-on smash between two freight trucks on the Pietermaritzburg-Ladysmith main road.

Toddler drowns

'Seconds' Sarah

Sanctions fear blocks Richards Bay sale

Saudi buyer backs off at last minute

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A SWISS-owned, Rotterdam-based engineering consultancy has backed off buying Triomf's Richards Bay plant on behalf of a Saudi-Arabian family because of increasing sanctions pressure on South Africa.

George Roberts, managing director of Industrial Plant & Machinery Distributors, an appraisal and auctioneering business, says the Arab buyer wanted to buy the plant as a going concern.

A figure of about \$30-million (R79-million) had been discussed.

The plant is believed to be valued as a going concern at about R170-million.

Foskor denial

Mr Roberts began talks with the Saudis in June and earlier this week he still thought there was a chance of the deal going through.

However, on Thursday evening the decision to terminate negotiations was made.

Mr Roberts is now negotiating with an Israeli firm which could be interested in arranging for a consortium to buy the plant.

Foskor managing director John Stanbury denies that his organisation is interested in the plant.

Foskor supplied the Richards Bay

By Kerry Clarke

factory with between 200 000 and 300 000 tons of rock phosphate annually. Mr Stanbury says the closure will not cause undue disruptions to SA's rock-phosphate industry. Foskor's supply to Richards Bay accounted for no more than 10% of its annual sales.

Business alarm

The largest sulphuric and phosphoric acid producing plant in the southern hemisphere had been running at a net loss for several years. In the year to June the loss is believed to have been less than R10-million.

The prospect of one of Zululand's seven major industries closing has alarmed business and local authorities.

But the factory has been given a reprieve by the liquidators who will keep it running until September 15 on reduced staff.

The news editor of the Zululand Observer, Sue du Preez, says workers made jobless and businesses affected by the loss of contracts and customers will be helped.

Mrs du Preez says the Richards Bay Town Council will not suspend electri-

city and water supplies to the plant.

Small Business Development Corporation spokesman Tony Kedzierski has promised assistance through the SBDC's emergency fund to small businesses. The SBDC will also help to find employment for retrenched workers.

The Empangeni and Richards Bay Sakekamers, the Zululand Chamber of Commerce and the Chamber of Industries have all called on members to give preference to retrenched employees.

Richards Bay Sakekamer chairman, Rita Kruger, says they will call on Natal employers not to advertise their vacancies nationally.

Written off

The ripple effect on businesses of the closure has caused concern. Loss of spending power will adversely affect the Zululand economy. Credits held by workers at furniture, clothing and other stores might have to be written off.

The prospect of 200 houses in the white areas, and even more in the black areas, standing unoccupied is worrying building societies and other mortgage lenders.

Triomf made extensive use of one line of the marine effluent disposal system and it is expected that its financial commitment to the Umhlathuzi Water Board is substantial.

Mexcom: 2/07/86

Mauritius unlikely to boycott S A

Finance Editor

TRADE between South Africa and Mauritius should expand steadily and not be affected by boycotts, the trade representative in South Africa, Mr Jean Michel de Senneville, said in Durban on Friday.

He said it was most unlikely that Mauritius would impose trade sanctions against South Africa but might be forced to join other countries in calling for boycotts.

It was heavily dependent on South African goods to achieve its economic targets of high growth (now 6%) and low inflation (now 4,3%) and unless the 'instigators' of sanctions came up with financial compensation the island would not be able to afford to impose sanctions.

A second trade mission to Mauritius is being mounted in September, Mr de Senneville told almost 100 businessmen at a Durban Metropolitan Chamber of Commerce seminar.

It follows a highly successful mission in April and its aim is to introduce the export process zone to business and establish trade links.

Manufacturers who carry out most of the processing of goods on the island are able to gain access to the Common Market as the island is a Lome Agreement signatory.

The whole island now enjoys the incentives given to the export process zone which include 15% company tax and no tax on dividends for 10 years.

Mauritius imports goods worth R103m from South Africa and sends R7m worth of goods to this country.

Howe will have a tough time at EC meeting

BRUSSELS — British Foreign Secretary Sir Geoffrey Howe faces sharp criticism today from European Community governments disappointed with the first leg of his mission to Southern Africa.

Denmark and Holland are expected to question his interpretation of the role entrusted to him by EC leaders at The Hague summit when he reports back at a meeting here of Community Foreign Ministers.

The summit leaders asked him to "visit Southern Africa in a further attempt to establish conditions in which the necessary dialogue can commence".

DIALOGUE

In talks in Zambia, Zimbabwe and Mozambique, Sir Geoffrey argued that economic sanctions would not end apartheid or create the conditions for national dialogue in South Africa.

However, several EC governments believe he should have conveyed their determination to ban new investment in South Africa and halt imports of coal, iron, steel and gold coins unless Pretoria was prepared to meet EC demands. The summit also called for

the release of Nelson Mandela and other political prisoners and an end to the ban on the ANC and other political parties.

West Germany, however, will fall in behind Sir Geoffrey. German sources say there can be no discussion of further sanctions until he returns from his mission to South Africa.

At The Hague, Chancellor Helmut Kohl rejected a claim

Press deal on visit may bolster laager mood

Political Staff

CAPE TOWN — The British Government seems set to play into the hands of the South African Government next week by reinforcing South Africa's worsening laager mentality during the crucial visit of British Foreign Secretary, Sir Geoffrey Howe.

Sir Geoffrey's visit represents a last-ditch attempt by the European Community (EC) and Britain to avoid sanctions against South Africa by persuading the Government to begin a negotiation process with real black leaders.

According to sources in Pretoria, the British and South Africans will probably each have their own separate Press "circuses" for confidential briefings. This means the South African public will get one version of the talks while the rest of the world obtains another version.

This, diplomatic observers say, is exactly what the South African Government wants as it plunges the country deeper into an isolationist

by Dutch Prime Minister Ruud Lubbers that sanctions would be automatic if the mission failed. Observers say there will be no change in Bonn's position unless Britain moves first.

Sir Geoffrey is due to leave for South Africa tomorrow for talks with the Foreign Minister, Mr P. W. Botha, and the State President, Mr P. W. Botha. The regularly scheduled EC Foreign Ministers' meeting, of

which Sir Geoffrey is the current chairman, comes at a time of growing controversy in Britain over Prime Minister Mrs Margaret Thatcher's tough stand against sanctions.

Mrs Thatcher has remained opposed to comprehensive mandatory sanctions.

Sir Geoffrey said last week further measures against South Africa would be necessary if his EC-mandated mission

mood. The Government hopes to gain political capital locally by creating a defiant mood, especially among whites. This mood will be reinforced by separate Press briefings.

This laagerism could easily be countered if Sir Geoffrey allowed the local Press into his confidential briefings, but this is seen as unlikely.

Sir Geoffrey will be travelling with his own planeload of British journalists. His briefings, which will set the tone of foreign news reports, will probably be open only to foreign journalists.

Diplomats believe this will effectively condemn the South African public to a one-sided view.

Similarly South Africa's briefings, which will set the tone for reports here, will probably only be open to accredited local journalists.

"On the record" Press conferences are open to all Pressmen but these often play less of a role in determining the slant of reports which can be more easily manipulated at private briefings.

yielded no "tangible and substantial progress."

British officials said their country had already taken some 15 measures against the South African Government, including mild diplomatic sanctions.

British newspapers have widely reported that Queen Elizabeth II is at odds with Mrs Thatcher over the her policy on South Africa.

Mrs Thatcher has sparked a boycott by more than two dozen nations of the Commonwealth Games that start in Edinburgh on Thursday.

US President Ronald Reagan is scheduled to deliver a speech on South Africa at the White House tomorrow.

MORE PRESSURE

Officials said the speech would produce no radical departures from current US policy but would spell out measures to "put increasing pressure" on the South African Government.

"I am very much opposed to punitive sanctions" as a way to force South Africa to abandon apartheid," Mr Reagan said last Friday. The Star's Foreign News Service-Sapa-AP.



...ent hymn singing during his farewell service at the Ellis Park tennis stadium yesterday. Bishop of Cape Town, joined about 2 000 members of his Johannesburg community in a final
 ● Picture by Herbert Makuza
 ● See Page 6

PW and Tutu meet as Howe waits in wings

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 STAR 21/7/86

By Colleen Ryan, Political Reporter

The State President and Archbishop-elect Desmond Tutu are meeting today to discuss the national situation at the start of a vital week.

Pressure on the Government is mounting and international concern over apartheid has reached fever pitch.

The President, Mr Botha, will also meet British Foreign Secretary Sir Geoffrey Howe at the Union Buildings on Wednesday and on July 29 Sir Geoffrey's European Community peace mission is seen as a final attempt to avoid sanctions

America's President Reagan will make a speech tomorrow to review the results of a review of his policy of "constructive engagement", which emphasises quiet diplomacy but shuns economic sanctions against South Africa

Republican senators planned to see him today to discuss his refusal to impose sanctions

Bishop Tutu requested today's meeting with Mr Botha to discuss his deep concern over developments since the declaration of the state of emergency on June 12.

This is their second such meeting — the first, for 90 minutes, was on June 13 and about the imposition of emergency rule

Bishop Tutu told *The Star* he was hopeful about today's talks, which he requested "to discuss the troubles of this country and how to get out of them"

Sapa reports that Bishop Tutu met a 12-man delegation from the International Confederation of Free Trade Unions (ICFTU)

He said the meeting had been very good and without disagreement

'Important'

Bishop Tutu said after the hour-long meeting "They've come to express their solidarity with trade unionists in this country"

"It's quite important for our country to know that our trade unions have very, very powerful friends"

The delegation, including British union leader Mr Norman Willis, arrived on Friday to investigate the plight of trade unions under the emergency

The ICFTU represents 82 million workers in 99 countries

Mr John Vanderveken, head of the delegation, said today the Government had not said whether they could visit detained unionists

He said an appeal was made yesterday to the Minister of Law and Order to reply urgently to their telexed request to see detainees

A spokesman for Mr le Grange said he had received no official approach from the ICFTU

'Why not ask Soviets to help?'

PARIS — Bishop Tutu says South African blacks have as much right to seek the support of the Soviet Union as Britain did during World War 2 when it fought alone against Hitler

He told a weekly magazine "We have the right to seek support from all who wish to help us, including the Soviets. After all, they helped the West defeat Hitler"

"If communists want to help us

in our fight, why not?" he asked
 Bishop Tutu said ANC leader Mr Oliver Tambo was not a communist but "a practising Christian"

The bishop said he could no longer counsel caution

"I know there are people who say that when the revolutionaries take power I will be one of the first they will hang. But do I have any alternative?" — *The Star's Foreign News Service*

Hayden and Lange criticise boycott but still back sanctions against SA

21/7/86 SPM (280) ~~SP~~

SYDNEY — Australia's Foreign Minister and New Zealand's Prime Minister have both criticised the Commonwealth Games boycott but both still favour sanctions against South Africa.

Australian Foreign Minister Mr Bill Hayden said during an interview on radio that Australia had expressed grave concern to Britain about the issue.

"We do not believe the boycott will be appropriate or effective," he said. It could lead to the collapse of the Commonwealth.

He added that African nations would feel much less committed to the Commonwealth unless Britain changed its stance and attacked South Africa economically because of its racial policies.

"There is the prospect that the Commonwealth may fall apart but it may not fall apart in one dramatic bang," Mr Hayden said.

Mr Hayden said Australia was committed to economic sanctions but they would not be effective without support from Britain and South Africa's other major trading partners.

He believed the feeling was growing in Africa that Britain wanted to use the Commonwealth for its own benefit and would sacrifice black African interests to protect its flourishing trade with South Africa.

In Wellington today, Prime Minister Mr David Lange said the Games boycott was only likely to harden British Prime Minister Mrs Thatcher's opposition to sanctions.

Mr Lange said the boycott was counter-productive. It would not necessarily affect future Games — New Zealand is to host the 1990 Games — but could harm the Commonwealth.

"The sure way to make Margaret Thatcher carry on on her present course is to be as strident and obstructive as possible," he said. "The real revolting stuff makes her tougher."

Mr Lange sympathised with nations that had pulled out of the Games but said New Zealand would not follow.

The Commonwealth had a remarkable ability to find a solution to a problem that "pleases no one absolutely but rubbishes no one"

There was still time for such a solution to be found. — Sapa-Reuter.

Bicsa reverses stance and calls for limited sanctions

The Star Bureau

LONDON — The British Industry Committee on South Africa (Bicsa), which represents 50 of the largest British companies operating in the Republic, is to ask Mrs Thatcher to accept limited sanctions and ban new investment in South Africa.

The move represents a policy reversal by the group, which only last month issued a strong statement against sanctions.

Sir Leslie Smith, the Bicsa chairman, said that if Mrs Thatcher took no ac-

tion. "Then countries like Nigeria will introduce a Buy British Last policy, which will hit our exports."

"If a gesture or a sign by the Government will mean that we do not have to accept full comprehensive sanctions, then we would urge a ban on new UK investment in South Africa."

Sixteen of Bicsa's members, including Barclays Bank and Standard Chartered Bank, did not sign last month's statement, which said sanctions would "damage South Africa's economy and as a result retard rather than accel-

ate the process of change."

A Barclays spokesman confirmed that the bank disagreed with the statement: "We want to await the outcome of the present initiatives, and will then follow any decisions taken," he said.

A Bicsa spokesman said the 16 non-signatories were companies which "didn't want to put their heads above the parapet."

Bicsa now hopes to win corporate support for a more detailed report which will take a positive line on limited sanctions.

Sir Leslie Smith, a former chairman of British Oxygen, said: "We want to see the abolition of apartheid, and we believe that reforms are most likely in an expanding economy."

"The British Government is right to continue to seek a negotiated settlement. We are still against full comprehensive sanctions."

"But if a gesture or sign has to be made, and because of Commonwealth pressure this is probably necessary, then we would urge Mrs Thatcher to ban new investment."

The Star Bureau

LONDON — The most effective sanction against South Africa would be to threaten to cut the world price of gold — and to ban dealings with the cartel which controls diamonds.

This was suggested by *The Economist* in an editorial headed "Go for Gold".

It said that if Sir Geoffrey Howe's mission to Pretoria drew its expected blank, governments in North America, the European Community and the Commonwealth should stop shouting at each other and consider whether to issue some communique like:

One hour could change SA

"Unless Mr Nelson Mandela is released by September 30, the central banks signing this statement will start to sell gold from their vaults, with the object of slashing gold's market price."

"This would make a large cut in South Africa's earnings within one hour, because private hoarders from Bombay to Brittany would be rushing to sell their gold at crashing prices before the central bank selling began."

The paper points out that at present South Africa's annual 21 million ounces of newly mined gold fetch around \$350 (about R875) an ounce simply because 950 million ounces of existing gold are held out of the market, in central bank vaults.

America owns 263 million ounces, and a dozen other rich countries own more than 10 million ounces each. Holland, which favours strong sanctions, holds 44 million ounces. Some

of the gold is still valued in central banks' mendacious balance sheets at the old "official" price of \$35 an ounce.

On diamonds — which could be "anti-apartheid's second-best friend" — the paper says these are marketed through a ring that keeps prices at a huge multiple of cost.

"Free countries could say that any of their nationals who operate in cahoots with this ring will be prosecuted under restrictive trade practice Acts.

"They would be hitting at South Africa's vitals, without doing great and unpopular harm to the many more of their own businesses that would be affected by a policy of generalised sanctions..."

The paper says first sales of central bank gold should be decided by whether Mr Mandela was released by September 30. Later threats could be graded to any terms Mr Botha offered to him and other black leaders. When the terms became

that Mr Mandela would be unreasonable to refuse, the central banks could start buying back gold.

"A gold bust could show, conclusively, as man knows, whether economic pressure has any influence on South Africa's unfolding tragedy. Nobody can be sure that would work, but it might."

"Britain abandoned the invasion of Suez in 1956 when Eisenhower's muttered ultimatum threatened a collapse in sterling. This was more tactically effective than threatening that the American Secretary would blockade the Is of Gibraltor as to ban Scottish whisky exports from Glasgow

World markets begin to reflect sanctions fear

By Neil Behrmann

LONDON — The threat of sanctions on South Africa is having a varied impact on world minerals markets.

Prices of some metals, notably platinum and rhodium, have soared because mine strikes attracted speculators and created temporary shortages.

But quotes of chromium, vanadium and manganese — other key metals mainly produced in South Africa — remain in the doldrums because world demand is weak.

International coal and uranium prices slumped. Dealers partly blame South Africa because it dumped material on a weak market. Fearing sanctions and competition from Australia, Canada and other leading producers, South African coal producers are offering discounts of around 15 percent to reluctant buyers.

But the most visible impact of the South African unrest is reflected in platinum futures traded in New York.

In only a year, prices of platinum soared by 85 percent to around \$449 an ounce.

Platinum speculation spilt over to its volatile sister metal rhodium. The price of this metal surged by 160 percent to present

levels of around \$1180 an ounce.

Even the gold price, with an abundance of stocks, is relatively buoyant because of the South African factor.

It is not surprising that the markets have focused their attention on South Africa. It accounts for 59 percent of the world's gold reserves and 47 percent of its production.

The bulk of the world reserves of the platinum group metals — platinum, palladium and rhodium, as well as chromium, manganese, and vanadium are situated either in Southern Africa or in the Soviet Union.

South Africa accounts for more than two thirds of all platinum; the Soviet Union more than two thirds of the world's palladium. So much so that heavy sales by the Soviet Union kept palladium prices from performing as well as platinum this year.

About 80 percent of the world's chromium reserves are in Zimbabwe and South Africa. The Soviet Union and Albania also have significant reserves.

South Africa and the USSR are also dominant in manganese.

Chrome and manganese are essential, not only for steel making, but also for the manufacture of

military equipment and aircraft — hence the term strategic. For most important uses, substitutes are not available.

Vanadium is applied as an alloy to increase the strength of iron and steel products. It is also combined with titanium-based alloys for jet engines and aircraft frames.

With the exception of the platinum market, most dealers are sanguine about metal supplies from South Africa, especially since supplies are well in excess of demand.

Analysts contend that labour unrest or other possible causes could disrupt supplies for a limited period. It is unlikely, they say, that South African minerals exports will be inhibited for long.

The best example of a strategic metal crisis was the invasion of Zaire's mineral rich Shaba Province in 1978. With about 50 percent of the world's cobalt reserves in Zaire and neighbouring Zambia, fears of a shortage of this tough metal used in the production of jet engines drove the price of cobalt from \$6.85 a pound to \$45 a pound. When the panic was over and demand tumbled, cobalt slumped to around \$5 a pound before recovering to \$12.50 this year.

UK constitutional crisis fears

LONDON — When Sir Geoffrey Howe leaves on his mission to SA tomorrow, he is leaving behind a situation which could well evolve into a constitutional crisis.

For the international scenario involving Prime Minister Margaret Thatcher's attitude towards SA has now spread to involve Queen Elizabeth II, it has been claimed here.

The *Sunday Times* said yesterday on its front page that the Queen was dismayed by "uncaring" Thatcher.

It quoted sources as saying she was dismayed by many of Thatcher's poli-

cies. And that dismay went well beyond the crisis in the Commonwealth over SA.

It said, in an unprecedented disclosure of the monarch's political views, that the Queen considered Thatcher's approach often to be uncaring, confrontational and socially divisive.

But a Buckingham Palace spokesman yesterday denied the report.

However, *Sunday Times* editor Andrew Neil has stood by the report, which was extensively quoted by other English Sunday papers.

MARGARET SMITH

ICFTU to increase ^{society} pressure ^{21/07/86}

By MZIKAYISE EDOM

THE International Confederation of Free Trade Unions yesterday announced that it will increase pressure for action on sanctions against South Africa as means of bringing peaceful political change to this country.

At a Press conference in Johannesburg yesterday, the general secretary of ICFTU, Mr John Vanderveken, also said ICFTU will renew its

call at the Commonwealth Summit meeting to be held in London next month to "unite around a meaningful programme of action".

Force

"Working people throughout the world should exert pressure to bring about change. No solution to South Africa's problems can be found that excludes the growing influence of the trade union movement

as a vital and vigorous force for peaceful change, leading to a fully democratic system," Mr Vanderveken said.

The 12-man ICFTU delegation which is presently in South Africa and leaves some time this week, came to assess the problems of blacks in this country, particularly the problems facing the trade

union movement and the recent detentions.

Mr Vanderveken said the delegation met trade union organisations including Cosatu, Cusa, Azactu, Mwasa. They also met church leaders including the Anglican Archbishop-elect, the Right Reverend Desmond Tutu.

He also said the plight of detainees was "upper-

most" in the delegation's concern.

"The picture painted by the first hand accounts given to us — in many cases by the released detainees — has proved genuinely shocking. The detentions have caused great suffering to families and have damaged the operational capacity of unions," Mr Vanderveken said.

He also said it was

clear to the delegation that it could and must do much more immediately to exert their undoubted influence on the Government to secure the "unconditional release" of detainees, and to break down the repressive "apartheid system".

He said: "The world community is now confronted by crucial decisions about effective economic sanctions".

SA blacks plead for sanctions — visitors

21/7/86
STAR
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A group of top international trade unionists on a short visit to South Africa says it has met a broad range of black leaders who have pleaded for hard-hitting sanctions to bring about change in the country.

The 12-man delegation of the International Confederation of Free Trade Unions (ICFTU) said it would call on the Commonwealth summit in London next month to unite around a meaningful programme of action against South Africa.

"We have overwhelming evidence of a willingness among the victims of apartheid to endure further suffering in the interests of achieving the transformation needed in their society," said the delegation at a Press conference in Johannesburg yesterday.

The delegation arrived on Friday and the last members of the group leave tomorrow after a meeting today with the Minister of Manpower, Mr Pietie du Plessis. Requests to meet the Minister of Law and Order and the Commissioner of Police and to see detained trade union leaders went unanswered.

In response to the delegations' allegations that no replies were received to requests to meet the Minister of Law and Order, Mr Louis le Grange, a police spokesman in Pretoria said: "A Mr Camay approached me and asked for an interview today. I told them it would be impossible for protocol reasons and applications must be made to the various embassies and the Department of Foreign Affairs."

Force for change

Mr John Vanderveken, ICFTU head and leader of the group, said the delegation had often heard pleas for hard-hitting sanctions against South Africa from trade unionists, community leaders, businessmen and religious leaders in the past three days. The group also met the Anglican Archbishop-elect, Bishop Desmond Tutu.

The delegation said that no solution to South Africa's problems could be found which excluded the growing influence of the trade union movement as a vigorous force for peaceful change.

Despite the brevity of the delegation's stay it had no doubt that it had received a comprehensive and authoritative account of the "grim realities facing the trade union movement".

One member of the delegation, Mr Norman Willis, general secretary of Britain's Trade Union Council, said he experienced for a few minutes what it was like to be black in South Africa, single and living in a hostel in a township. Mr Willis interviewed ~~not~~ in an Alexandra hostel. "These people have been living for so long under conditions that no British worker would tolerate for even a day," he said.

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2 BUSINESS DAY, Monday, July 21 1986

MPs' stand on sanctions surveyed

Labour hits out at Tories' SA links

IAN HOBBS

LONDON — Nearly one in four British Conservative Party MPs have interests in companies directly or indirectly linked to SA and this influences their opposition to sanctions, a new survey claims.

The research department of the opposition Labour Party says 71 Conservative MPs, including Cabinet Minister Tom King, are directors, shareholders, parliamentary consultants or advisers to 85 UK firms with investments in SA.

Northern Ireland Secretary King has a large interest in the finance group Sale Tilney, which has an SA associate firm.

The survey adds that 73 companies with SA subsidiaries or associates donated almost £1,204m to the Conservative Party last year.

Introducing its findings, the Labour document says the Tory reluctance to introduce sanctions against SA is, therefore, not surprising.

It says three Tory MPs were connected to two firms which paid "the lowest sum possible" for an average family to survive on" to black workers in SA.

The three MPs are named as former party chairman Cecil Parkinson, a director of Babcock International; Sir Anthony Grant, an advisor to Pritchard Ser-

vice; and Michael Forsyth, whose PR company advises Pritchard's.

Ten Tory and one Liberal MP were connected to six firms which paid black workers below the minimum wage recommended by the European Community code of conduct.

The one Liberal MP is Clement Freud, a consultant to a Grand Metropolitan subsidiary.

Seven firms with SA interests have connections with three or more MPs. They are the Midland Bank, with five MPs; the US corporation Marsh and MacLennan, four MPs; Grand Metropolitan, four; and Barclays Bank, BET, Commercial Union and Sedgwick with three each.

Only one Tory MP, Julian Amery, is a director of an SA-based firm having seats with two mining groups.

Three Labour MPs tied to companies with SA links are front-bencher Dr John Cunningham, Roy Mason and Gordon Oakes.

The one Social Democrat MP with such interests is Ian Wriglesworth.

The survey says 18 Conservative MPs were guests of SA or Namibia in 1985.

SHIPPING

Appreciation for MEX 2/07/80 1200 Thatcher's stand

Political Reporter

THE 1820 Settlers' Foundation Association has asked Britain's Prime Minister, Mrs Margaret Thatcher, to resist pressure on her to impose economic sanctions against South Africa.

Mr Mark Franklin, the Association's chairman, said in a recent telegram to Mrs Thatcher that great appreciation for the strong stand against sanctions by the Prime Minister and her Government had been ex-

pressed at the association's annual conference in Durban last month.

'The association, representing a large percentage of more than 800 000 immigrants to South Africa since 1961, appeals to you on behalf of all South Africans and British immigrants to hold out against sanctions and other actions which might give encouragement to extreme pressure groups seeking to exploit the present situation.

'British capital, people and their skills are as important now as they were in 1820 when 4 000 British settlers made a lasting contribution to South African progress,' Mr Franklin said.

Zola's Games appeal rejected

Mercury 21/7/86 280

London Bureau

ZOLA Budd and Annette Cowley have lost their appeals to participate in the Commonwealth Games in Edinburgh this week.

The Commonwealth Federation Games Appeals Committee announced last night that they had decided to confirm the bans on the two South African-born athletes.

The two women had appealed against the federation's decision a week ago to exclude them from the Games.

Annette Cowley has been granted permission to challenge her omission in the High Court and Zola Budd is expected to follow suit.

Disappointed

The jury was made up of the federation chairman Peter Heatley (Scotland), vice-chairman Sammy Kamau (Kenya), secretary David Dixon (England), legal adviser Sharad Rao (Kenya), Max Phillips (Australia), Howard Jones (England) and Sonny de Sales (Hong Kong).

Sir Arthur Gold, chairman of the Games council, said after the decision was announced 'We are disappointed and continue to disagree with the decision. Nevertheless the council accepts this verdict as final.'

Meanwhile, India has officially joined the boycott of the Games.

On Friday the Press Trust of India reported that the country had withdrawn, but this was not officially confirmed.

Yesterday, in an announcement from Delhi, the Indian Government said they were disappointed there had been no response from Mrs Thatcher to their appeal for a new direction on sanctions against South Africa and were withdrawing their team.

This brings to 24 the number of countries which have withdrawn from the Games. Sri Lanka said yesterday that they were 'reconsidering' their decision to take part.

Walkout

Meanwhile top English sports star Steve Cram has disclosed that fellow British athletes asked him to lead a Commonwealth Games walkout by the English team.

The middle distance star said he had been approached at an event in Nice last week, but had dismissed the walkout suggestion.

Sapa-Reuter reports that the organisers, faced with the withdrawal of half the boxing entries as a result of the growing boycott, may try to reduce the damage by asking the remaining teams to increase their squads.

Frank Hendry, director of boxing at the Games, said yesterday that the tournament would have to be rescheduled, as only 82 of the 164 boxers entered for the Games were now expected to take part.

All 12 weight classes have been affected. The three boxers remaining in the light-flyweight division, from an expected entry of nine, are each guaranteed a medal, while the high-profile heavyweight class has lost seven of its original 11 entries, Hendry said.

The withdrawal of Kenya's 12 boxers and eight each from Uganda and Nigeria was the most damaging to the tournament. Africans won gold medals in all six weights up to light-welterweight at the 1982 Brisbane Games.

Hendry said countries within reasonable flying time of Edinburgh could send in extra boxers at short notice if necessary, though such a move would require the agreement of their respective national Commonwealth Games authorities.

Victorious Witherspoon shows his delight



London—A beaten Frank Bruno slumps on the ropes while Tim Witherspoon raises his arms in triumph and referee Isidro Rodriguez moves in between them. Witherspoon stopped Bruno in the 11th round to retain his WBA world heavyweight title. Bruno was taken to hospital after the fight but was discharged after tests. A section of the 40 000 crowd became unruly after the fight and hurled chairs and coins at the American champion and his entourage as they left the ring at the Wembley Stadium. One police officer said 'the crowd out there just went absolutely loony'. Police arrested 25 people. — (Sapa-AP)

● See Page 16

Reagan drops plans to name black for S A

Mercury 21/07/86 2337

Simon Barber WASHINGTON—In a deep... stealing millions from the State... however, the acclaim turning sour in 1981...

CAE Tim's
22/7/86
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Some in SA 'back sanctions'

Own Correspondent

JOHANNESBURG. — Some South African employers had reached the point of favouring sanctions as a last resort to pressure the government to change, according to a delegation of the International Confederation of Free Trade Unions (ICFTU).

The 12-man delegation, which includes the ICFTU's general secretary, Mr John Vanderveken, the general secretary of Britain's Trades Union Congress (TUC), Mr Norman Willis, the chairman of the TUC's international committee, Mr Ron Todd, and the president of the AFL-CIO, Mr Lane Kirkland, arrived in South Africa on Friday and left yesterday.

The delegation had received increasing evidence of employer pressure for change in South Africa, including a "readiness in some cases" to favour sanctions, Mr Vanderveken said on Sunday.

ICFTU has affiliates in 99 countries, representing 146 organizations and 82 million workers.

TV

1, 2 & 4

tonight

TV schedules, supplied by the SABC may be changed without notice

TV1

- 3.57: Programrooster
- 4.00: Hoekie vir Eensames. Jasper en sy Mense.
- 4.30: Hannetjie, Die Heksie. Die Towerboek.
- 4.35: Die Wêreld se Mooiste Sprokies. Die Groot Vis en die Klein Vissie. The big fish is terrorizing all the small fish in the dam, and boasts about his size. But his very size soon lands him in trouble.
- 4.40: Wiellie Wallie
- 5.00: Doffel, Babbel En Bekkie. Vorms.
- 5.15: Langs Die Pikkewyne. A series of 12 episodes on life in a large zoo. In the first episode the vet discovers that the unusual is a daily aspect of his life.
- 6.00: Kompas
- 6.05: Noord-Sotho-Kursus: Dumelang.
- 6.15: Potpourri
- 7.10: Hawaii. Ou Skulde.
- 8.00: News and Weather Report.
- 8.35: Dallas. Just Desserts. The catastrophe of the masquerade ball in Martinique has serious consequences. Complications arise regarding the Ewing-Marinos drilling project and Pam astonishes JR with her decision about Christopher's share of Ewing Oil.
- 9.20: Network
- 10.10: Arts on One. Chanel Chanel. A documentary on the life and work of the great French couturier.
- 11.00: Late News
- 11.05: Stress — Are You Coping?
- 11.20: Evening Prayer
- 11.25: Transmission ends

TV2

- 5.37: Prologue
- 5.40: Masidlale. Pre-school educational programme (3-4-year-olds). The children are taught that there is no excuse for bad manners.
- 5.50: Ikhaya Labantwana. Pre-school educational programme (5-6-year-olds).
- 6.04: Upiggeldy Nofrederick
- 6.07: Umbukiso Kapopayi. All new Popeye show.

SA is out
of auction

AALSMEEER, Netherlands. — The Dutch Flower Auction of Aalsmeer (VBA), claimed to be the largest in the world, has decided not to sell South African products from October.

A VBA spokesman said the decision was made out of fears for anti-apartheid incidents. Dutch anti-apartheid activists have recently attacked Royal Dutch petrol stations and other firms with South African ties.

The VBA auctions about R1 500 million worth of flowers and plants each year, of which about R2 million come from South Africa.

The South African Embassy declined to comment. — Sapa-Reuter

Reagan may want ANC recognised

By SUE BAKER

WASHINGTON — President Reagan's advisers are trying to find measures strong enough to satisfy Congress, yet which short of the punitive sanctions to which the he remains adamantly opposed.

One published report said Mr Reagan would call for negotiations involving the United States, Britain, West Germany and the South African Government and possibly recognition of the banned ANC.

The House last month passed a sweeping sanctions Bill that would virtually sever all US trade and investment ties with South Africa to protest against the Pretoria Government's policy of racial segregation.

That legislation, and two more moderate Bills, are pending in the Senate and the influential Foreign Relations Committee is scheduled to hold three hearings on the issue this week.

Committee chairman Mr Richard Lugar, a Republican, said he was awaiting Mr Reagan's announcement and the results of a visit to South Africa this week by British Foreign Secretary Sir Geoffrey Howe before deciding on his strategy.

Any Senate Bill would have to be reconciled with the House measure and the final version approved by both Chambers before being sent to Mr Reagan for signature or veto.

The US and Britain, South Africa's two biggest trading partners, have remained staunchly opposed to punitive sanctions, despite international and domestic pressure.

Sir Geoffrey has said the 49-nation Commonwealth group will consider further unspecified measures if Pretoria fails to release jailed black nationalist Nelson Mandela, drop its ban on the ANC and start immediate talks with black leaders.

imposed by Mr Reagan last September include a ban on the import of South African Kruggerand coins and an end to commercial bank loans to the South African Government — an action the banks had largely already taken.

The bills before the Senate, in order of severity, are:

- The House-passed Bill which calls for a total withdrawal of US companies from South Africa and an end to all trade, except some strategic minerals.

- A Bill that would end

all new US investments, ban all commercial bank loans, withdraw landing rights for SA Airways and prohibit the import of South African coal, steel and uranium.

- A Bill that would extend and give the force of law to Mr Reagan's sanctions of last year and end all new bank loans.

A Senate source said the Senate was likely to approve a compromise Bill, expected to be thrashed out by Mr Lugar, that fell somewhere between the two more moderate proposals. — Sapa-Reuter

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22/7/86

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Many UK MPs have SA shares

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Post Correspondent

LONDON — Nearly one in four Conservative MPs has interests in companies directly or indirectly linked to South Africa, and this influences their opposition to sanctions, a new survey claims.

The research department of the opposition Labour Party says 71 Conservative MPs, including Cabinet Minister Mr Tom King, are directors, shareholders, parliamentary consultants or advisers to 85 British companies with investments in South Africa.

Mr King, the Northern Ireland Secretary, has a large interest in the finance group Sale Tilney, which has a South African associate company.

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Introducing its findings, the Labour document says the Conservative Party's reluctance to introduce sanctions against South Africa is, therefore, not surprising.

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The three MPs are named as former party chairman Mr Cecil Parkinson, a director of Babcock International, Sir Anthony Grant, an advisor to Pritchard Service, and Mr Michael Forsyth, whose PR company advises Pritchard's.

One Liberal and 10 Conservative MPs were connected to six companies which paid black workers below the minimum wage recommended by the EEC code of conduct.

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Seven companies with South African interests have connections with three or more MPs.

They are the Midland bank, with 5 MPs, the US corporation Marsh and McLennan, four MPs, Grand Metropolitan, four, and Barclays Bank, BET, Commercial Union and Sedgwick three each.

Mercury: 22/07/86

Govt expects U S sanctions news today

ORMANDE POLLOK
Political Correspondent

CAPE TOWN—The South African Government is waiting expectantly to hear today what sanctions or other economic measures the Reagan Administration might apply against the Republic.

United States Secretary of State Mr George Shultz is scheduled to give the first indications today and there is general agreement in political circles that America will have to tighten the screws on South Africa, if only to satisfy domestic opinion.

On Friday President Ronald Reagan is expected to present his Government's plan to ward off tough sanctions already approved by the legislature

A spokesman for the South African Department of Foreign Affairs yesterday declined to comment on the situation

It is clear from recent reports that the U S is not against economic pressures as such against South Africa but does not favour all-out sanctions.

However, the South African political situation has become a massive and highly emotional component of the American domestic scene and it is expected that President Reagan will have to take firmer economic action against South Africa than he did in his executive order in September last year to appease American opinion

The reintroduction of a state of emergency in South Africa has spurred on American calls for tough action but Washington appears to believe that sanctions or boycotts will reduce its ability to influence Pretoria diplomatically to make further social and political changes

America's resistance to all-out sanctions — which is supported by British Prime Minister Mrs Margaret Thatcher — should therefore not be seen as a pro-apartheid stand.

President Reagan has already warned South Africa that the American people could become 'impatient' at the lack of meaningful political reforms.

He could veto full sanctions but already in the pipeline are moves to bar all new American investments and loans, ban the sale of all computer technology to South Africa, prohibit coal, uranium and steel imports, withdraw South African Airways landing rights and ban South African banks from operating in the U S.

In his executive order last year President Reagan banned future bank loans, except for use in education, housing or health services on a non-discriminatory basis, computer and software sales to security forces and other Government agencies, the sale of nearly all nuclear related technology and the sale of Krugerrands in the U S

EC members still split on SA

Pressure for strong action if Howe fails

22/7/86. S.M.K.
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The Star's Foreign News Service

BRUSSELS — Several of the 12 European Community countries are expected to press for strong action against South Africa if British Foreign Secretary Sir Geoffrey Howe returns empty-handed from the second stage of his mission.

Yesterday, on the eve of his departure, Sir Geoffrey told a meeting of EC Foreign Ministers in Brussels that new measures were likely to be necessary unless South Africa made "tangible and substantial progress" towards dismantling apartheid.

But he declined to be drawn on what measures might be necessary.

At the European summit in The Hague last month, Britain, West Germany and Portugal resisted a strong sanctions policy against South Africa.

But the 12 agreed that the EC would complete talks with Japan and the United States by the end of September on a possible ban on new investment and the import of South African coal, iron, steel and gold coins.

In recognition of the extreme difficulty of his mission, diplomats said Sir Geoffrey had asked other member States to use their influence to persuade representatives of black South African organisations to enter into dialogue with him.

Portugal is playing a particularly prominent role in this initiative. The leaders of the main black opposition movements have said they will not speak to Sir Geoffrey.

Good chance

But Mrs Linda Chalker, Minister of State at the British Foreign Office, said there was a good chance Sir Geoffrey would speak to black opponents of the South African Government.

Sir Geoffrey warned that any measures taken against South Africa would be economically painful for Europe.

"There is almost no measure that can be taken which does not have some disadvantageous consequences," he said.

He emphasised that he was going to Southern Africa in his role as president and representative of the EC Council of Ministers.

But he hinted that Britain might not be prepared to go as far as other countries in whatever future measures might be taken against Pretoria.

Doubts

West Germany and Portugal reiterated their doubts about the desirability of strengthened measures against South Africa.

Irish Foreign Minister Mr Peter Barry urged Sir Geoffrey to emphasise to President Botha that further EC measures remained on the table unless there was movement towards ending apartheid.

"I have no qualms about using the word sanctions," said Mr Barry. "They should be fully comprehensive and mandatory but graduated. If there are no substantial or fundamental changes, there should be a concrete decision by the 12 to take action."

The Foreign Ministers adopted a declaration on human rights which should have been formulated at The Hague but remained incomplete because of the pressure of the South

Games boycott warning

The Star Bureau

2/9.

WELLINGTON — New Zealand Prime Minister Mr David Lange has warned countries boycotting the Commonwealth Games in Edinburgh that their actions will make Mrs Thatcher more obdurate in opposing sanctions against South Africa.

He said yesterday he could understand the passionate intensity of countries which had withdrawn from the Games, but added: "The one sure way to make Mrs Thatcher carry on in the current course is to be as strident and obstructive of her as possible."

"I think she is actually fortified by that in her determination."

Mr Lange asked what the boycott would achieve.

"The answer is that it will entrench Mrs Thatcher in her determination. Can she now be seen to capitulate to this? To do so would be inconsistent with every political statement and position she has ever taken."

He said Mrs Thatcher had never capitulated to industrial or protest action.

Reagan told to get tough on SA

The Star Bureau

2/8



WASHINGTON — Worried Republican leaders have warned President Reagan on the eve of his major speech on South Africa that he must get tough with the Botha government or face serious sanctions moves in the US Congress.

The warning came in a meeting at the White House where the Senators told President Reagan that he should abandon the term "constructive engagement" because it had become discredited.

One of the expected highlights of the speech — the nomination of black businessman Mr Robert Brown as next ambassador to SA — has fallen away with Mr Brown withdrawing his candidacy.

The withdrawal, which followed a series of disclosures about Mr Brown's business career,

saved the White House the embarrassment of rejecting him.

US sources say that despite the Brown disappointment, the President is still keen on the idea of a black ambassador.

Among those being considered now are Mr Terrance Todman, currently ambassador to Denmark, and Mr Allan Keyes, Assistant Secretary of State for International Organisation Affairs.

Mr Keyes set out US policy toward SA in an address in San Francisco yesterday.

He made it clear that the US wanted apartheid to end now, but that the new system should include minority rights.

Without minority rights, he — a black — would not be a free and equal citizen of the US, Mr Keyes said.

MPHC 31/6/86 280

Sanctions may lower interest rates—Barclays

JOHANNESBURG—Barclays Bank's deputy managing director, Mr Barry Swart, said yesterday that if full sanctions were imposed on South Africa, 'Local interest rates could tumble'.

He said there was liquidity, mainly a result of the lack of credit demand due to the recession. It was also Reserve Bank strategy, he added.

More pressure to lift insurance premiums

JOHANNESBURG—Locally registered branches of foreign re-insurance houses are fast cornering the South African short-term re-insurance market with the inevitable result that premiums will rise and hit both companies and the man in the street, Mr Clive Dean, general manager of General Accident Insurance Company, said.

He has called on the government to scrap the 'approved reinsurance' legislation, introduced in 1981 as an amendment to the Insurance Act, which lays down that only re-insurance placed with locally registered re-insurers can be taken into account in calculating the statutory solvency margin.

'It is dangerous to allow this small monopoly of locally registered foreign reinsurers to get such a grip on the short-term insurance market. If it continues, South African companies and individuals will be forced to fork up higher premiums.'

'Already some of these reinsurers have been pretty vocal in forecasting increases in their rates,' said Mr Dean.

'The state of the market being what it is, direct short-term insurers in South Africa, like ourselves, are being forced to use these locally registered (but predominantly foreign-owned) re-insurers in order to keep their solvency margins up. The market is at their mercy.'

Mr Dean said any reinsurance which his company and other insurers placed with overseas parents waters down their solvency margins—sometimes to dangerous levels.—(Sapa)

Property performs behind forecasts

JOHANNESBURG—The Sage Group's three property trusts, CBD Fund, Fedfund and Pioneer, have performed marginally behind forecast, but 'Still satisfactorily in the circumstances,' in the six months ended June, the board says.

Sage Property Trust Managers, management committee of the three trusts, show growth in earnings and dividends of 3,6% in CBD Fund, 6,2% in Pioneer Fund and a decline of 8% in Fedfund.

'The period saw a continuation of the decline in demand for accommodation of all types, resulting in sustained pressure on rental levels and increased vacancies,' the board says.

'Although adverse conditions were anticipated in previous reports, the extent and prolonged nature of the decline was not foreseen and this, together with a further reduction in interest rates, has resulted in the performance of the trusts being marginally behind original forecasts.'

Conditions in the property sector are not expected to change materially during the second half of the year and results for the year as a whole are consequently likely to reflect a similar trend to that achieved in the interim period, the board says.

and dividend per unit for the half year increased by 6,2% to 12,56 cents, based on 92,83m units in issue.

In the first half of last year, net income and dividend per unit was 11,83 cents, based on 89,80m units in issue.—(Sapa)

Opec tries to up price

GENEVA—The Organisation of Petroleum Exporting Countries has won pledges from more than half its members for voluntary cuts in production totalling 1,8m barrels a day, Opec president, Mr Rilwanu Lukman, said yesterday.

The planned cuts are aimed at boosting oil prices, which have dropped from \$32 a barrel last December to as low as \$8 on some world markets.

Mr Lukman refused to say whether the countries that made the pledge on cuts would go ahead if the other Opec countries refused to join them.—(Sapa-AP)

'Further sanctions may cause exporters, who have up until now been the stars of the economy, to suffer,' Mr Swart said.

But the 'Cloud of uncertainty over the economy would be lifted and in the short-term demand could be stimulated'.

Mr Swart said that since last year's debt crisis, foreign exchange volumes were down by around 50%. Additional sanctions would curtail activities further.

Barclays was not experiencing any difficulty securing credit lines from international banks but he believed industrialists were finding it more difficult to do so.

While a cash trade basis would slow business he could foresee no real difficulties.

Mr Swart did not see Pretoria reneging on its \$24 billion debt, but 'If people were driven into a corner they may react irrationally'.

The rand would probably fall in the event of sanctions, but he did not give a figure.

Further sanctions would lead to more bad debts, already at a high level due to the worst post-war recession, he said.

He saw South Africa's gross domestic product growing only by some one percent this year, keeping rates down. Prime, currently at 14,5%, should fall to 13% by the end of this year.

The bank's capital position was relatively comfortable, adding if the bank believed it needed additional capital, 'It would go out and get it.'

Far out-doing its 19,5% after-tax profit recovery in 1985, Barclays reported a half-year after-tax profit 150% higher than a year ago.

At R89,2m (R27,5m), it is not far short of the R88,6m recorded for the whole of 1985.

Earnings per share rose to 107,5c (59,6c).

With the interim dividend unchanged (35c) and a second dividend of 78,75c declared per preferred ordinary (40c in January), dividend cover rises to 2,5 times (1,7).

Commenting on the results, managing director Mr Chris Ball said 'An improvement on the interest turn and on other non-interest earnings, tight control of costs and the initial benefit in operating efficiency from heavy investment in systems are the main reasons for our encouraging performance'—(Reuter)

CAT TIPS 31/7/86 280

'Wave of anger' in UK over Botha's rebuff

From JOHN BATTERSBY

LONDON. — President P W Botha's firm rebuff to British Foreign Secretary Sir Geoffrey Howe has unleashed a wave of anger here and paved the way for tougher sanctions against South Africa.

After Sir Geoffrey's arrival here yesterday, Foreign Office sources said the Common Market mission would run its course to September 30 with the emphasis now on seeking agreement on further sanctions rather than promoting dialogue.

'Undermined'

But it is highly unlikely that any final agreement on sanctions will be reached at next week's Commonwealth mini-summit.

President Botha's rebuff has swept away the last obstacles to concerted economic pressure and drastically undermined the anti-sanctions stance of British Prime Minister Mrs Margaret Thatcher and US President Ronald Reagan.

Whitehall officials said yesterday that any chance of a Thatcher/Botha summit had been scuttled by the slap-down and that even further visits by Sir Geoffrey were now unlikely.

'No point'

In Washington Senator Paul Laxalt, the man tipped to travel to South Africa as a special envoy of President Reagan, let it be known that he no longer saw any point in a visit.

The rand dropped sharply on foreign exchange markets yesterday in response to the collapse of the mission,



Some of the British headlines on President P W Botha's rebuff to Sir Geoffrey Howe.

falling from more than 39 cents to the dollar on Tuesday to 38 cents yesterday afternoon. It recovered later.

A travel-weary and politically battered Sir Geoffrey met Mrs Thatcher yesterday to brief her on the mission.

Hours after Sir Geoffrey arrived, US Assistant Secretary of State for Africa Dr Chester Crocker arrived for an urgent briefing in a bid to co-ordinate a sanctions package being debated in the US Senate with proposed Commonwealth and Common Market measures.

And former Australian prime minister Mr Malcolm Fraser, a co-chairman of the Eminent Persons Group, unveiled a package of Commonwealth sanctions which will be on the table at

Sunday's summit.

These include a ban on all new investment in South Africa, the removal of consular facilities, putting further obstacles in the way of granting trade credits to South Africa, and an embargo of South African exports — particularly bulk commodities which were in over-supply.

On both sides of the Atlantic, key figures in the Western sanctions campaign confidently predicted that Mrs Thatcher would fall in line behind tougher sanctions at next week's Commonwealth summit.

Mr Fraser predicted that Mrs Thatcher would acknowledge Britain's self-interest and fall in line with sanctions.

In Washington, Senator Richard Lugar predicted that Mrs Thatcher "will move in the direc-

tion of sanctions" to preserve Commonwealth unity.

Labour Party leader Mr Neil Kinnock accused Mrs Thatcher of "delay and duplicity" and demanded that she support the Commonwealth sanctions package immediately.

Dr David Owen, leader of the SDP/Liberal Alliance, said that if Mrs Thatcher was wise she would "make a firm decision in favour of sanctions at the Commonwealth summit".

'US lead'

As it was she was likely to be seen once again following the US lead on sanctions if the US Senate approved a sanctions bill.

Senior Tories openly backed tougher sanctions following what is seen here as a humiliating and ruthless rebuke for the mild-mannered Sir Geoffrey.

Fleet Street newspapers screamed in banner headlines: "Howe mission blasted by Botha" and "Botha slaps down Howe".

'Get lost'

The Daily Express had a banner headline "Get Lost" and even headlines in the more serious broadsheets reflected the depth of injury to British pride.

But Sir Geoffrey's personal "courage and dignity" were widely praised by Tory colleagues and opposition politicians alike.

Mrs Thatcher was under fire from all sides for knowingly sending Sir Geoffrey on an impossible mission to rescue her increasingly beleaguered anti-sanctions stand.

Tougher sanctions loom over rejection

Merc. 31/07/86 (280) (16)

London Bureau

PRESIDENT Botha's rebuff to British Foreign Secretary, Sir Geoffrey Howe, has angered politicians of all parties here and paved the way for tougher Western sanctions against South Africa.

Following the arrival of Sir Geoffrey in London yesterday Foreign Office sources made it clear that while the Common Market mission would run its course to September 30 the emphasis had now switched from promoting dialogue to seeking agreement on further sanctions.

But it is highly unlikely that any final agreement on sanctions will be reached at next week's Commonwealth summit.

The rebuff for the British Foreign Secretary has swept away the remaining obstacles to concerted economic pressure by South Africa's major trading partners and drastically undermined the anti-sanctions stance of both British Prime Minister Margaret Thatcher and United States President Ronald Reagan.

Sapa-Reuter reports that British Government sources indicated that Mrs Thatcher did not intend a fundamental shift in position in spite of her looming isolation at a key meeting of leaders of seven Commonwealth countries.

'Our point of view does not change with these circumstances.'

'We do not believe sanctions are effective,' said a senior Government source.

'But that isn't to say we might not end up with a gesture or two,' he added.

Rand

In Washington Senator Paul Laxalt, the man tipped to travel to South Africa as a special envoy of President Reagan, let it be known that he no longer saw any point in a visit.

The rand dropped sharply on foreign exchange markets yesterday in response to the collapse of the mission falling from more than 39 c to the dollar the previous day to 38 c yesterday afternoon.

A travel-weary and politically battered Sir Geoffrey met Mrs Thatcher yesterday to brief her on the mission.

Tomorrow the British Cabinet will prepare its strategy for the seven-nation Commonwealth summit beginning here on Sunday.

Britain, already isolated on its anti-sanctions stance within the 49-nation body, will find itself even more out on a limb in the wake of the collapsed EEC peace

mission.

Hours after Sir Geoffrey landed in London US Assistant Secretary of State Chester Crocker arrived for an urgent briefing on the mission in a bid to co-ordi-

nate a sanctions package being debated in the United States Senate which proposed Commonwealth and Common Market sanctions.

● See also Editorial
Opinion and Page 11

Rebuff causes switch in emphasis

LONDON — President P W Botha's firm rebuff to British Foreign Secretary Sir Geoffrey Howe has unleashed a wave of anger across the political spectrum here and paved the way for tougher Western sanctions against South Africa.

Following the arrival of Sir Geoffrey in London yesterday Foreign Office sources made it clear that while the Common Market mission would run its

course to September 30 the emphasis had now switched from promoting dialogue to seeking agreement on further sanctions.

UK SANCTIONS REPORT: P4
CALL FOR SANCTIONS: P5

31/3/86
JOHN BATTERSBY

Argus

HOW SOUTH AFRICA WILL BE AFFECTED IF THE CRUNCH COMES

280 31/7/86

Is there life after sanctions?

ARGUS 31-7/86 280

"If it is expected of us to forgo essential goods which we cannot manufacture or build ourselves, let us obtain them by exploiting the self-interest of others."

So said President P W Botha on July 17th. He was unveiling his country's new strike aircraft, the Cheetah, which is the product of an arms-embargo-busting conduit.

The prospect of trade sanctions is now greasing many conduits, not just between South Africa and middle-men in Israel, Taiwan and South Korea, but most of all within Africa itself. Almost every African economy is now in a state of siege, not unlike the one that South Africa's black neighbours want to impose on it. These sieges are characterised by import restrictions, hard-currency starvation and shrinking export markets. It is ironic that policies which most African states have adopted as a means of maintaining existing regimes in power should now be advocated as a means of hastening the downfall of Pretoria's.

The South African Government assumes that sanctions of some kind will be imposed in the next few months and has made its dispositions. The EEC's package — the likeliest one for Britain to subscribe to if Sir Geoffrey Howe's mission is seen to have failed — would impose bans on new investment and on imports of coal, iron and steel and Krugerrands.

The Commonwealth's package would add bans on food imports, air links, tourist promotion and government contracts with South African-linked companies. There is little prospect of a ban on exports to South Africa, apart from the already existing ones on arms and oil.

NUMEROUS committees in Pretoria are examining counter-measures. Mr Fred Bell, the head of Armscor, the Government corporation that now supplies roughly 90 percent of South Africa's arms needs, has been named to oversee sanctions-busting. He will probably be looking at four things: New capital inflows, disinvestment, the imposition of import controls and the loss of export markets.

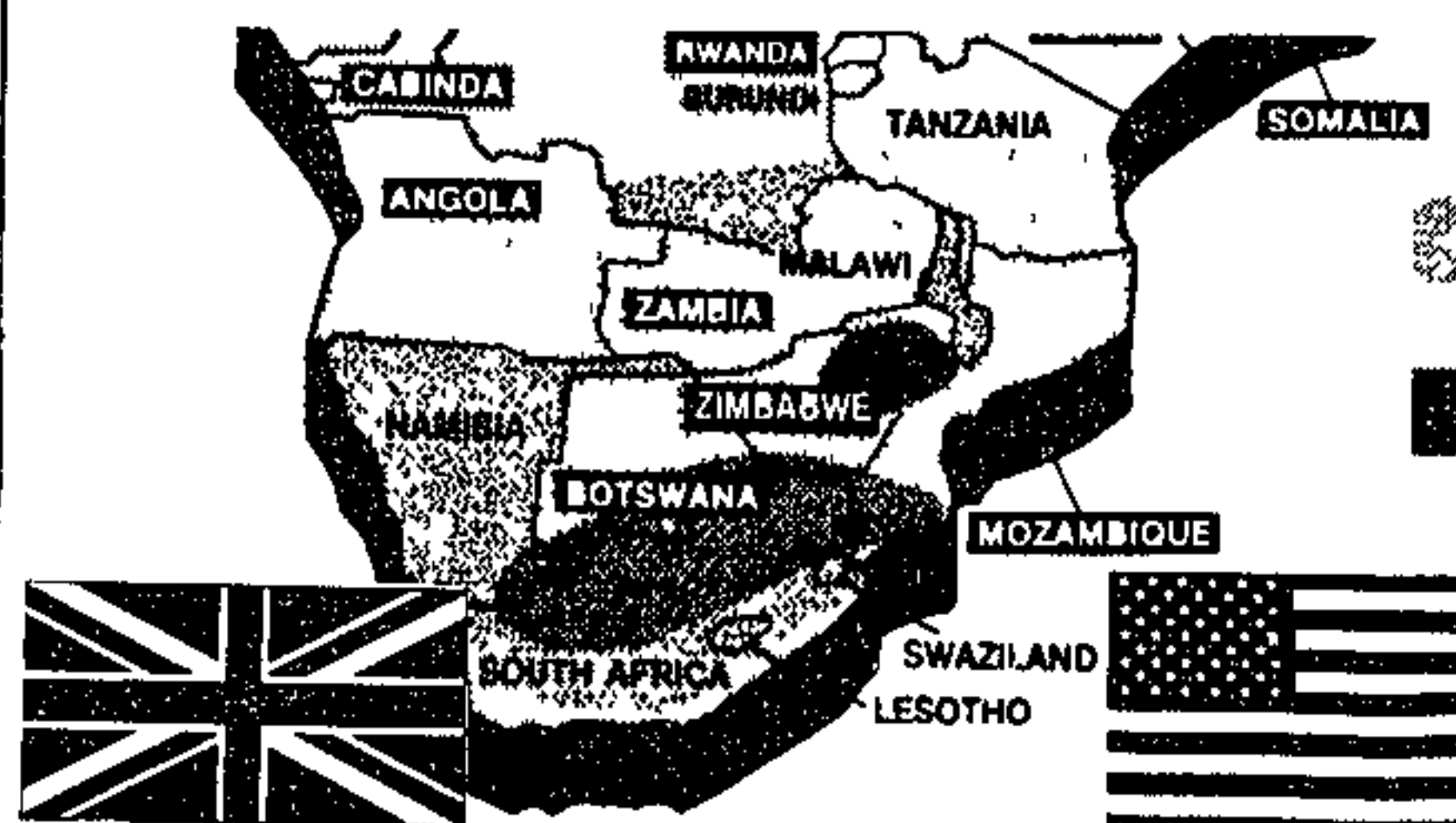
New long-term capital has virtually ceased to flow into South Africa, though some lines are still open from West Germany and Switzerland. Trade credit is still available and new credit lines would emerge over time through offshore financial centres. Foreign banks would shy away from further embargoes of the sort imposed on medium-term credit last year. The banks wish to do nothing to impel South Africa towards default.

If foreigners actually disposed of their South African companies, it would be seen as a mixed blessing. It would demoralise the business community; but the Afrikaner-run Nationalist government is relatively unconcerned with that predominantly English-speaking lobby. The assets might quickly be acquired by other foreigners, some operating through "fronts" in non-sanctions countries such as Israel and Taiwan. Any attempt to remove plant and machinery would certainly lead to sequestration by the government.

THE more usual result would be for South African assets to go the way of foreign-owned assets elsewhere in Africa: into *de facto* nationalism. Profits would be negotiated between company boards, often including public officials and soldiers and government departments. Not good for economic efficiency, but hardly a shattering blow to the morale of ministers suddenly presented with huge industrial patronage.

One consequence of foreign firms pulling out would be an end to the Sullivan and EEC codes of labour practice. They call for integration of the workplace and fair wages for black employees. Their impact on wage costs has probably been marginal, but the ending of such monitoring would also marginally depress earnings. Coupled with the rapid collapse of influx control (because of the ending of the pass laws) and white job reservation, labour unit costs could fall fast. This, combined with a further decline in the value of the rand, would do much to uphold South Africa's international competitiveness.

From the British journal, THE ECONOMIST



COMPETITIVENESS is central to the question of trade sanctions. The rand is now worth 38 cents — half of its value at the start of 1984. This has made imports much more expensive and has fuelled inflation, which is now running at an annual rate of 17 percent. But thanks mainly to gold exports, South Africa ought to run a current-account surplus of perhaps 3.5 billion dollars this year. The chief impact of sanctions would probably not be on certain important industries.

Apart from the luxury goods that make life sweeter in South Africa than anywhere else on the continent (for those who can afford them), South Africa's main import needs are for capital goods such as machine tools and semi-manufacturers and for high-tech products such as computers. Trade experts are convinced that an embargo on imports of any of these would be fairly easy to break.

The world's machine-tool and computer industries are in a slump. Foreign computer companies have already been accused in South Africa of unloading obsolescent machines on black schools. Johannesburg hotels are littered with Japanese salesmen waiting for the Europeans and Americans to leave the field to them. Japanese companies already circumvent their country's ban on direct investment with franchise and licensing deals; and most cars now sold in South Africa are Japanese. The prospect of handing the southern African market scot-free to their East Asian competitors would be more than European exporters could bear.

South Africa is in any event a world leader at evading foreign bans. It may already be negotiating false-documentation arrangements with inter-

mediaries in front-line states. Mining equipment destined for, say Zambia would anyway have to pass through South African ports; the consignments need never see Lusaka before being diverted to the production lines of the Transvaal.

NOBODY seriously supposes that a blockade could be imposed on South Africa's entire coastline. Even if it could, the country's greatest needs — high-tech, low-volume capital goods — could come in by air. The goods could still pass through neighbouring states such as Botswana and Swaziland if need be. South Africa is already planning new airfields in both states in the event of a ban on air links.

The fate of South Africa's exports, particularly of minerals and foodstuffs, is harder to predict. It is fortunate in the wide spread of its customers. The biggest, America, took only 15 percent of South Africa's exports in 1984. Short of a decision by the West's central bankers to drive down the gold price, gold and precious mineral exports seem secure.

However, the EEC's suggested embargo on coal and steel imports — a convenient choice for Europrotectionists — could bite. Exports of metal ores and scrap, 60 percent of which went to Britain in 1985, would be hit by a total export ban. Coal might be South Africa's greatest weakness. It is a big export earner, and almost 60 percent of coal exports went to Europe in 1985. Coal prices are already weakening because of competition from falling-price oil, and South Africa might find it hard to increase its coal sales outside Europe against the competition of exporters such as Australia. The coal mines last week said they might



have to lay off workers in anticipation of falling sales.

The seasonal fruit trade could also be vulnerable, but South African fruit is selling well on world markets and would probably find outlets without difficulty.

THE difficulty confronting any sanctions enforcement is that the frontline states — Botswana, Zambia, Zimbabwe, Malawi, Mozambique, Swaziland, Lesotho — are not so much a leak in the dam as an unpluggable gap. Under sanctions, black African corrupt cabinet ministers and their friends in state-backed import-export agencies would enjoy a lucrative trade in trans-shipment commissions. Sanctions could indeed relieve the hard-currency problems of Zambia and Zimbabwe — two countries with "end-user plausibility", this could make up for the much-vaunted adverse impact of possible South African retaliation on them.

Swaziland is well-placed, Pretoria wits suggest, to become the Lichtenstein of southern Africa. Swazi officials were in Pretoria this month discussing a "development" project. Maputo, the shambolic capital of Mozambique, would see an upsurge in business, since its bills of lading will seem more acceptable than, say, Durban's. Maputo is now little more than a South African port and would play a useful role in sanctions-busting.

In the pre-sanctions period there has been talk of South African retaliation against front-line states. But the South African Government knows that threatening retaliatory actions against migrant workers' remittances would be a pointless gesture. It would infuriate mining and manufacturing business whom the government will want to keep happy. Denying

Zambia and Zimbabwe railway wagons would also be self-defeating.

THE effect of any new western aid for front-line states is unclear. The aid that now flows to the black countries belonging to the Southern African Development and Coordination Conference (SADCC) tends to benefit the South African economy. So would any new help given after the imposition of sanctions, for the same reason: capital and other projects tend to be sub-contracted to the Transvaal. Sanctions might thus cement South Africa's black neighbours even closer to its economy than they are now.

THE internal consequences of sanctions are the hardest to quantify. The likelihood of leaks is so great, and the record of past sanctions so poor, that few observers in South Africa are prepared to guess at any numbers. A recent report from the South African Bureau of Market Research calculated that one million people would be thrown out of work by "total sanctions". Yet the calculation assumed a wholly effective trade embargo and no import-substitution effects.

South African employment statistics, like those in any mostly-third-world countries, are hardly worth collecting. Those that exist suggest unemployment is 2-4m out of a workforce of 12m. Sanctions would come at the same time as a possibly traumatic urban migration following this year's ending of influx control. Johannesburg's population density is at present roughly 12 per hectare, compared with London's 16, Mexico City's 65 and Cairo's 74. With starvation afflicting Mozambique and miserable poverty in the other front-line states, the drift to the great cities of South Africa seems likely to become a torrent.

This, coupled with the collapse of group-areas apartheid in the coming two or three years, is likely to rock southern Africa's economy. The effect of sanctions — the extension to South African of the sort of semi-siege experienced in many other African states — would by comparison cause hardly a tremor.

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Sanctions for sure, say EC diplomats

● HOWE

BRUSSELS — European Community economic sanctions against SA now seem inevitable after British Foreign Secretary Sir Geoffrey Howe's failure to win concessions from Pretoria.

EC diplomats added yesterday that Howe, president of the EC Council of Ministers, was expected to have urgent consultations with the UK's 11 EC partners soon after his return to London yesterday.

President P W Botha's rebuff of EC calls for dialogue with black opposition leaders would, they said, revive pressure for an early sanctions decision.

This has so far been blocked by UK opposition.

The diplomats said Britain's EC partners now expected UK Prime Minister Margaret Thatcher to drop her opposition to sanctions.

They wanted an early EC move

to galvanise world action against Pretoria.

Britain remained the key to a decision and pressure on Thatcher at next week's Commonwealth summit in London should help convince her to agree to an early sanctions move.

Some EC nations feel an EC decision would be even better before the August 3 Commonwealth meeting, although this appeared remote, the diplomats said.

Howe said, before setting off last week, that his mission should not be considered as a last chance for peace.

Diplomats said yesterday, however, that SA intransigence appeared so total that Britain would find it difficult to resist pressure to go ahead as soon as possible with the series of limited sanctions already agreed within the EC.

"What is the point of waiting any longer?" one EC diplomat asked.

He added, however, Britain might insist that a decision should not be taken until Howe completed his three-month EC mandate in September.

EC leaders agreed at a summit in The Hague last month to consider a ban on new investment in SA and on imports of SA coal, iron, steel and gold coins if Pretoria failed within three months to respond to international pressure.

"It is only a matter of time now. She cannot wriggle out of it any longer," the diplomat said of Thatcher.

Diplomats said the proposed sanctions would do little harm to Western economies.

They were also designed to do minimum damage to the SA economy. — Sapa-Reuter.

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Invest more — don't pulverise us, black clerics tell Americans

WASHINGTON. — Two black South African clergymen have urged the United States to step up investment in South Africa, saying disinvestment would hurt people of their race.

"Sanctions of any kind are harmful to the people of South Africa," said Mr John Gogotya, director of the Johannesburg-based Operation Advance and Upgrade.

Mr Gogotya and Mr Mzilikazi Masiya, national director of Jesus Christ for Peace in South Africa, spoke out

against disinvestment campaigns and sanctions at a Press briefing here.

The House of Representatives has passed a strong measure that would impose a virtual trade embargo on South Africa and the Senate is considering the Bill.

"Disinvestment would pulverise the black man," said Mr Gogotya.

The two men urged that the United States — instead of isolating the South African Government in an attempt to force changes — should step up the pace of aid to the black communities.

They said blacks need schools, training facilities and medical centres.

"The African National Congress has been 'swallowed hook, line and sinker by the Communist Party,'" said Mr Gogotya.

He said ANC leader Nelson Mandela "could be a free man if he would renounce violence".

Parishioners raised money for the men's trip to the US capital. The arrangements and their schedule were handled by the Liberty Alliance, a conservative lobbying group. — Sapa-AP.

Don't impose curbs, businessmen ask UK

The Argus Foreign Service

LONDON. — South African businessmen have delivered a plea to Britain not to impose sanctions, but suggest the freedom of black political prisoners and their organisations is the key to positive measures.

This is the essence of the South Africa Foundation's submission to Britain's all-party foreign affairs committee.

The foundation says the country has been "brought to the brink of a post-apartheid society".

BUDDAY. 31/7/86
280

SANCTIONS

Mission's failure means pressure really on UK and US

LONDON — The collapse of British Foreign Secretary Sir Geoffrey Howe's mission to SA was the main story on the front pages of most British newspapers yesterday.

Headlines ranged from the *Guardian's* "Howe's mission ends in debacle" to the *Daily Express's* "GET LOST".

The *Daily Mail's* headline said "Botha slaps down Howe". The paper reported that the Foreign Secretary had been "sent packing as a failure".

Most papers believed government's refusal to go any way at all towards meeting Howe's terms had pushed British Prime Minister Margaret Thatcher closer to agreeing to selective sanctions.

Howe was described as "dejected" as he flew back to London via Europe.

The *Financial Times* said Botha had been "confident and almost disdainful" when he spoke at a Press conference.

"Sir Geoffrey returns to Lon-

don not only empty-handed but having been rebuffed in a manner which deals a severe blow to the argument of Mrs Thatcher and President Reagan that Pretoria is susceptible to persuasion and mediation," the paper said.

"The failure of his mission is certain to increase pressure on the British and US governments for stiffer sanctions against Pretoria."

The *Guardian* said in an editorial that Botha's "brutal rejection" had shown that govern-

ment regarded British and European policy as irrelevant.

It said the British government's argument for delaying the imposition of sanctions had ceased to exist.

"If, after such a crude rebuff, the British government still ends up on the wrong side in SA, the world is bound to conclude that it prefers white rule to black at any cost, including its own long-term interests and even its dignity. Appeasement has failed again," it concluded. — Sapa.

The UK Parliament's Foreign Affairs Committee published a report on sanctions yesterday that will make an important input into the intense debate on what further economic sanctions the UK should impose on SA.

Here is a selection of quotes from the all-party committee's 45-page report.

□ Strategic location:

SA occupies a peculiarly important strategic location, commanding the sea routes between the Indian and Atlantic oceans.

It remains, and must remain, a priority for British and Alliance policy that, whatever future system of government it chooses for itself, SA should remain firmly outside the Soviet sphere of influence and should continue to be allied, if possible more closely, to the defence interests of North America and Western Europe.

□ Strategic minerals:

SA constitutes the principal non-Soviet supplier of a number of vital industrial and strategic minerals, including metals in the platinum group and chromium and manganese ores.

While temporary shortages of these minerals as a result of all-out sanctions against the present regime might be ameliorated by recycling, substitution and resort to stockpiles, the UK and other Western countries have a longer-term interest in avoiding the danger of greater dependence on supplies from the Soviet Union.

Although a halt in the supply of SA gold would undoubtedly have effects on the speculative market, the enormous Western holdings of gold would ensure that there would be no risk of dependence on Soviet and other suppliers of gold for vital industrial purposes.

Indeed, SA's own dependence on gold exports — which provide 40%-50% of the country's foreign exchange earnings — is an important bargaining card in the hands of the industrialised nations.

□ Colonial legacy:

There continue to be very close family ties between many of these English-speaking whites and people in the UK. Considerations for the safety and well-being of the English-speaking community should remain a proper concern.

The UK faces the possibility of a problem on a scale numerically similar to that experienced by France in accommodating white refugees from Algeria in the late 1950s and early 1960s.

At a time of high domestic unemployment, the difficulties involved in accommodating a large influx of British passport-holders ... would probably be relatively greater than those experienced by France.

UK ponders refugee influx after clamps



□ HOWE

JOHN BATTERSBY in London

□ Britain's responsibility:

Despite the UK's subsequent good record in the process of granting independence, the means by which the white minority in SA obtained exclusive control over government and economy were largely facilitated by the inadequacy of the legislation adopted by our own Parliament, and the development of apartheid as a legal system was made possible by the British Parliament's release of its responsibilities for the non-white population in 1909.

□ The Commonwealth:

Coherence of the Commonwealth can be re-established only by the renewed confidence of its black African members that the UK will opt for a united Commonwealth approach to the SA problem.

The outcome of the Commonwealth (Eminent Persons Group) mission has been greatly to increase support outside SA for the imposition of further sanctions ... and to polarise and harden attitudes within the SA political community towards further attempts at external mediation.

□ Howe peace mission:

If Sir Geoffrey Howe returns from Pretoria empty-handed — or at least armed with specific proposals insufficient to satisfy the demands of those campaigning for comprehensive sanctions — pressure on the UK government to join in the imposition of at least some further negative measures is going to be intense.

□ Purpose of sanctions:

Although in recent months ministers, including the Prime Minister, have sometimes given the impression that there is now a debate

about the principle of economic sanctions, it is clear that the real argument is about whether more punitive measures would achieve the policy objectives.

A decision to adopt comprehensive, mandatory sanctions, therefore total sanctions, as a means of softening the SA regime for a military victory by the ANC and its allies would involve the UK in conniving at the escalation of the present limited conflict into a full-scale civil war, which would almost certainly precipitate the bloodbath sanctions are designed to avert.

It has been generally conceded by our witnesses that the external action which has to date produced the most significant effect on the SA government was the decision last (northern) autumn of the Chase Manhattan Bank, and subsequently of other American and Western banks, to refuse to roll over official SA debts.

□ Effects on economy:

The imposition of further sanctions will clearly have an impact in direct relationship to the severity of the level of sanctions imposed.

Although it is obviously impossible to predict the precise impact of different levels of sanctions imposed, there is no doubt that the effects of total withdrawal of international trade would be in the long term to produce a significant downturn in the economy and significant further unemployment.

□ Effects on government:

If sanctions are intended to produce a relatively speedy political

response from the SA government, the most significant effects will be those indirectly on the government rather than directly on the economy.

Although sanctions would have negative effects on the economy in the long term, it might survive in the short term for rather longer than sometimes thought.

It is clear that this relief could be only temporary and that, after a while, sanctions would be likely to bite very hard.

□ Marshall Plan:

Given the potential value of positive (as opposed to negative) measures, we would not discount the idea that a Marshall Plan approach should be offered to the SA government as a condition for the ending of apartheid and acceptance of the main political demands of the Community and the Commonwealth.

□ Majority rule:

The onus is very much on the SA government, and white community in general, to take the steps necessary to ensure as peaceful a transition as possible to democratic rule.

It is significant that in statements about possible constitutional negotiations, President Botha's government has consistently referred to the sharing of power and has rejected the idea of a transfer of power to a majority government.

It is our fear that this attitude of the SA government, which probably reflects the views of the majority of the white community, will present a serious impediment to the negotiation of a new constitution for SA.

□ The way ahead:

The policy decisions to be taken by the UK government are to a large extent dependent on the actions of President Ronald Reagan.

If he finds it impossible to take the minimum steps demanded by the Commonwealth and most other foreign governments — to release political prisoners, unban the ANC and other organisations, and begin the process of negotiating a new constitution — it will prove increasingly difficult for the UK government to continue to resist the wider-ranging economic measures supported by the Commonwealth and Community governments.

One approach which we have identified is to use the carrot of positive measures, and the prospect of substantial outside help in reversing SA's economic decline, in return for achieving real political progress.

Another approach is to use the stick of further negative pressures on the SA economy in an attempt to coerce the SA government.

We cannot be sure whether either will work. Things may have gone too far already.

Sanctions package to go before US Senate

Republicans, Democrats may reach consensus

Dispatch Bureau

WASHINGTON — The Senate foreign relations committee yesterday met in closed session to consider a list of sanctions whose "theme", according to a spokesman, was "to hit the white government and its infrastructure".

"The aim is to convince the white government and its supporters to start negotiating with blacks," a spokesman, Mr Mark Helmke, said.

The proposals, hastily drawn up over the weekend at the direction of Senator Richard Lugar, the panel's chairman, are expected to be placed before the full Senate tomorrow. They include:

- Freezing the US bank accounts of government-controlled companies, their employees and employees of the South African Government. This would affect state owned media, and in particular the SABC and its US correspondent, Mr Fanus Venter.

- Denying visas to government officials and employees of state-owned corporations.

- Embargoing exports from parastatals, a move which Senator Lugar and his staff take to mean banning imports of South African steel, cement and uranium.

- Empowering the president to sell US gold reserves, on the theory that this would lower the value of South Africa's major export commodity. In fact, the president already has this authority under the Federal Reserve Act

- Ending SA Airways' US landing rights, which come up for renegotiation later in the year.

- Barring new investment in South Africa, already non-existent, by companies that do not subscribe to the Sullivan Code.

- Renewing, as a matter of law, President Ronald Reagan's September 9, 1985, executive order which banned public sector bank loans and Krugerrand imports, mandated Sullivan compliance and prohibited imports of Krugerrands.

"We're not ruling out additional sanctions as long as they fit the theme," Mr Helmke said.

The plan to freeze South African accounts in the US was originally targeted at all South African citizens rather than just the public sector, and came at the suggestion of two members of the commonwealth. Eminent persons, including Mr Malcolm Fraser

and General Olusegun Obasanjo.

South African correspondents in the US complained to committee staff that, as originally conceived, the plan could force privately-owned South African news organisations to close their bureaus.

Senator Edward Kennedy has drafted a similar, if broader, package to be introduced as an amendment to legislation now before the Senate to raise the legal ceiling on the national debt.

There is thus an emerging consensus between Republicans and Democrats in the Senate which theoretically should ease passage of the Lugar plan.

However, the prospects for swift

passage remain clouded. Senate majority leader Robert Dole, while sympathetic to the sanctions cause, is anxious to pass the debt ceiling legislation without extraneous amendments and then to begin work on a bill bitterly opposed by the Democrats that would provide the Nicaraguan contra rebels with \$100 million.

This could delay action on South Africa until after the month-long summer recess which begins on August 15.

● Sapa-Reuter reports that President Reagan, in a letter to the State President, Mr P. W. Botha, has made a new appeal for an end to apartheid, a White House official said.

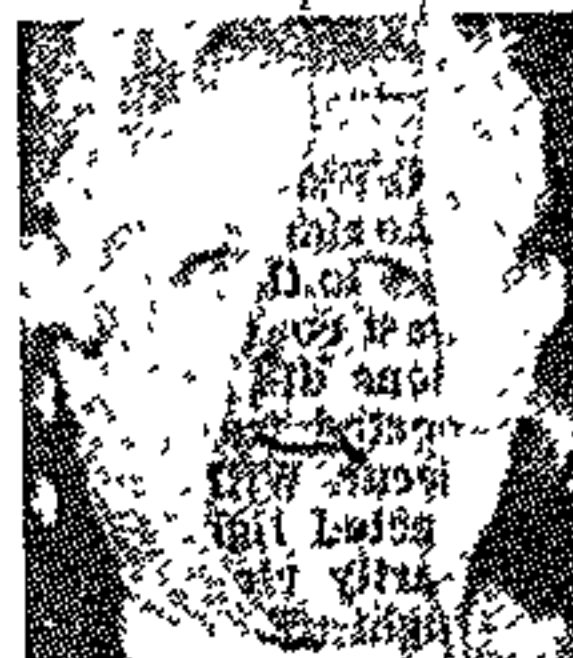
The official, who asked not to be identified, declined to discuss the letter's contents in detail, calling it a private communication, but he said Mr Reagan emphasised it was urgent that Pretoria set a timetable for ending the system of racial separation.

Mr Reagan's letter to Mr Botha went out last week, the official said. He declined to say whether it preceded or followed Mr Reagan's address on South Africa last Tuesday.

In his address, Mr Reagan urged South Africa's government to set a timetable for ending apartheid and to free political prisoners, including Nelson Mandela, the jailed leader of the outlawed African National Congress.



REAGAN



KENNEDY

'Leave SA to the South Africans'

PW rejects Howe's 'meddling' mission

30/2/86 BUS DAY 280

LINDA ENSOR and
DIANNA GAMES

STATE President PW Botha yesterday accused British foreign secretary Sir Geoffrey Howe of "meddling in SA affairs".

Speaking last night after his meeting with Howe, Botha said he had rejected the preconditions which Howe had outlined as absolutely essential for the possibility of the dialogue necessary to bring about peaceful change.

These preconditions were the release of Nelson Mandela and the unbanning of the African National Congress.

Botha accused Howe of having come to SA with the main purpose of bringing pressure to bear for these two steps. He said it was clear Howe, as a representative of the European Community, was not interested in positive policy matters in SA.



● HOWE



● BOTHA

Howe's report on his mission — which received the support of the European Council and the US government — was seen as a crucial instrument in the attempt to ward off the sanctions campaign.

The Commonwealth meets next week to discuss the Eminent Person's Group report which recommended the imposition of sanctions.

During a Press conference before he left for London last night, Howe warned

that time was running out before economic measures were introduced. He mentioned early September as the latest deadline.

If the SA government did not offer at least the possibility of substantial and tangible progress "further measures are likely to be taken in one form or another" Howe emphasised.

He called on the ANC to make a matching commitment to renounce violence. "I can never commit suicide by accepting threats and prescriptions from outside forces and hand SA over to communist forces in disguise," Botha said.

He said he hoped "this hysterical outcry of certain Western countries against SA will soon pass".

Referring to SA's past success in overcoming military and oil sanctions Botha said: "I don't believe in sanctions. But if

● To Page 3

PW rejects mission

30/2/86 BUS DAY 280

we are forced until our backs are against the wall, we will have no alternative but to stand up in self respect and say to the world: 'You won't force South Africans to commit national suicide...'

"Leave SA to the South Africans," Botha added, saying SA would prefer to have normal relations with other civilised states "but we cannot allow un-called for direct interference in our internal affairs".

"If sanctions are applied without taking note of all our endeavours to build this country and to develop it then we will have no alternative but to preserve our national interest," Botha said.

He challenged those of SA's neighbours urging the EC to impose sanctions to take the initiative themselves and to do so first.

"They should have the courage of their convictions instead of continuing to enjoy the considerable benefits of close association with SA while leaving it to others to pay the price of sanctions," he said.

Botha also proposed a series of joint

meetings with Southern African leaders as well as leaders of the EC, to jointly identify and address regional problems.

He said he saw this as supplementary to, but in no way replacing or detracting from, the internal reform progress "to which my government is committed and will continue until our goals are reached".

Howe stressed that the process of change already begun must address itself urgently to the fundamentals and that blacks should be brought fully into the political process on the basis of dialogue with freely-chosen black leadership.

He emphasised the only alternative to "violence and economic warfare" was if the government and the ANC both made an offer the other could not refuse.

Before his meeting with Botha, Howe held talks with Education Minister Ger-rit Viljoen, Finance Minister Barend du Plessis and Foreign Minister Pik Botha.

"We fully realise that we do hold the key, and ... with that key we can open the door to peaceful co-existence in multi-cultural countries worldwide. But there are elements which obstruct us in using the key."

Mr Botha said he asked Sir Geoffrey whether the world community would agree to sanctions against all countries with problems relating to race, and countries which did not have true democracies.

He said that instead of "encouragement and co-operation, we find that Western democracies and totalitarian states alike are neither prepared to acknowledge the sincerity of our efforts nor to grant us the opportunity to achieve our goals".

STAR Storm over SA trade agreement

Star Bureau

WASHINGTON — A new US-South Africa trade agreement has stirred a storm on Capitol Hill as legislators move to impose a package of economic sanctions on the Republic.

The new agreement, reached some weeks ago, allows a four percent boost in South African textiles to the US.

Senator Richard Lugar, a key figure in this week's congressional deliberations on sanctions, told newsmen the agreement was "hard to believe".

US textile producers were pleased with the agreement.

US committee sets theme for sanctions

WASHINGTON — The Senate Foreign Relations Committee yesterday met in closed session to consider a list of sanctions whose theme was "to hit the SA government and its infrastructure", spokesman Mark Helmke said.

He added: "The aim is to convince the white government and its supporters to start negotiating with the blacks."

The proposals, hastily drawn up at the weekend under the direction of Senator Richard Lugar, the panel's chairman, are expected to be placed before the full Senate by the end of the week.



● LUGAR

They include:

- Freezing the US bank accounts of government-controlled companies, their employees and employees of the SA government. That would affect State-owned media, particularly the SABC and its US correspondent, Fanus Venter;
- Denying visas to government officials and employees of State-owned corporations;
- Embargoing exports from parastatals including steel, cement and uranium;
- Empowering President Ronald Reagan to sell US gold reserves, on the theory that this would lower the value of SA's major export commodity. The President already has this authority under the Federal Reserve Act;

SIMON BARBER

□ Ending SA Airways US landing rights, which come up for renegotiation later this year;

□ Barring new investment in SA, already non-existent, by companies that do not subscribe to the Sullivan code;

□ Renewing, as a matter of law, President Reagan's September 9, 1985, executive order which banned public-sector bank loans and Krugerrand imports; mandated Sullivan compliance and prohibited imports of Krugerrands.

Helmke said: "We're not ruling out additional sanctions as long as they fit the theme."

The proposals were expected to be formalised at yesterday's session before coming to a public committee vote tomorrow.

Asked how he thought the proposals could be implemented, if accepted by the full Senate, and then by the House of Representatives, a committee staff-member who helped draft them said: "That will be up to the administration."

The gold sale idea, which was lifted directly from an editorial in last week's *Economist*, was scorned by gold analysts.

Senator Edward Kennedy has drafted a similar, if broader, package to be introduced as an amendment to legislation now before the Senate to raise the legal ceiling on the national debt.

Americans who think the continuing disinvestment lobby there is having any practical effect on the way business is done in SA are fooling themselves: US business here remains alive and well.

True, 55 US companies have abandoned their SA operations in the last year and a half, and more are on the way out. Eighteen companies have disinvested so far this year, and bankers here say the pace will continue.

But little really has changed. Of the 18 US companies that have disinvested in 1986, 12 have retained substantial business connections through distribution, licensing and technology contracts. Only two have actually shut down their local operations, and both of these were small. For the most part, employment and management has remained intact under new ownership; in fact, six of the companies were purchased by local management.

Here is what has happened to the 18 local companies sold by American corporations so far this year, according to executives at the affected companies and the Investor Responsibility Research Centre in Washington:

Applied Power sold its local distribution subsidiary to Jenda Holdings, the Lichtenstein-based holding company for Bosal Africa. The local company has retained all its 33 employees as well as exclusive distribution contracts for collision repair and hydraulic equipment from the American parent. These contracts account for all the SA

Pull-out partisans achieving nothing

K H HAMMONDS

company's turnover.

Ashland Oil sold its Valvoline Oil, Mikropul and two other units to an SA company.

Bell & Howell sold its MGX and TL Electronics subsidiaries to the Ronnie Price Group, for R2 plus the assumption of ongoing liabilities. Management remains intact, and the companies' 170 employees have been kept on. Distribution contracts with B & H will account for R3m of the companies' R25m turnover this year.

CBS's interest in Gramophone Records was purchased by Gallo, an SA company that already controlled the remaining 51%. There has been no change in operations or employment, and Gramophone produces recordings under licence from its former parent.

Cooper Industries sold 85% of its Gardner Denver unit to five senior executives, headed by its American MD Terry Spratt, and the rest to Barclays Merchant Bank in a cash transaction. Employment at

the new company has grown to 170, from 140 at the time of the buy-out. Distribution contracts with Cooper account for 20% of sales.

Eaton sold its Cutler-Hammer and Eaton Truck Component units to Northern Engineering for an undisclosed price. Northern, which also holds franchises from Mack Trucks, International Harvester and Cummins Engine — all US companies — now distributes and services car transmissions and axles under an agreement with Eaton.

General Electric's local subsidiary was purchased by nine senior executives, who changed the unit's name to Genwest Industries. Of the 700 employees working before the sale, 200 have been retrenched because of poor business conditions. Distribution contracts with GE account for 95% of turnover.

GTE's Unistrut division was sold to Unistrut management in the US.

The sale has had no effect on Dorbyl Ltd, which makes the Unistrut product under licence. In addition, Dorbyl purchased General Electric's locomotive division from Genwest, and now manufactures under licence from GE.

Kidder Peabody, the investment bank, closed its representative office, retrenching fewer than 10 employees.

MacMillan's local book publishing subsidiary was sold to an SA company.

Manpower's local Parker Pen unit was sold to British management of the Parker writing instrument division as part of an international disinvestment. Employment of 100 has not been affected.

Marriott sold its airline food services operation in May to Fedics, which now runs the business under the name Air Chefs International. Proceeds from the sale have been kept in the country for use by Marriott's business at Jan Smuts Airport, which operates under contract to SAA. When that contract

expires in October, Marriott will not reapply for the concession.

Pennwalt's local distribution business was sold to local manager Peter Avery, who has retained the unit's five employees and still operates under distribution contracts from the former parent.

Phillips Petroleum sold its 50% interest in Phillips Carbon Black unit to Degussa AG, a West German corporation, as part of a worldwide withdrawal from the rubber chemical business. The remaining 50% is held by the Industrial Development Corporation.

ROHM & Haas sold its SA subsidiary to local management and employees headed by MD Peter Harding. None of the unit's 100 employees have been affected, and the company has retained contracts for the purchase of raw materials from the US company, as well as other licensing and technology agreements.

WR Stamler liquidated its SA operation, retrenching eight workers.

Stanley Works sold its local distribution and assembly operation to three senior executives, who have retained all but three of the company's 25 employees. The local company continues to sell Stanley hand tools through an exclusive distribution contract.

VF Corporation, maker of Lee jeans, sold its 51% interest in Berkshire International for R1,1m to Shelford Ltd, a local company controlled by Berkshire chairman Corder Tihney. Berkshire continues to manufacture and sell Lee products under licence from the American company.

11/07/06 30/07/06

The OAU summit

BRITAIN was in the dock when the Organisation of African Unity began its three-day summit in Addis Ababa this week, and what has taken Western observers by surprise has not been the predictable African anger at Mrs Thatcher's refusal to impose sanctions against South Africa but that the OAU has apparently reached a consensus for the first time.

Diplomats had confidently expected foreign ministers from the 50 OAU countries to water down any draft resolution that did anything other than offer wordy condemnation over South Africa. At a special preliminary meeting on Saturday even moderate countries such as Kenya went along with the strongest statement yet to emerge from the OAU on South Africa.

Boycotts

The draft resolution called on Africa and other non-aligned countries to exert pressure on Britain by taking firm measures such as sports boycotts, economic reprisals and a break in diplomatic links. It also condemned Britain, the United States, West Germany, France and Israel for what it called their 'nuclear and economic collaboration' with South Africa.

Before the meeting it was felt that the proposal for reprisals against Britain would suffer the same fate as Mr Robert Mugabe's plan for a Pan-African military force, which was effectively shelved last Thursday. But it seems Nigeria and Kenya argued strongly for its retention. And the fact that the resolution was

Ganging up on Britain brings consensus

LONDON
BUREAU

adopted in its original form meant all 50 member states had agreed on it.

Britain had expected, in the candid words of a British diplomat, a real 'verbal bashing' over South Africa but not that the OAU would go so far as calling for measures such as the severing of diplomatic relations with Britain.

Each country in Africa has a different economic and political interest in the South African question. Most of the economies of the southern African countries on the so-called front line are interwoven with South Africa's. Usually a more pragmatic view is taken which commits member states to very little positive action.

In real terms, even if the resolution is adopted by the heads of State, little is expected to come of it. With its crippling economic problems Africa simply does not have the muscle to take any meaningful economic reprisals against Britain. The concept of severing diplomatic relations is also a non-starter for many countries. Most of Britain's £1 billion annual overseas aid goes to Africa. One diplomat commented wryly: 'They could

hardly bite off the hand that feeds them, could they?'

What the hard-line resolution has shown, however, is that the foreign ministers of the continent's 500 million people have united for the first time in their anger against Britain's refusal over sanctions. Some observers feel that the hostility and bitterness generated over this single issue could sweep away generations of friendly links and turn more countries towards the Soviet Union.

The foreign ministers' vote to postpone a decision on forming a Pan-African defence force was not surprising. They concluded that it would be too expensive and could provoke aggression from South Africa.

Ethiopia's Head of State, Mengistu Haile Mariam, devoted two thirds of his speech to the injustices of apartheid and in attacking Western countries for co-operating with Pretoria.

He accused the U.S., Britain and other 'reactionary Western powers' of joining an unholy alliance with Pretoria to promote their economic interests at the expense of human rights.

Col Mengistu singled out

Britain as a major villain because of its opposition to worldwide sanctions against South Africa.

'The negative stand of the British Government should itself be a target of further pressure. We Africans must seriously consider co-operating actively to mobilise our efforts,' he said.

President Abdou Diouf of Senegal, outgoing OAU chairman, called for greater pressure on Pretoria and its allies and stressed the need for massive financial support from the international community to salvage the African economy.

Delegates elected Congolese President Denis Sassou Nguesso as OAU chairman for 1987.

As is

Conference sources said the heads of State would probably adopt the ministers' recommendations without significant changes unless Nigeria made a last-ditch attempt to toughen up the proposals.

The other 36 resolutions, which cover subjects from the current plague of locusts to the status of the French-ruled Indian Ocean island of Mayotte, also were to remain in much their present form, leaving the African leaders few controversial subjects to thrash out yesterday and today.

The heads of State and government present are from Botswana, Burkina Faso, Cape Verde, Congo, Egypt, Ethiopia, Gabon, Guinea-Bissau, Lesotho, Madagascar, Mali, Mauritania, Mozambique, Niger, the Saharan Arab Democratic Republic, Senegal, Sudan, Tanzania, Uganda, Zambia and Zimbabwe. — (Sapa-Reuter)

Assocom, Howe agree in part — Ridgway

By DENISE BOUTALL

THE objectives for the future of South Africa held by the European Community countries represented by the British Foreign Secretary, Sir Geoffrey Howe, and Assocom are identical.

This is the view of Assocom president Mr Rocky Ridgway, who, together with the Assocom director and two representatives of the Federated Chamber of Industries, met Sir Geoffrey on Sunday.

"We all want to ensure that SA survives as a free country where all people can have a say without communist domination — but we do differ in our method," Mr Ridgway said today.

He had also pointed out to Sir Geoffrey that it was vital to alleviate the very serious unemployment problems in Port Elizabeth where the level of politicisation was amongst the highest in the country and warned him against steps that would

increase polarisation in the region.

The talks were highly informative he had found Sir Geoffrey a person who was eager to learn as much as possible and reluctant to put his own views until he had had discussions with as many people as possible.

He contrasted the British Foreign Secretary's approach with the that of the co-chairman of the Eminent Person Group, Mr Malcolm Fraser, who he had found intolerant of any views that did not coincide with his own.

Mr Ridgway said he had put Assocom's views on a number of issues to Sir Geoffrey. These included the removal of discrimination against blacks in politics, the scrapping of the Group Areas Act, the creation of one educational system for all races and that the private sector was prepared to mediate and negotiate to bring various groups together.

"We also made it clear

that we felt that Government was committed to reform and that that process of reform would be retarded by sanctions."

Asked to comment on State President P W Botha's response to Mr Howe's visit, he said one of the few encouraging things he said was that he had had an exceptionally good response to the invitation to people to join the National Statutory Council.

Mr Ridgway hoped an announcement on the NSC would be made soon. "It is vital that we move ahead with reform far faster than we have over the last year."

Asked what Assocom would be doing to hasten reform, Mr Ridgway said the organisation would continue on all possible occasions to press for the removal of social and commercial discrimination against blacks and would continue to stress the urgent need for a new constitution.

What will be the consequence of sanctions on South Africa's neighbours?
Will they suffer or will they survive? Here are two points of view

Effect will be swift and fatal

Several countries of Southern Africa face swift, and possibly fatal, consequences if sanctions are introduced against South Africa.

Presidents Reagan and Botha have reiterated what other South Africans have said before — that blacks, in and out of South Africa, will be the primary victims. Countries such as Lesotho and Swaziland would be particularly hard hit.

So will several others whose economies are inextricably linked to and dependent on South Africa. According to facts and figures published by the Africa Institute, the double-edged sword of sanctions will cut through them as much, and more, than it will South Africa.

The parlous economies of several countries in the region would be even worse off if all-out sanctions were introduced and South Africa were forced to end, or even seriously curtail, co-operation with them in several fields. Just the denial of access to South Africa's transport network would set several countries back on their heels.

About 70 per cent of Zambia's imports and 40 per cent of its exports go through South Africa. In the case of Zambia the figures are 68 per cent and 85 per cent and in Malawi's case they are 60 per cent and 50 per cent.

The landlocked mountain Kingdom of Lesotho

is totally dependent on South Africa and a vociferous Chief Leabua Jonathan was deposed after traffic in and out of the country was slowed to a trickle.

Countries as far away as Zaire are dependent on South African ports. If there was an efficient alternative transport system in the region, the situation for six land-

lines compared with 944 foreign trucks in South Africa.

These countries also hire South African locomotives and their vulnerability was underscored in 1981 when Zimbabwe faced a near crisis when only 25 diesel locomotives were recalled.

But South Africa also provides other vital sup-

From
ORMANDE POLLOK
 Political correspondent
 Cape Town

locked members of the Southern African Development Co-ordination Conference — Botswana, Lesotho, Swaziland, Malawi, Zambia and Zimbabwe — the situation would not be all that serious.

But there is not the best alternative would be the Tazara line between Kapiri Mposhi in Zambia and Dar-es-Salaam which has an annual capacity of two million tons but carried only 452 000 tons from Zambia in 1979.

In contrast, the South African Transport Services handled six million tons of traffic to and from the seven SADC countries in 1984-85.

The extent to which African countries depend on South African transport facilities is reflected in the fact that in September 1985 there was a daily average of 6 195 South African goods trucks on foreign

plies and services such as food, medical supplies, veterinary medicines, and petroleum products to its neighbours which would be threatened if sanctions were introduced.

Four neighbouring countries — Botswana, Lesotho, Swaziland and SWA-Namibia — receive all their petroleum products from South Africa while Zambia and Zimbabwe are heavily dependent on supplies which come through South Africa.

The pipeline from Beira to Zimbabwe has reduced the dependence on South Africa but it is a regular target of the Mozambican Resistance Movement and cannot be relied upon for regular supplies.

South Africa would be highly unlikely to keep supplying these countries from its own reserves in the event of all-out sanctions. Sanctions would naturally hit

South African trade but they would also hit its neighbours.

According to the Economist, all members of the SADC except Tanzania trade with South Africa. Each has more trade with the Republic than with all its SADC partners combined and combined SADC trade with South Africa is seven times higher than all trade between SADC members.

Accurate trade figures with Africa are not published but in 1984, South African exports were taken by 47 African countries. Exports to SADC countries were estimated at \$2 billion and imports from them at \$300 million. Apart from transport and trade, neighbouring countries rely heavily on South Africa for jobs which the South African government has already said will no longer be available if sanctions were introduced and domestic unemployment increased.

The hundreds of thousands of jobs now filled by foreign workers would then become available to locals.

Last year there were 414 586 foreign workers — largely blacks from neighbouring countries — in registered employment in South Africa and it is estimated that about half of their earnings get sent home. The Employment Bureau of Africa estimates remittances sent home by workers it recruited at R867.8 million in 1983.

The estimated R280 million sent home by 148 000 Basotho workers constituted nearly half of Lesotho's gross national product. Some 2 000 000 people — the foreign workers, their wives, children and family dependents — would have to find alternative sources of income in already depressed economies or face starvation if these jobs were taken away.

Posts and telecommunications, water and power supplies and tourism would be other fields which could be seriously affected.

Lesotho and Swaziland are particularly dependent on South Africa's telecommunications network and a large number of incoming and outgoing calls to Botswana are routed through South Africa.

Lesotho, Swaziland and parts of the Mozambique, Zimbabwe and Botswana receive electricity from Escom and tourism to the BLS countries as well as Zimbabwe and Malawi is dominated by South Africans.

A large number of visitors from Africa to South Africa is also recorded every year. In 1984 there were 431 282 made up of 240 628 tourists, 81 705 on business and 18 949 for study purposes.

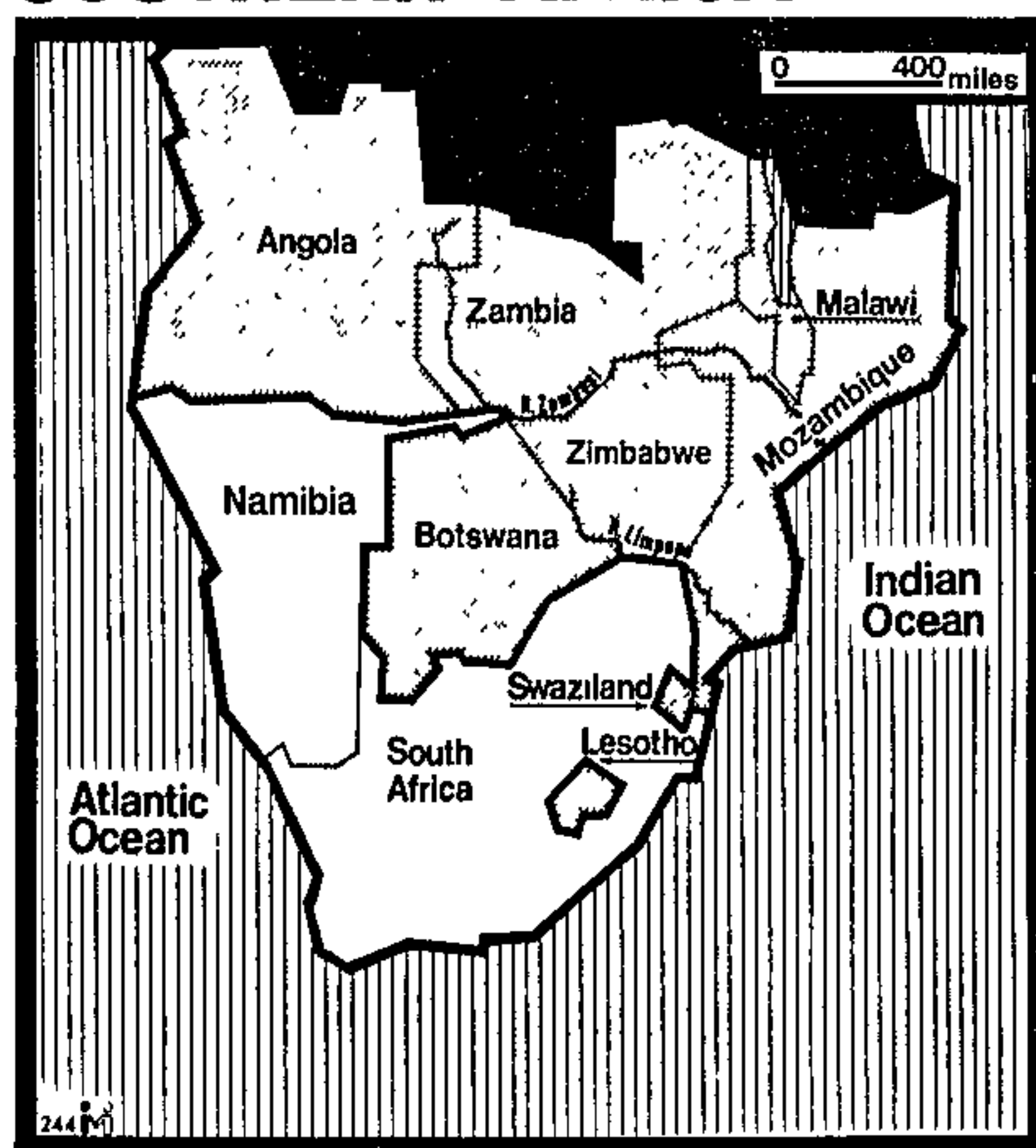
It may be easy for politicians to scream for sanctions against South Africa knowing they will not come, and then continue trading with the enemy. But, South Africa has already shown in the case of Lesotho that it can lose patience simply with calls for sanctions.

Clearly, several of South Africa's neighbours will be seriously affected by sanctions but it has been said their preparedness to suffer reflects the deep hatred that has developed in Africa and the rest of world against apartheid.

The irony is that the calls are mounting as social apartheid crumbles and can be expected to continue until the country has a new political dispensation which is acceptable to at least the majority of South Africans.

In the meantime, the proponents of sanctions could do worse than recall what President Reagan said in his policy speech last week: "Southern Africa is like a zebra. If the white parts are injured, the black parts will die too."

SOUTHERN AFRICA



SA will need all the trade it can get

The belief that sanctions against South Africa would cause unendurable hardships for the country's black neighbours has been exploded as "myth," according to a front page report in Zimbabwe's Sunday Mail.

The paper, which is controlled by the parastatal Mass Media Trust, quotes an independent study undertaken by the Canadian International Development Agency that South Africa could not inflict serious damage on the nine members of the Southern African Development Co-ordination Conference (SADCC) without "significant" cost to itself.

The Sunday Mail says the Canadians have borne out the view that South Africa would try to safeguard its R4 billion a year trade with the SADCC countries,

especially if the nations imposing sanctions worked out a formula of exemptions designed to help the black states' economies.

The Canadians believe the South African economy is "extremely vulnerable" to international economic pressure.

Special report :: Harare

because of its structure of production, and claim even "low-level sanctions" are likely to have serious repercussions.

This, they say, explains why South Africa is already threatening to repatriate migrant labour, withhold strategic supplies of fuel, food, and vital spares, restrict regional investment by South African firms, and "manipulate its customs union with Botswana, Lesotho and Swaziland".

The Canadians fore-

cast that South Africa might try other "intimidatory tactics" including temporary closures of its border posts, delays in transit traffic, and increased support to anti-government rebels in the Frontline states.

The Canadian report echoes one known to

have been done by a British expert, which predicted that severance of South African access to Western markets would increase the significance of African markets to South Africa.

While the confidential British report suggested this would increase black states' vulnerability to South African political pressure, the Canadians believe that, on the contrary, South Africa will be forced to make concessions to try

to protect its African trade.

The implications of sanctions to the Frontline states, and particularly Zimbabwe, are "far more complex than previous Doomsday forecasts," says the Sunday Mail.

About 25 per cent of Zimbabwean capital stock is controlled by South African capital, while in mining the proportion was 90 per cent.

The Canadians note that the SADCC states' dependence on South Africa is most pronounced in transport. South Africa has encouraged trade diversion by offering heavy discounts on rail, port and shipping charges, which meant it was cheaper to send a container 2 000 km from Murewa to Durban than the 300 km direct to the Indian Ocean port of Beira.

"Clearly, it would make sense for South Africa under the limited sanctions case to continue to try to expand the trade and transport linkages it has with the SADCC states, since it derives substantial economic and political benefits from them."

However, the report adds "What South Africa might well do to put pressure on the countries imposing sanctions is to slow down or disrupt the flow of traffic to the landlocked states while continuing to encourage the sabotage of alternative transport networks."

The Canadian report believes severance of transport links would "only be a serious problem" if Zimbabwe failed

to keep its line to Beira open. It believes the line could take at least 30 per cent of Zimbabwe's present international traffic.

The authors predict Zimbabwe would be prepared to commit up to 30 000 troops to defend the route, despite the serious budgetary problems this would cause the Zimbabwean economy. About 5 000 Zimbabwean troops are understood to be guarding the corridor at present.

While South African retaliation could cause some loss of exports, Zimbabwe had reduced the proportion of its manufactures going to South Africa from 75 per cent two years ago to 49 per cent, and was ex-

pected to have further success in diversifying its markets.

The report also believes that the expulsion of 10 000 Zimbabwean migrant workers, who at present remit about R11 million annually from South Africa, was "not likely to cause substantial disruption".

The Canadians do not, however, explore the background of internal unemployment in Zimbabwe, where 100 000 school-leavers are coming onto a labour market which is expanding by an average of only 8 000 jobs annually, and where, with a population 25 per cent higher, there are fewer people in formal employment than there were 10 years ago.

Botha warns on sanctions

THE State President, Mr P W Botha, said yesterday that if sanctions had to be imposed against South Africa, there would be no alternative but to preserve the national interest.

Speaking at a Press conference after meeting the British Foreign Secretary, Sir Geoffrey Howe, he said it was clear he, as a representative of the European Community, was not interested in positive policy matters in South Africa, but had come mainly to bring pressure to bear for the unconditional release of Nelson Mandela and the unbanning of the African National Congress.

Mr Botha challenged South Africa's neighbours who were urging the EC to impose sanctions to do so first.

SOWETAN Reporter

"They should have the courage of their convictions instead of continuing to enjoy the considerable benefits of close association with South Africa while leaving it to others to pay the price of sanctions."

Mr Botha also proposed joint meetings with "other southern African leaders as well as leaders of the European Community" to jointly identify and address "problems that afflict us and others on the region, in seeking solutions"

If change in South Africa is to be peacefully effected on the scale required, then it must be built upon dialogue between the Government and freely chosen leaders of the black popula-

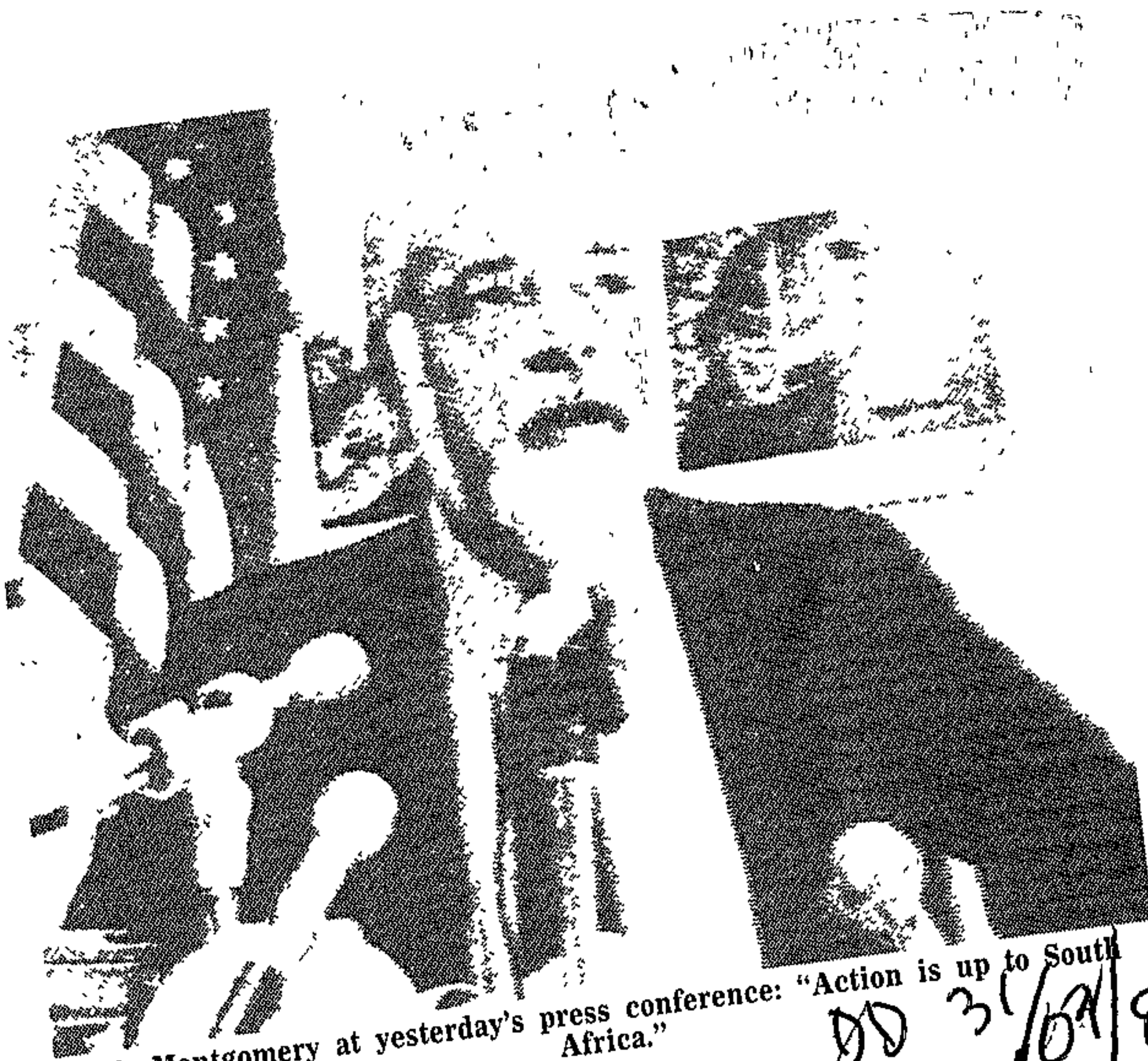
tion, Sir Geoffrey said yesterday, writes Sello Rabothata.

He said this was one of three propositions which have repeatedly been made during his mission to southern Africa.

The other two are that the process of change which has already begun must address itself urgently to the fundamentals and that dialogue will not be possible as long as black leaders like Nelson Mandela are in prison or exiled and organisations such as the African National Congress are banned.

On his arrival in London today his first duty will be to report to the British Cabinet and to Britain's EC partners. He added that his report would be as objective as possible.

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Mr Montgomery at yesterday's press conference: "Action is up to South Africa."

It's up to SA to act — human rights man

Dispatch Correspondent

JOHANNESBURG — It was possible to be both against apartheid and against sanctions, the US deputy assistant secretary of state for Human Rights and Humanitarian Affairs, Mr James Montgomery, said yesterday.

He was speaking at a press conference shortly before leaving South Africa after a seven-day visit, during which he held meetings with government officials and detainees in Cape Town, Port Elizabeth and Durban.

He declined to elaborate on the subject during the brief conference but said he had repeatedly stated his objection to sanctions of any kind against South Africa. He would take his ideas back with him to Washington where debates on the subject were under way.

His discussions with officials from the departments of Foreign Affairs, of Justice and of Police — whom he declined to name — were frank, he said.

Asked if he had made any recommendations to them he said: "Action is up to South Africa. I discussed the effect of some of the problem areas, South African debt in the US and pointed out that if these difficult points continue it would make our task a difficult one."

He also called for the release of all political prisoners

"They die in detention, are tortured and this is a serious problem. There is a debate on the subject in the US right now," Mr Montgomery said.

He had met several former detainees but declined to elaborate on his discussions with any of them.

The human rights bureau of his department worked on human rights programmes around the world but had its biggest responsibility in South Africa because of the need among the black population.

Annually the department donated between \$20 million and \$25 million towards various causes in South Africa, including scholarships for black students, trade unions, disaster relief, various community organisations and legal groups which dealt with human rights.

Many of South Africa's present problems stemmed from the state of emergency, he said. These included detention without trial, inaccessibility of detainees to lawyers, physical abuse of detainees, the accountability of the security forces and the denial of political rights to the black population.

Under no circumstances did his organisation recognise the existence of so-called "independent" homelands in South Africa, he said.

DD 31/07/86

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New pressure on Thatcher for sanctions

Economic steps only way, says key report

LONDON — The British Prime Minister, Mrs Margaret Thatcher, due to face senior Commonwealth leaders this weekend, came under renewed pressure yesterday to agree to sanctions against South Africa.

A key parliamentary committee published a report backing sanctions as the Foreign Secretary, Sir Geoffrey Howe, flew home to brief Mrs Thatcher and the US Assistant Secretary of State, Dr Chester Crocker, on the failure of his week-long shuttle around Southern Africa.

Mrs Thatcher, due to meet six other Commonwealth leaders at a three-day meeting starting on Sunday, was studying the report from the influential House of Commons Foreign Affairs Committee.

It broadly agrees with a Commonwealth delegation which visited South Africa, the Eminent Persons Group (EPG), that economic sanctions against South Africa are the only answer if the State President, Mr P. W. Botha, refuses to release political prisoners, lift the ban on the African National Congress and start serious negotiations to end apartheid.

It added to pressure on Mrs Thatcher over sanctions already exerted by Commonwealth leaders, members of her ruling Conservative Party and the opposition Labour Party.

The report was drafted over nine months during which the committee took evidence from South African diplomats, ANC leader Mr Oliver Tambo, representatives of white, coloured and Indian opposition parties, as well as members of the British and South African business communities.

The committee said it also held informal talks with the EPG, whose report concluded that concerted international action on economic sanctions was the only option left if a blood-bath were to be avoided.

The report, completed before Sir Geoffrey's mission ended in failure, said Britain would find it increasingly difficult to resist calls for sanctions if Sir Geoffrey returned home empty-handed.

"The policy decisions to be taken by the British Government are to a very large extent dependent on the actions of President Botha

"If he finds it impossible to take the minimum steps demanded by the Commonwealth and most other foreign governments it will prove

increasingly difficult for the British Government to continue to resist the wider-ranging economic measures," the report concluded.

"Things may have gone too far already," it added.

The report also included a memorandum from the Foreign Office which outlined the effects economic sanctions would have on Britain.

It made it clear that a direct result would be higher unemployment and rising prices, with supplies of raw materials and agricultural products — the main South African exports to Britain — being disrupted.

"There can be no doubt that a significant number of jobs, particularly in the engineering, transport equipment and chemical sectors, are dependent on our visible and invisible trade with South Africa," the memorandum said.

In 1985 British exports to South Africa were valued at over £1 billion and the most recent survey, in 1981, put direct British investment at £2 billion. — Sapa-RNS

SA trade link cut could cripple front-line states

Mercury 31/07/86
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Mercury Reporter

MOZAMBIQUE'S crumbling harbours and collapsed rail system could throttle the trade of the front-line states if the South African Government cut trade links in retaliation for sanctions.

Mozambique's ports once provided a major trade outlet on southern Africa's eastern seaboard. But years of administrative incompetence and Renamo sabotage have crippled communications, Durban shipping sources say.

High harbour fees, broken-down cranes, misplaced buoys and official disinterest have led at least one international shipping company to decide in the past two months to stop calling at Mozambican ports.

Others have not done so for years, preferring to deposit Mozambique-bound cargoes in Durban for transshipment by small coasters.

Sources say a small mountain of international food aid is in storage in Durban. Yet once food shipments get to Mozambique they seldom find their way out of the coastal towns because of Renamo

attacks

A newer phenomenon is the appearance of bands of hungry Frelimo deserters whose pillaging adds to the troubles of the war-torn countryside

So bad has the situation become that Zimbabwe has sent its own soldiers to guard the vital Beira oil pipeline and railway.

Raided

The rail line from the northern port of Nacala, which once carried much of Malawi's trade, has been virtually inoperative for years. The story is told that trains have to carry tracks and sleepers to repair blown-up sections as they go.

The port itself has occasionally been raided by Renamo.

Shipping experts admit that facilities in the capital and major harbour, Maputo, have improved recently. A sugar terminal and a refrigerated fruit terminal operated by South African companies are working well, as is a British-run

container terminal.

A huge Russian trawler fleet based in Maputo is well equipped with accommodation barges, workshops and a drydock, all afloat.

But an undredged entrance channel, whose marker buoys have drifted out of position, means that only ships with a draught of less than 10 m can enter.

And regular Renamo attacks in the hinterland prevent the port from being a reliable trade outlet.

Mozambique's second-largest port, Beira, is in worse condition

Only about half its cranes are said to be working and it still relies on steam engines to move trains about the port

But efforts have recently been made to improve it. The entrance buoys have been repositioned and a dredger has been at work.

Mozambique's small harbours such as Quelimane and Macuse are said to offer almost no normal facilities to ships.

The sanctions battle

No winners among the neighbours

AMONG the black states that fringe South Africa there will be no winners in an international economic war against Pretoria.

In a region stretching from the central vastness of eastern Zaire to the southern mountain enclave of Lesotho more than 80 million people bound in nine different economies depend in varying degrees on South Africa.

The reactions of their governments to the burgeoning sanctions issue vary from vehement protagonism through mute neutralism to virtually enforced opposition.

The assessments of the region's diplomatic, academic, government and business experts of the likely effects of sanctions range widely from 'worst case' to 'sanctions are bearable' scenarios.

Zimbabwe is the most vehement of Pretoria's bordering states in demanding sweeping, mandatory and punitive economic action to end apartheid, and regional analysts feel it is most likely to feel first the sting of any South African wrath.

By contrast, the leaders of Swaziland and Lesotho, their enclave economies in thrall to their huge surrounding neighbour, say further action against Pretoria would kill their countries before harming South Africa's white minority.

Like a giant octopus, South Africa's powerful tentacles reach out across sub-equatorial Africa in the form of air links, road and rail lines and communication circuits. It is both marketplace and marshall-yard for a huge chunk of the continent's trade.

South Africa has warned frequently it will not suffer sanctions alone, pointing out the vulnerability of neighbouring economies and

emphasising that its own black majority will be the first and biggest victim.

Its range of options should it care to demonstrate its economic, military and technological dominance runs from closing its borders, the 'worst case' hypothesis that would quickly bring most regional economies to their knees, to a war of attrition, where rail shipments are held up, fuel is not available, customs papers are lost or visas refused.

Measures now in force and the threat of South African retaliation have already had an impact. As recession grips South Africa the number of migrant workers has been cut, forcing them to trek home, further straining the ravaged economies of such countries as Mozambique and Lesotho.

Diplomatic ties between Britain and the United States, the most stalwart Western hold-outs against sanctions, and regional proponents Zambia and Zimbabwe have been strained almost to breaking point.

Buyers for export crops like Zimbabwe's economically vital tobacco are looking for other markets as they see South Africa's monopoly of regional transport causing supply problems.

The issue has thrown up divisions in the region itself, with Zambia and Zimbabwe at odds with Swaziland and Lesotho while Botswana and Mo-

zambique say they are in no position to apply sanctions but this should not deter others.

On the other hand, a recent Canadian study of the likely effects of sanctions suggested that while they will cause hardship in the region Pretoria may actually step up trade with its neighbours.

lies on South Africa for refrigerated trucks for beef exports to Europe. With Malawi, Zaire, Zambia and Zimbabwe, vulnerable to closure of sole rail link at Mafikeng border post.

Lesotho Virtually totally dependent on Pretoria. Extremely vulnerable to South African pressure.

Peter Gregson HARARE

to replace markets denied it elsewhere.

'It is likely in the next few years the southern African market will become even more crucial to South Africa as protectionism and sanctions by the Western industrialised economies take hold,' the Cida aid agency study said.

The following pen-pictures of South Africa's economic relations with its neighbours have been compiled from official figures, surveys by international bodies, banks and regional economists among other sources.

Angola. No direct trade with Pretoria, but South African companies have interests in the Luanda diamond mines and the Ruacana hydro-electric scheme.

Botswana: Imports 85% of its goods from South Africa and 94% of its exports go either to or through the republic. About 17 000 migrant workers employed in South Africa. Part of the South African Customs Union (Sacu), with Lesotho and Swaziland. One of few African countries to export more than it imports with a trade surplus in 1985 of 420 million dollars (about R1 050 million). Exports copper/nickel matte, diamonds, beef. Imports food, fuel, equipment and manufactured goods. Re-

A border crackdown in January led to the overthrow of former civilian government by military in less than a month. At least 60% of government revenue comes from Sacu. About 150 000 migrant workers in South Africa, more than treble the number with jobs in Lesotho. Minor exports of mohair goods; imports 97% of all its needs from South Africa.

Malawi The only African state to have diplomatic ties with Pretoria. Imports 36% of its goods from South Africa and 60% of its exports go to or through South Africa. Vital exports of tea, sugar and coffee use South African routes.

Mozambique In deep recession due mainly to a protracted civil war with South African-backed rebels which has abated little since the two countries signed a non-aggression pact in 1984. Imported about 50 million dollars (about R125 million) worth of goods from South Africa in 1985. About 10% of its total exports worth 80 million dollars went to the republic, another 20% was shipped through South Africa. South Africa supplies Maputo with 60% of the capital's electricity but power lines are often sabotaged. About 60 000 workers in South Africa.

Swaziland: Heavily reliant on Pretoria for investment, aid and communications. A growing number of South African companies are setting up subsidiaries in Swaziland to get round anti-South African boycotts. Imports 85% of its goods from South Africa. Sends 30% of its exports, mainly sugar and wood, to the republic and ships another 40% through South Africa. About 15 000 workers in South Africa. Two thirds of government revenue comes from Sacu.

Zaire: About 50% of its copper, cobalt and lead exports go by rail through South Africa.

Zambia Sends 46% of its rail freight through South Africa, including 30% of copper exports which provide 90% of Zambia's foreign earnings. Imports 15% of its goods from South Africa.

Zimbabwe: South Africa is Zimbabwe's biggest trading partner and has substantial investments in the country. Strained ties are delaying the renewal of a preferential trade agreement. About two-thirds of all imports and exports use South African routes. Vulnerable to closure of the sole road and rail crossing at Beitbridge/Messina — (Sapa-Reuter).

New York puts on pressure

NEW YORK — The \$1.6 billion (R4 billion) New York City Fire Department Pension Fund announced yesterday it would disinvest about \$40 million (about R100 million) in stock it has in companies that do business with South Africa to protest against apartheid.

The mayor, Mr Edward Koch, one of the fund's trustees, criticised President Ronald Reagan for not being more aggressive.

"The City of New York has put the nails in the coffin of apartheid, but there are more nails to be put in," he said. The Reagan administration could drive in "the nail that would make the difference."

Finance Commissioner Mr Abraham Biderman said that of the total \$26 billion (about R65 billion) in assets in all the city pension funds, about \$400 million (R1 billion) in stock was being disinvested. That includes the \$40 million (about R100 million) from the Fire Department Fund.

Mr Koch said: "Some still believe persuasion, not pressure, is the way to promote change. We disagree. Not until apartheid is dead will true justice be achieved." — Sapa-Associated Press.

31/7/86 STAC 280

SA dominates OAU agenda as black states press for sanctions

The Star's Africa News Service

ADDIS ABABA — Southern Africa dominated the 22nd Organisation of African Unity summit which is due to end here today.

African heads of government and heads of state demanded comprehensive and mandatory sanctions against South Africa, they promised more money and more arms for the liberation movements and they promised to provide more assistance for the Frontline states and for South Africa's neighbours.

Considerable discussion was devoted to Africa's economic problems and the OAU's recent initiatives for the continent's economic revival.

However, the mood of the summit was summed up by the retiring OAU president, Senegal's President Abou Diouf, who told his colleagues:

Talk of reprisals on UK

The Star's Africa News Service
ADDIS ABABA — African leaders at the Organisation of African Unity summit here have suggested voluntary reprisals against Britain for its failure to introduce sanctions against South Africa.

And, while they condemned France, Israel, West Germany and the United States for their dealings with South Africa, their resolution was relatively mild.

A far more militant campaign for anti-western measures ran out of steam in the last stages of the summit.

Diplomats here said the move reflected a feeling among African Commonwealth leaders here that they should wait to see the outcome of the meeting in London of seven Commonwealth Heads of State.

Other motions called for increased support for liberation movements fighting against South Africa and for African states to isolate the republic.

But since OAU decisions are not binding on members, those countries dependent on South Africa are not expected to change their policies.

"The liberation of Africa is our first priority, the promotion of our continent's economic development is the second one".

None of the decisions taken here this week is binding on any of the organisation's member states and, while the summit may result in increased assistance to the African National Congress, the Pan African Congress and Swapo, it is unlikely that Africa itself can provide much assistance for the Southern African states hardest hit by South African military raids and most vulnerable to sanctions.

UNANIMOUS DETERMINATION

The summit really showed Africa's unanimous determination to press the western nations to apply sanctions against South Africa — and to compensate those African states hurt in the process.

At the summit there were peaks of high emotion as delegates called for action against South Africa.



Mengistu Haile-Mariam: pledged that Ethiopia would train 10 000 freedom fighters.

Ethiopia's Mengistu Haile-Mariam was cheered when he announced that, despite the country's severe problems, it would train and equip 10 000 freedom fighters.

One representative offered to donate 10 rifles.

"It is but a small gift", he said humbly.

"No," responded new OAU chairman President Dennis Sassou-Nguesso. "If every OAU member gave 10 rifles, that would be 510 rifles..."

President Sassou-Nguesso said apartheid would be dismantled.

Key U K report backs sanctions against S A

LONDON—A key parliamentary committee published a report here backing sanctions as Foreign Secretary, Sir Geoffrey Howe, flew home to brief Mrs Thatcher and the U S Assistant Secretary of State, Dr Chester Crocker, on his week-long shuttle around southern Africa.

The report also included a memorandum from the Foreign Office which made clear that a direct result of sanctions would be higher unemployment and rising prices, with supplies of raw materials and agricultural products being disrupted.

'In general, the imposition of trade and other measures against South

Africa would run counter to Britain's interest, as a nation dependent on external trade ...' the memorandum said.

The severing of air links could cost British Airways tens of millions of pounds. A unilateral termination of services would involve two months' consultation, followed by 12 months' notice.

Mrs Thatcher was yesterday studying the report from the influential House of Commons Foreign Affairs Committee.

The report was drafted over nine months during which the committee took evidence from South African diplomats, ANC leader Oliver Tambo, representatives of white, coloured and Indian opposition parties, as well as members of the British and South African business communities.

The committee said it also held informal talks with the Commonwealth Eminent Persons Group.

The report, completed before Sir Geoffrey's mission ended in failure, said Britain would find it increasingly difficult to resist calls for sanctions if Sir Geoffrey returned home empty-handed.

'The policy decisions to be taken by the British Government are to a very large extent dependent on the actions of President Botha,' the report said. — (Sapa-Reuter)

Two-thirds of U S Senate 'will back moderate curbs'

WASHINGTON—The chairman of the Senate Foreign Relations Committee predicted yesterday that two-thirds of the Senate would support his proposal to impose moderate sanctions against South Africa.

That level of support would be sufficient to override a presidential veto, but Senator Richard Lugar said he believed that may not be necessary.

'The White House might be in favour of some of our sanctions while not admitting that they're in favour of any,' said Mr Lugar in an interview on

the Today TV programme.

The Foreign Relations Committee will take up his proposals today.

'I think the Bill I've proposed to our committee is one that two-thirds of the Senate would be prepared to support, and I suspect they are willing to do that even given a veto,' Mr Lugar said.

Mr Lugar said he may offer his proposal as a substitute for a tougher sanctions measure Democratic senators may offer as an amendment to a Bill raising the national debt ceiling.

His proposed sanctions measures would include a ban on South African aircraft flying to the United States, a ban on importation of products by industries controlled in part by the South African Government, restricting visas for South African Government officials and giving the President the right to sell gold to depress the price of South African holdings. — (Sapa-AP)

Country gets ready to face the worst

R2-bn spent as SA stockpiles for sanctions

21/7/86 STAR 280

By Michael Chester

Spending by South Africa on huge stockpiles of strategic items such as oil and other vital minerals has been behind a R2 000 million surge in import bills in recent months as sanction threats grow louder.

A South African Reserve Bank mid-year bulletin confirms that a sudden 20 percent jump in the value of merchandise imports in the first three months of the year was entirely owing to a sharp increase in imports of mineral products for purposes of strategic stockpiling.

The climb would have been even steeper had the volume of other imports not dropped by 7.5 percent over the same period.

Industrial sources say the Government probably took full advantage of a plunge in world prices to boost reserves of crude oil, in particular.

They dismiss overseas news reports of stockpiling of coal and steel as nonsense because South Africa already produces more than it needs of both.

Latest figures from the Commissioner for Customs and Excise, while not divulging a breakdown of spending on strategic stockpiles, nor the impact of rand exchange rates, show that the buying pattern was repeated in the second quarter.

The import bill covering the six months to June increased from about R11 100 million to almost R13 000 million compared with the first half of last year.

Mounting political threats of sanctions and trade boycotts have also triggered a series of behind-the-scenes talks between the authorities and the private business sector on the shaping of new export strategies.

Panic buttons

Mr Fritz Stockenstrom, executive director of the Afrikaanse Handelsinstituut, said today:

"No one is pressing panic buttons at the moment. We are all hopeful that a real sanctions crunch will be averted — even at what now seems to be five minutes to midnight."

"But we would be well advised to put contingency plans in place. Import replacement schemes remain of great importance — not only because of sanctions threats, but also because of exchange rate blows to the cost of imports, and the crucial need to create more jobs."

"I am convinced we have not yet heard the last word on sanctions and that there is still room to avert them. But it's only sensible to prepare new industrial strategies. The outside world would be more constructive if it talked about helping to solve our economic problems rather than make them worse."

21/7/86

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By PHILLIP
VAN NIEKERK

PE unions on horns of sanctions dilemma

THE issue of sanctions and disinvestment poses an uncomfortable dilemma for South African unions.

Nowhere is this better illustrated than in "slump city" Port Elizabeth

Unions, as part of the broad opposition to the government, would be loath to oppose international pressures against this country

At the same time they are there to protect their members' jobs, which could be jeopardized in large numbers if sanctions inflict real damage on the economy

For instance, a single American multi-national — General Motors — is all that prevents Port Elizabeth from collapsing into a ghost city with a large and hungry population in its back yard

Statistics are already grim It's anybody's guess just how bad unemployment is in Port Elizabeth But a Vista University survey a year ago which revealed 56 percent unemployment among blacks in the city is taken by employers as the most authoritative

A year later, with the phased withdrawal of Ford on the go, it is believed to be running at more than 60 percent — surely the highest in urban South Africa

The downturn in the city is all the more dramatic because of Port Elizabeth's massive boom in the early '80s.

Detroit of the south

Then, with three of the country's major automobile assemblers — Ford, General Motors and Volkswagen — alongside one another, Port Elizabeth was deservedly known as the Detroit of the south

However, because of the government's decentralization fantasies which favoured areas closer to the bantustans such as East London, Port Elizabeth has been unable to attract new industry and much industry has in fact been weaned away.

But Port Elizabeth was close enough to the Transkei and the Ciskei to attract tens of thousands of refugees from rural poverty in the homelands. Huge shanty slums such as Soweto by the sea have mushroomed on the perimeter of the older black townships such as Kwazakele

Since 1982 Port Elizabeth's motor industry — one of the most sensitive to recession — has been whittled away From a high of 17 500 auto workers in Port Elizabeth and Uitenhage in 1982 only 8 000 remain today

The largest union in the city, The National Automobile and Allied Workers Union (NAAWU), estimated that for every one employee in the auto industry that loses a job, three jobs are lost in the adjacent auto components industry

With an average of five direct dependants per bread winner, if General Motors (which employs 3 500 workers) were to close down perhaps another 84 000 people would be rendered destitute.

Opposed to disinvestment

Of course GM has been a leader in the opposition to disinvestment in the United States but with pressures mounting daily one can never predict what might change Workers at GM would certainly not support proposals which would mean that families would have to starve

At the same time Port Elizabeth is an angry city As one of the strongest areas of mass mobilization and a clear stronghold of the ANC, the Eastern Cape has experienced some of the toughest repression since the state of emergency was declared.

The blade wire fence which rings New Brighton and the strict curfews to keep the population under what local activists who have managed to escape the police dragnet described as "concentration camp" conditions

The argument in favour of sanctions as described by one activist is that it is "better to die on the road to freedom than to die marking time".

For the unions, however, it is a much more complex decision At the moment NAAWU is in the process of canvassing all its members about sanctions before deciding on a national policy Perhaps it is under such deliberations — with the sanctions debate written large across so many thousands of lives — that new answers will emerge.

Phillip van Niekerk is a former labour correspondent for the Cape Times and Rand Daily Mail and now writes for the Boston Globe, the Weekly Mail and other publications

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Newsman's questions cut out of broadcast

The Argus Correspondent

JOHANNESBURG. — The SABC cut questions asked by a South African journalist from the broadcast of an international news conference arranged by United States representatives in Johannesburg.

The cultural and information wing of the US Embassy in South Africa, the United States Information Service (Uis), arranged for journalist Mono Badela of City Press to join the televised programme.

When the conference with Secretary of State Mr George Shultz was broadcast on Network last week Badela's questions had been cut.

Before it was aired Network's John Bishop told viewers it was an edited version of the news conference. The SABC did not cut contributions from Canadian, French and British journalists, some of whom were heard to ask more than one question.

"DISAPPOINTED"

"We made the programme possible and paid its costs, but it was left up to the SABC to air what they wanted," said Mr Vusi Zwane of Uis.

"We were disappointed that Mr Badela's contribution was cut out, but await an explanation from the SABC before commenting further."

Mr Leon Shirley, spokesman for the SABC, said the corporation might comment today.

Mr Badela asked Mr Shultz what more the white minority government had to do "to convince you to impose sanctions against South Africa", with "more than 7 000 people imprisoned... and the Press censorship by the Botha Government".

He also asked Mr Shultz whether he knew black South Africans regarded the US as a "firm ally of apartheid".

We won't commit national suicide, says

Sanctions loom as Howe mission fails

By Colleen Ryan and David Braun,
Political Staff

Sanctions stare South Africa in the eye now that defiant President Botha has blasted Sir Geoffrey Howe's peace mission and warned the world to stop interfering in the country's affairs.

Yesterday he signalled the world that South Africa was prepared to face sanctions rather than soften its stance on the release of Nelson Mandela and have talks with the African National Congress.

He said the world would not force South Africa to commit national suicide.

An attempt by South Africa to stall sanctions by proposing a summit with European and Frontline states has already been rebuffed by the British Government.

Although Mr [unclear] suggested joint meetings with other Southern African leaders, the South African Government has not considered them.

Neil Lurssen reports from Washington that the United States Government might reconsider sending a special envoy to South Africa.

Senator Paul Tsawie tipped as the man most likely to be chosen, said he would go if asked by President Reagan, but could see no point in present.

The failure of Sir Geoffrey's peace mission has renewed calls in Britain for sanctions.

Shadow Foreign Secretary Mr Denis Healey warned that the world was "sick of procrastination".

British television and the newspapers described Mr Botha's dismissal of Sir Geoffrey and his mission as "contemptuous" and "invariable only by sanctions".

The South African Government's defiance and uncompromising stand will make it extremely difficult for the country's champions, British Prime Minister Mrs Margaret Thatcher and President Reagan, to resist pressure for sanctions. Both leaders had given their personal backing to the make-or-break mission.

Rand plummets

The financial rand plummeted to an all-time low of 16.75 US cents this morning, following President Botha's rejection of the British peace initiative.

The commercial rand opened at about 38 US cents but was trading at 38.5 US cents at midday and the financial rand at 19.45 US cents.

See Page 25

Mr Botha held the Press conference yesterday after his meeting with Sir Geoffrey, that South Africa would rather have sanctions than hand over power to communist forces in disguise.

"If we are forced until our backs are against the wall, we will have no alternative but to stand up in self-respect and say to the world: you won't force South Africans to commit national suicide."

empty-handed.

According to one South African source, Sir Geoffrey had recognised that there had been steps to dismantle apartheid, but an important issue was the release of Mandela and the unbanning of the ANC on condition that it called a halt to violence.

The threat of sanctions has stiffened South Africa's resolve to go it alone if necessary.

It is understood that from South Africa's point of view there would be no point in succumbing to threats of sanctions at this stage if such a weapon could be used again and again to drive the Government into a position of handing over power directly to the ANC.

Addressing newsmen after his meeting with President Botha and Cabinet Ministers, Sir Geoffrey denied that his mission had failed. He said the South African Government had a greater appreciation of the steps it should take to end the crisis.

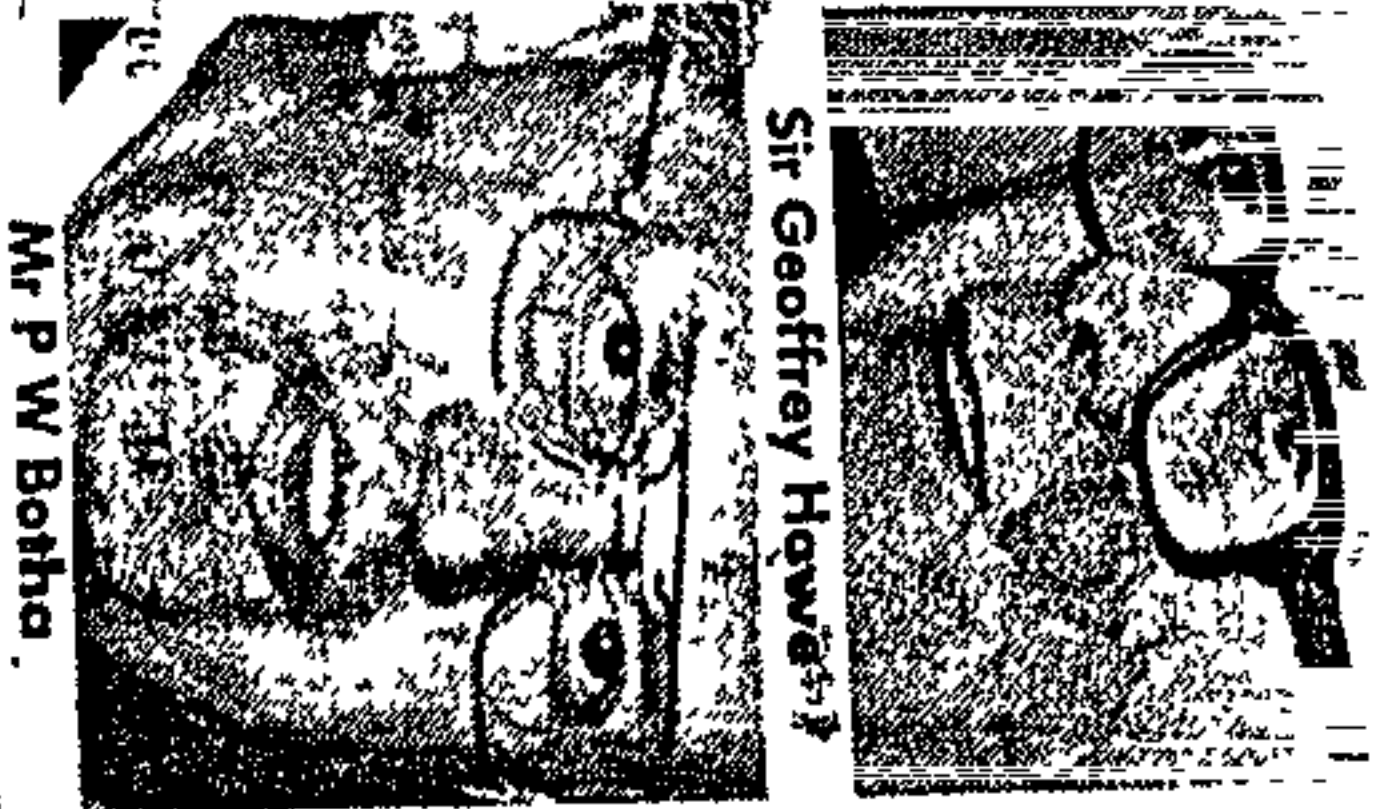
"The blunt truth is that sooner or later all the people of South Africa will have to get round the negotiating table. It is plain common sense that it should be sooner."

Sir Geoffrey said he intended to hold talks soon with the ANC, and said the organisation would be mistaken if it was not prepared to renounce violence.

In Brussels today, EC diplomats said that economic sanctions on South Africa now seemed inevitable.

They said Britain's EC partners now expected Mrs Thatcher to drop her opposition to sanctions.

Sir Geoffrey, now back in London, is to report to Mrs Thatcher later today. Tomorrow he will confer with US Assistant Secretary of State for African Affairs Dr Chester Crocker.



Sir Geoffrey Howe

Mr P W Botha

DD: 30/07/86

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UK govt bid to annul sanctions

Dispatch Correspondent
LONDON — A test case in Birmingham could prove vital to government attempts to outlaw anti-apartheid sanctions being placed on business in Britain by unions and Labour-controlled councils.

Birmingham City Council is barring any company which has any business links with South Africa from bidding for a multi-million rand motorway contract.

The council acts as agent for the Ministry of Transport in looking after 56 km of motorway and trunk roads in the area.

The ministry has protested that it does not allow "non-commercial" clauses in contracts and is demanding that the council drops the anti-South African political clause it has written in.

However, spokesmen

for the council say they would rather opt out of acting as agents for the ministry than back down on their anti-apartheid line.

To the alarm of the ministry, other major labour controlled provincial authorities say they will back Birmingham by introducing similar "sanctions" in contracts they undertake for the government.

There are fears that vital work on the M-5, one of Britain's main motorways, will be held up by the dispute in Birmingham — and that it will spread to other areas.

The issue is troubling several ministries, particularly Health and Education, because of the policies of more unions imposing their own sanctions on handling South African goods and services

Health workers have been in conflict with the Department of Health since early this year for refusing to deliver South African canned food to hospitals.

Their action has been supported by workers at hospitals, schools, colleges and town halls throughout the country.

The anti-South African actions have the official support of the General and Municipal Workers Union, which has warned that the action will be increased unless the government cuts all contracts to buy South African goods and produce for schools, hospitals and other institutions.

While some Labour controlled local authorities have supported the union, action ministries have refused point blank to submit to the political sanctions.

Senators meet secretly to discuss new SA sanctions

From NEIL LURSSEN
The Argus Foreign Service

WASHINGTON. — United States Senators meet in closed session today to discuss a new set of sanctions designed to put pressure on South Africa but stopping short of disinvestment.

The sanctions have been drafted by Republicans led by Senator Richard Lugar, chairman of the foreign relations committee, who are anxious that the US take the lead in persuading the South African Government to begin negotiations aimed at ending apartheid.

When the committee meets behind closed doors today it will hear these proposals from Senator Lugar:

- A ban on the importation of South African steel, uranium, cement and aluminium produced by Government-owned corporations.
- A freeze on the US bank accounts of Government-controlled companies, their employees and employees of the South African Government.
- Denial of South African Airways landing rights in the US.
- Refusal to grant US entry vi-

sas to employees of the South African Government and companies controlled by the Government.

It is understood Senator Lugar will also propose measures authorising President Ronald Reagan to sell US gold reserves and banning new US investment in South Africa by companies which do not observe the Sullivan Code of fair employment and anti-apartheid practices.

Head off

A further proposal is that American companies be allowed to sue for compensation under US and international law if they lose business in South Africa to foreign competitors because of the sanctions.

Senator Lugar's proposals are partly designed to head off more drastic sanctions proposed by liberals led by Senator Edward Kennedy which would effectively exclude South Africa from the US economy.

But it also reflects a determination by the Republicans not to let President Reagan's reluctance to impose sanctions damage them at the polls in November.

Most of the pressure on the President following his no-sanctions speech last week came from his fellow Republicans.

Theme

An assistant of Senator Lugar said yesterday that the list of measures was just the starting point for today's discussions and could lead to tougher sanctions.

He said: "We are not ruling out additional sanctions if they fit the theme. The theme is to hit the white government and its infrastructure. It is aimed at convincing the white government and its supporters to begin negotiations with blacks."

Senator Lugar's sanctions would be lifted if President P W Botha ended the emergency, le-

galised all political parties and released Nelson Mandela.

They are being debated while President Reagan's African affairs expert, Dr Chester Crocker, is on his way to London and other European capitals to consult US allies on an international drive to move South Africa closer to an end of apartheid.

The Reagan administration is hoping that British Prime Minister Mrs Margaret Thatcher will take the lead in a internationally co-ordinated sanctions effort.

Meanwhile, the debate on South Africa in the US Congress has become tangled in a political squabble involving a plan to send aid to anti-communist Nicaraguan rebels and a finance Bill to raise the government's debt ceiling.

Senate liberals want to attach their tough sanctions to the finance Bill which they know the administration wants passed swiftly.

Filibuster

But the Republican majority leader, Senator Robert Dole, has warned that if they do that he will bring up the Nicaragua aid Bill, which the liberals want to defeat.

If the liberals go ahead with their threat to filibuster (debate endlessly) the rebel aid Bill, it could tie up the moves for sanctions.

At the White House, the question of renewing President Reagan's existing sanctions remains under review. The presidential measures expire on September 9 and the expectation here is that the President will renew them and probably add others if there is no progress towards reform.

Washington sources say President Reagan has cancelled a news conference he was to have held this week to avoid answering questions on South African policy because that policy is still fluid.

Sanctions will 'boost' SA business

LONDON — The House of Commons Foreign Affairs Committee will warn on Wednesday that, far from having the desired affect in the short term, sanctions against South Africa would provoke a surge in business and commercial activity, in the country, according to a report published today.

The Guardian said the all-party Committee, which has been hearing evidence for several months from a wide range of South African and other opinion, had concluded that South Africa would repeat the experience of Rhodesia where the internal economy took over many of the services previously provided from abroad.

The report said the Committee would make no recommendation as to future British Government action on sanctions as there had been disagreement between Labour left-wingers and Conservative MPs.

The Guardian predicted that the Committee's report would further fuel the row between Conservative and Labour. The opposition has loudly condemned Prime Minister Mrs Margaret Thatcher's anti-sanctions policy. — Sapa.

Howe in crucial talks with PW

*Eve Post
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By DIRK VAN ZYL
Political Correspondent
CAPE TOWN — Today's meeting between President P.W. Botha and British Foreign Secretary Sir Geoffrey Howe is crucial to the future of Southern Africa.

The issue of sanctions against South Africa by its main Western trading partners will largely depend on Sir Geoffrey's report-back of his week-long, last-ditch peace mission.

Britain, the US and West Germany have co-ordinated their approach to the vexed problem of how best to deal with South Africa in the face of universal condemnation.

There is a worldwide perception of an intransigent SA Government reluctant to finally scrap all vestiges of apartheid and share power with blacks.

It has been learned that US President Ronald Reagan has advised Mr Botha in a letter to support Sir Geoffrey's efforts to promote negotiations.

And the West German Foreign Minister, Mr Hans-Dietrich Genscher,

has set out in a letter to the SA Government his Government's view on economic sanctions and changes in South Africa.

After this afternoon's meeting with Mr Botha Sir Geoffrey will fly back to Britain.

Earlier he held a last round of talks with the Foreign Minister, P.W. Botha, the Minister of Education and Development Aid, Dr Gerrit Viljoen, and the Finance Minister, Mr Barend du Plessis.

Britain has been under intense Commonwealth and EEC pressure to tighten the screw. Tomorrow the House of Commons Foreign Affairs Committee — which has heard evidence from a broad spectrum of SA opinion — is due to make known its report, which is largely expected to support the stance of the Prime Minister, Mrs Margaret Thatcher, against sanctions.

But a mini-summit of the Commonwealth starting on Sunday is expected further to endorse the argument for sanctions.

Birmingham bars SA-linked firms

LONDON — A test case could prove vital to UK government attempts to outlaw anti-apartheid sanctions being placed on business by British unions and Labour-controlled councils.

Birmingham City Council is barring any company that has any business link with SA from bidding for a multi-million-rand motorway contract.

The council acts as agent for the Ministry of Transport in looking after 56km of motorway in the area.

The ministry is demanding that the council should drop the anti-SA, non-commercial political clause it has written into the contract.

Spokesmen for the council say they would rather opt out of acting as agents for the ministry than back down on their anti-apartheid line.

Other major Labour-controlled provincial authorities say they will back Birmingham by introducing similar clauses in contracts they undertake for government.

There are fears that vital work on the M-5, one of Britain's main motorways, will be held up by the dispute in Birmingham — and that the dispute will spread to other areas.

IAN HOBBS

A ministry spokesman said: "The implications are serious and being studied. We hope for a quick resolution."

In an adjournment debate in the House of Commons last week Conservative MPs demanded government action to ban political non-commercial clauses in all State contracts.

The issue is troubling several ministries, particularly Health and Education, because of the policy of more unions to impose their own sanctions on handling SA goods and services.

Health workers are in conflict with the Department of Health for refusing to deliver SA canned food to hospitals.

Their action has been supported by workers at hospitals, schools, colleges and town halls throughout the UK.

The anti-SA actions have the official support of the General and Municipal Workers' Union which has warned that the action would become massive unless government cut all contracts to buy SA goods and produce for schools and hospitals.

Dispatch Correspondent
ADDIS ABABA — Britain was in the dock when the Organisation of African Unity (OAU) began its three-day summit in Addis Ababa yesterday.

What has taken Western observers by surprise has not been the predictable African anger at the British Prime Minister, Mrs Margaret Thatcher's refusal to impose sanctions against South

Africa but that the OAU has apparently reached a consensus for the first time.

Diplomats had confidently expected foreign ministers, from the 50 OAU countries to water down any draft resolution which did anything other than offer wordy condemnation over South Africa.

At a special preliminary meeting on Saturday even moderate countries such as Kenya went along with the strongest statement yet to emerge from the OAU on South Africa.

The draft resolution called on Africa and other non-aligned countries to exert pressure on Britain by taking firm

measures such as sports boycotts, economic reprisals and a break in diplomatic links. It also condemned Britain, the United States, West Germany, France and Israel for what it called their "nuclear and economic collaboration" with South Africa.

Before the meeting, it was felt that the propo-

sal for reprisals against Britain would suffer the same fate as the Zimbabwean Prime Minister, Mr Robert Mugabe's plan for a Pan-African military force which was effectively shelved last Thursday. But it seems Nigeria and Kenya argued strongly for its retention. And the fact that the resolution was adopted in its original

severing of diplomatic form meant all 50 member states had agreed on it.

Britain had expected, in the candid words of a British diplomat, a real "verbal bashing" over South Africa, but not that the OAU would go so far as calling for measures such as the

relations with Britain.

Each country in Africa has a different economic and political interest in the South African question. Most of the economies of the Southern African countries on the so-called Front Line are interwoven with South Africa's. Usually a more pragmatic view is taken which commits member

states to little positive action.

In real terms, even the resolution adopted by the heads of state, little is expected to come of it. With it crippling Africa's problems Africa simply does not have the muscle to take any meaningful economic reprisal against Britain. The concept of severing diplomatic relations is also a non-starter for many countries.

United OAU attacks Thatcher on South Africa

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DAN

Government's almost pathetic gratitude for President Ronald Reagan's July 22 speech on SA could not have been more misplaced.

In that address, opponents of "measures" met their Paardeberg. By week's end they had been strategically routed and the conquering army was marching on Pretoria.

A few hardy commandos — chief among them, White House communications director Patrick Buchanan and North Carolina Senator Jesse Helms — remained in the field to carry on the doomed and dreary struggle. Most of their erstwhile allies, even Reagan himself, had thrown up their hands and joined the winning side.

There is today in Washington an unprecedented consensus behind a series of actions aimed at making life for white SA increasingly lonely and unpleasant.

This time there may be no block-houses, scorched earth or concentration camps. Instead the US, and likely its Western and Japanese allies, will seek to make the comfortable majority of whites prisoners of government's policies.

The theory is simple. Faced with such dismal incarceration perhaps the white minority will begin to practice a democratic right it might have forgotten after 40 years of National Party rule: the right to remove or dissuade an obnoxious and dangerous regime that is destroying the future for its subjects and their children.

Until such time as government releases all political prisoners, unbans opposition parties and starts negotiating a new constitutional order with black leaders including those of the African National Congress, there will be, at minimum and if the administration does not have its hand forced by Congress, what White House spokesman

Consensus on policy of attrition

SIMON BARBER in Washington

Larry Speakes calls a "gradual escalation of steps".

Visas will be denied to SA officials and made less accessible to white non-officials. US bank accounts into which South Africans have been stashing escape money will be frozen. Travel to the US will be made increasingly irksome and expensive as SA aircraft are denied landing rights.

Meanwhile, the SA economy will be allowed to continue its steady rot. Aside from a few symbolic gestures like banning new loans or capital flows to SA, no attempt will be made at mandatory sanctions because they are inevitably porous and besides, as Secretary of State George Shultz put it in his testimony last Wednesday to the Senate Foreign Relations Committee last week, they would "dilute the message".

That message is that there is no neo-imperialist seeking to take away your country. Government is doing it all by itself with policies which seem almost deliberately designed to bring about the barren pastoral nightmare that was Paul Kruger's dream.

Shultz was speaking directly to SA's comfortable white middle class when told Senate panel: "Current developments are in fact

eroding the capacity of any future SA government to address the country's problems. They are causing SA's economic base to deteriorate. Skilled manpower is fleeing the country. Domestically generated capital is bleeding away. These developments are looting SA of the patrimony on which its reconstruction in the post-apartheid era must rest."

If Pretoria is looking for villains to pin the new policy on, it might as well start with Shultz. Senator Richard Lugar, chairman of the Foreign Relations Committee, Senate Majority leader Robert Dole, and their colleagues, like Senator William Roth, in the Senate Republican leadership.

But the truth was rather different. Had there been a vote on total sanctions in the Senate that Tuesday afternoon, it would have passed overwhelmingly. Shultz, who knew from the moment he saw the final draft he had a disaster on his hands, went to battle stations to salvage what he could of the administration's hold over US policy.

Reagan was convinced of the hopelessness of his position and — not for the first time — promptly

and trade embargoes on everything except strategic minerals.

Reagan's advisers in the National Security Council, never been known for their close touch with reality, decided that the great communicator should use his skills to make a heroic stand. He would denounce apartheid, but hold his ground and attempt to distract the

sanctioners by giving them a black ambassador — Nixon protégé Robert Brown — to replace the unpopular Herman Nickel.

Shultz liked the speech idea, but not the content the White House was suggesting, nor, for that matter, the idea of appointing Brown. The final address was chiefly the work of communications director Buchanan and the NSC's outgoing African man, Phil Ringle.

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switched sides, announcing to the world on Thursday contrary to the tenor of his speech: "We haven't closed any doors" on sanctions.

Coming less than 24-hours after Reagan left the podium, Shultz's testimony to the Foreign Relations Committee set out the new framework for US policy so successfully that even Senator Edward Kennedy, who had previously been pushing the House Bill, was sufficiently impressed to adopt its guidelines.

By week's end, a strategy had gelled. "Rifleshot" sanctions that would not impact directly on the SA economy; increased economic aid for SA's black population as well as its neighbours with special emphasis on the Beira Corridor as a means to help lessen the front-line's dependency on, and, therefore, ability to, Pretoria; and, of course, new, urgent and open contacts with the ANC, whom Reagan had only days before denounced as Marxist guerrillas.

Chester Crocker was dispatched to Europe to sound out the allies on making common, and thus far more effective cause with the US. While deferring to Britain's greater economic stake in and historical ties to SA, he will politely invite Margaret Thatcher's government to "take the lead" in adopting Washington's approach when the Commonwealth meets in London at the beginning of next month.

And he will argue that a solid show of allied co-operation, aside from sending a much more formidable message to SA, will dissuade the US legislature from tying everyone's hands with legislation.

Make no mistake, it has been a critical week.

Whatever the mechanics of how the decisions now being taken are put into effect, the tide has turned and "constructive engagement" with Pretoria is well and truly dead.

Natal bishop clarifies Anglican stand



● NUTTALL

THE Anglican Church had not called for economic sanctions against SA, the Bishop of Natal, the Rt Rev Michael Nuttall, said yesterday.

He was responding to a weekend allegation by Zulu King Goodwill Zwelithini that Anglican and Catholic hierarchies in SA were supporting violence to bring about change.

Nuttall said the Anglican Bishop of Johannesburg and Archbishop-elect of Cape Town, Bishop Desmond Tutu, had called for sanc-

Own Correspondent

tions in his personal capacity.

He added that Tutu had reasons for that which ought to be respected and not condemned.

Nuttall said he found it sad that a person of King Goodwill's stature should have been so sweeping in his allegations.

He added: "I just don't know how he could have said that the Anglican and Catholic hierarchies are supporting violence to bring about change."

"We have consistently condemned repressive violence on the part of the State and, what we call, retaliatory violence."

Nuttall said the Anglican bishops had issued a pastoral letter recently which made that point.

He said: "We grieve over every type of violence in our society. Our record shows that."

The Catholic bishops had also drawn a careful distinction between fully-fledged economic sanctions and economic pressures.

Warning: curbs could benefit business in SA

LONDON — The House of Commons Foreign Affairs Committee will warn tomorrow that far from having the desired effect in the short term, sanctions against South Africa would provoke a surge in business and commercial activity as the country coped with the situation, according to a report published here yesterday.

The Guardian said the all-party committee, which has been hearing evidence for several months from a wide range of South African and other opinion, had concluded that South Africa would repeat the experience of Rhodesia where the internal econ-

omy took over many of the services previously provided from abroad.

The report said the committee would make no recommendation as to future British Government action on sanctions because there had been disagreement between Labour leftwingers and Conservative MPs.

The Guardian predicted that the committee's report would further fuel the row.

The opposition has condemned the Prime Minister, Mrs Margaret Thatcher's anti-sanctions policy, and the shadow Foreign Secretary, Mr Denis Healey, wants comprehensive sanctions to be imposed.

However, the Conservative chairman of the committee, Sir Anthony Kershaw, said yesterday that imposing sanctions was probably the only thing to do if South Africa was unwilling to negotiate.

In a television interview, Sir Anthony said three sorts of sanctions could be imposed — a ban on the export of minerals, a cutting of air links and a ban on the export of vegetables, fruit and wine.

● The British Foreign Secretary, Sir Geoffrey Howe, in a radio interview from South Africa, forecast yesterday that

at some stage South Africa would have to take steps towards reform.

"The case I have been putting across on behalf of the European Community — and it is the same case as the Commonwealth and the United States are putting — is that the release of Nelson Mandela, and other political leaders and the unbanning of the political parties are vital if South Africa is to start on the dialogue that is necessary," he said.

For serious political dialogue on the future of South Africa, political prisoners had first to be set free before there was a chance of promoting peaceful change, Sir Geoffrey said.

"The longer that is put off, the greater will be the risk of mounting violence and economic warfare. The key steps have to come from the South African Government if the log jam is to be broken.

"They understand the rest of the world is profoundly interested in that," Sir Geoffrey said.

"They are to some extent resentful of the influence the rest of the world is trying to bring to bear but that cannot be a reason for not pressing the case I am pressing." — Sapa-RNS

No punishment for countries in Games boycott

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EDINBURGH—The Commonwealth Games ruling body said yesterday it would not penalise the 32 territories boycotting the current tournament in Edinburgh.

Games Federation chairman Mr Peter Heatley said after a six-hour meeting that instead appeals to member governments not to disrupt future games would be made.

A short statement after the meeting said Com-

monwealth Secretary-General Shridath Ramphal would be asked to help persuade member governments to give confirmation that the future of the Games would be assured.

More than half of the 58 Commonwealth territories have withdrawn from the Games, most saying it was in protest at the British Prime Minister, Mrs Margaret Thatcher's opposition to economic sanctions against South Africa.

The countries who did not come to Edinburgh did not come because of their governments' actions, not because they did not want to, Mr Heatley said.

He confirmed that Prince Philip, president of the Federation and husband of Commonwealth head Queen Elizabeth, was instrumental in drawing up the compromise motion.

Prince Philip left before a vote was taken, but the motion was passed unanimously by the meeting, attended by representatives from 36 Commonwealth territories, including 12 that took part in the boycott.

Mr Mike Fennell, president of the Jamaican Commonwealth Games Association, said a political solution to the boycott issue was needed.

'We need to get a political commitment from the Commonwealth leaders that the Games are important for our athletes, for our young people and should be left alone,' he told reporters after the meeting.

He said the tenor of the meeting was 'one of looking to the future so that there will be no repetition of what has happened here'.
(Sapa-Reuter)

Runners-up will now also receive medals

EDINBURGH—Commonwealth Games organisers have reversed their decision not to award silver and bronze medals in events reduced by the boycott to only three competitors, Games Federation chairman Peter Heatly said yesterday.

The decision was made at a late night meeting on Sunday following protests by several of the teams.

Mr Heatly said when five or more competitors had originally been entered, all three medals would be awarded even where the number had subsequently been depleted by the boycott.

Among the first to benefit were Scottish weightlifters Charles Revolta and Alan Ogilvie, placed second and third in the flyweight category.

The entry had been reduced from seven to three because of boycotts and under the previous ruling neither Scot received a medal.

Revolta said yesterday he was delighted with the decision. 'It seemed wrong that Games rules should be so interpreted as to maximise the effect of the boycott,' he said.

'It is obviously very satisfying that they have decided a different interpretation can be drawn.'

The ruling now means some competitors are assured of a medal before they even start, as in the super-heavyweight boxing division where only three competitors remain. —
(Sapa-Reuter)

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Bishop denies Zulu King's charge

African Affairs Correspondent

THE Anglican Bishop of Natal, the Rt Rev Michael Nuttall, says the Anglican Church has not called for economic sanctions against South Africa.

He was responding yesterday to a weekend allegation by the Zulu King, King Goodwill Zwelithini, that the Anglican and Catholic hierarchies in South Africa were supporting violence to bring about change.

Bishop Nuttall said the Anglican Bishop of Johannesburg and Archbishop-elect of Cape Town, Bishop Desmond Tutu, had called for sanctions in his personal capacity.

Bishop Tutu had reasons for this which ought to be respected and not condemned, he said.

Bishop Nuttall said he found it sad that a person of King Zwelithini's stature should have been so sweeping in his allegations.

'I just don't know how he could have said that the

Anglican and Catholic hierarchies are supporting violence to bring about change in South Africa,' he said.

'We have consistently condemned both repressive violence on the part of the State and what we call retaliatory violence.'

Bishop Nuttall said the Anglican bishops had issued a pastoral letter recently which made this very point.

'We grieve over every type of violence in our society. Our record shows that,' he said.

The bishop said the Catholic bishops had drawn a very careful distinction between fully-fledged economic sanctions and economic pressures.

● See Editorial Opinion

Summit agenda

HARARE—A wide range of international, political and economic issues will be debated during the eighth Non-Aligned Movement summit here next month and in September, Ziana reports.

All these topics have been included in a 21-point agenda. The draft of the document has been prepared by Zimbabwe, as its first job in its new responsible role of becoming chairman of the Non-Aligned Movement.

Up to now, no specific remarks or reservations have been received. — (Sapa)

Crocker says US may impose some sanctions

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From JOHN BATTERSBY

LONDON. — Britain and the United States yesterday stepped up pressure on South Africa to release the jailed African National Congress leader, Mr Nelson Mandela.

In a marked hardening of the British mood on South Africa, an influential Tory MP yesterday warned that further sanctions would follow unless Mr Mandela was released.

And the US Assistant Secretary of State, Dr Chester Crocker, went on British television to pledge support for Sir Geoffrey Howe's mission and to stress the importance of President Ronald Reagan's letter to President P W Botha.

Dr Crocker warned that while the US administration was awaiting the outcome of the British initiative, it might impose its own

"targeted" sanctions even if Britain decided against further measures.

Sir Anthony Kershaw, a Tory MP and chairman of the House of Commons Foreign Affairs Committee, said yesterday that unless Mr Mandela was released further sanctions were inevitable.

He predicted that if Sir Geoffrey returned empty-handed the British Government would opt for either a ban on the import of minerals such as coal and steel, or the cutting of air links or a ban on the import of fruit and wine.

He said Mr Mandela's release was the cheapest price the SA Government could pay to avoid further British action.

The intervention by Sir Anthony, who is not counted among the 50-odd liberal Tory MPs impatient with the British Government's line on South Africa, caused a

stir in political circles.

As chairman of the Foreign Affairs Committee, for the past six months he has been hearing evidence from South African politicians and business leaders.

Last month the committee's mandate was narrowed down to a rushed investigation into what type of sanctions would be most effective should Sir Geoffrey's mission fail.

The committee's report is expected to be published tomorrow but is understood to warn against comprehensive sanctions.

Tomorrow the Commonwealth's Eminent Persons Group meets in London to review developments since the release of its report on South Africa last month, and ahead of the crucial seven-nation summit which opens here on Sunday.

US to discuss ways to force SA's hand

By Neil Lürssen, The Star Bureau

WASHINGTON — United States Senators are to meet in closed session today to discuss a new set of sanctions designed to put pressure on the South African Government but stopping short of disinvestment.

The sanctions have been drafted by Republicans, led by Senator Richard Lugar, chairman of the Foreign Relations Committee, who are anxious that the United States take the lead to persuading the South African Government to start negotiations leading to the end of apartheid.

When the committee meets behind closed doors today, it will hear these proposals on Senator Lugar's tentative list:

● A ban on the importation of South African steel, uranium, cement and aluminium produced by Government-owned corporations.

● A freeze on the United States bank accounts of Government-controlled companies, their employees, and employees of the South African Government. It was not clear last night, whether American representatives of the SABC would be affected.

● Lifting of United States landing rights for South African Airways.

● Denial of American entry visas to employees of the South African Government and companies controlled by the Government.

It is understood that Senator Lugar will also propose measures authorising President Reagan to sell American gold reserves, and banning new investment in South Africa by companies that do not observe the Sullivan code of fair employment and anti-apartheid practices.

Sue for compensation

A further proposal is that American companies be allowed to sue for compensation under American and international law if they lose business in South Africa to foreign competitors because of the sanctions.

Senator Lugar's proposals are designed in part to head off much more drastic sanctions proposed by Senate liberals led by Senator Edward Kennedy, which would effectively exclude South Africa from the American economy.

But it also reflects a determination by the Republicans not to let President Reagan's reluctance to impose sanctions damage them at the elections polls in November.

Most of the intense pressure on the President following his "no sanctions" speech last week came from his fellow Republicans.

An assistant to Senator Lugar said yesterday that the tentative list was just the starting point for today's discussions and could lead to tougher sanctions.

We are not ruling out additional sanctions if they fit the theme. The theme is to hit the white Government and its infrastructure," he said.

Lifting of sanctions

"It is aimed at convincing the white Government and its supporters to begin negotiations with blacks."

Senator Lugar's sanctions would be lifted if President Botha ended the state of emergency, legalised all political parties and released Nelson Mandela.

They come while President Reagan's chief Africa official, Dr Chester Crocker, is on his way to London and other European capitals to consult with American allies on an international drive to move South Africa closer to an end of apartheid.

The Reagan Administration is hoping that British Prime Minister Margaret Thatcher will take the lead in any internationally co-ordinated sanctions effort.

US sanctions will come, says Tutu

NAIROBI — Anglican archbishop-elect, Bishop Desmond Tutu, said yesterday he expected the US Congress to adopt tough sanctions on South Africa despite President Ronald Reagan's objections.

Bishop Tutu contended that both President Reagan and British Prime Minister Margaret Thatcher, by resisting sanctions, were out of step with public opinion in their countries.

Asked at a news conference if he supported a proposal that black African nations impose sanctions on Britain to protest at its policies, Tutu said: "If Mrs Thatcher can be persuaded only by that kind of pressure, you would not see me crying."

Regarding the United States, where the House of Representatives has endorsed tough sanctions and the Senate is preparing to tackle the issue, the black anti-apartheid leader said: "Congress has the bit in its teeth."

"President Reagan is out of step with most of the people in America," Bishop Tutu said. "I no longer care what Mrs Thatcher and President Reagan think. My appeal is to the people."

Bishop Tutu, winner of the 1984 Nobel Peace Prize, was in Nairobi to address the 15th World Methodist Conference, attended by nearly 3 000 delegates from 90 countries.

DEVOTED

He devoted most of his 45-minute speech to the assertion that religion and politics should not be separated.

"A God that did not care about oppression and injustice in South Africa 'would be utterly useless', he said. "Our God is the God of righteousness... Our God is the God of liberation."

He told the conference delegates that several of the South African Methodists in attendance had been detained under the white government's state of emergency.

Discussing these detentions later with reporters, he said most of the detained churchmen had been had been working to ease township violence.

At the news conference Bishop Tutu said there remained a significant level of interracial goodwill in South Africa — Associated Press.

Sir Geoff sees last SA groups

Political Reporter

Sir Geoffrey Howe met South African interest groups for the last time yesterday.

He and wife Elspeth also visited Soweto to see if conditions had improved 10 years after his first visit.

He told reporters after the 30-minute tour he was struck by the generally low standards and the separation between white and black South Africa. His car did not stop during the visit.

Sir Geoffrey had his first meetings with black politicians, seeing Chief Minister of Natal Ngwenye Chief Enos Mabuza and then kwaZulu leader Chief Mangosuthu Buthelezi at the British Embassy in Pretoria.

Chief Mabuza said after his meeting he was in favour of dialogue. He declined to take a stand on sanctions, saying if apartheid were abolished there would be no pressure for them.

Chief Buthelezi presented Sir Geoffrey with a two-fold plan for bringing about negotiations.

MORAL DUTY

He said the British Government had a "moral duty" to help restore peace.

Three prominent verligte National Party MPs, Mr Albert

Nothnagel, Dr Stoffel van der Merwe and Mr Willem Cuyler met Sir Geoffrey later.

Mr Nothnagel said they discussed sanctions and the need for negotiations.

He also met president of the Afrikaanse Handels Instituut

Mr Christo Kuhn and its chairman, Mr Andries Niemandt.

Sir Geoffrey also met African business leaders, including Dr Anton Rupert, Mr Fred

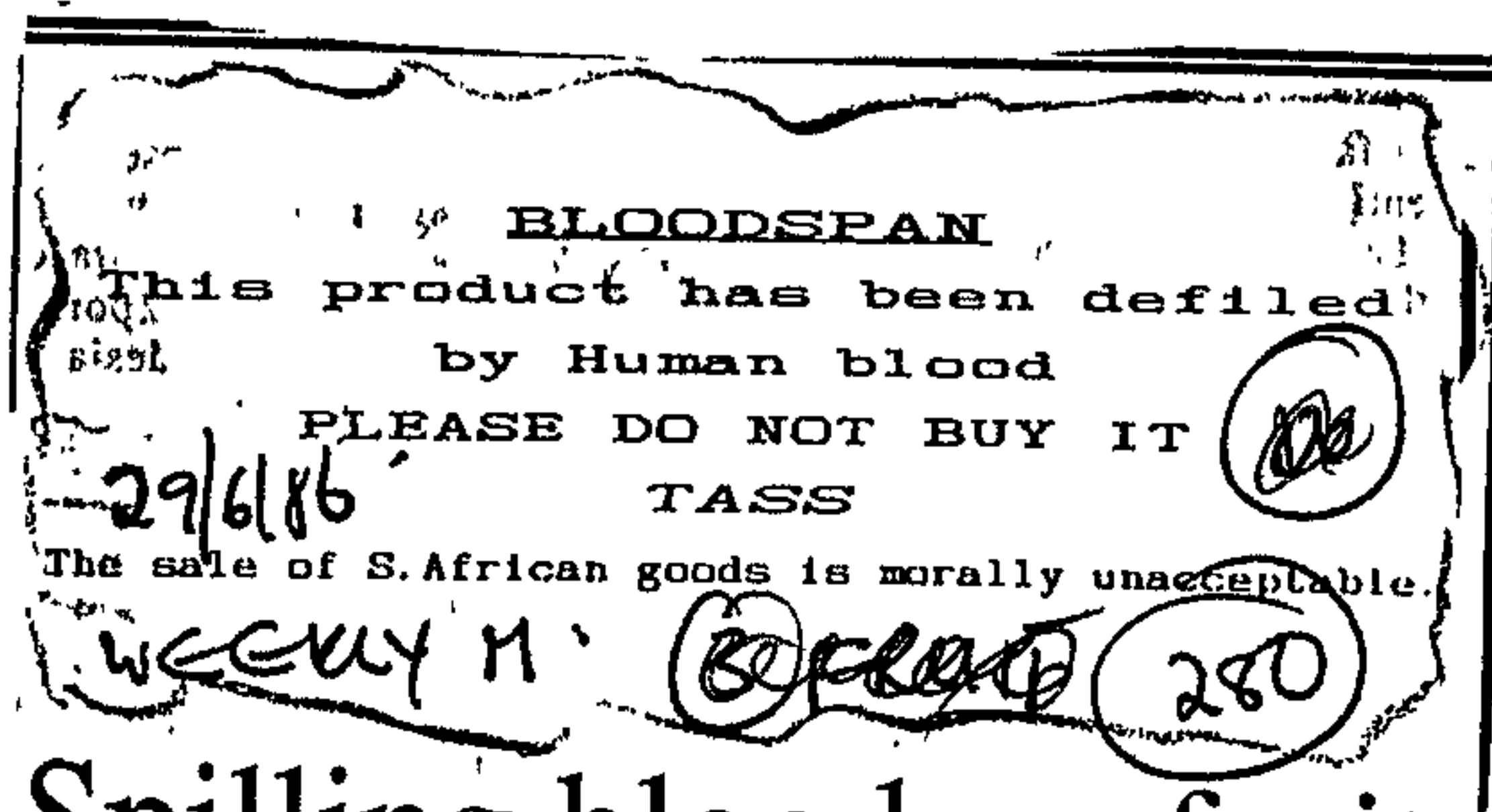
Plessis and Mr Jan Steyn.

His last meeting was with a House of Delegates group led

by National Peoples' Party leader Mr Amichand Rajbansi.

Sir Geoffrey told reporters it was too soon to reach conclusions on his mission.

The ball was in South African court. He would continue to seek negotiation and a peaceful solution.



Spilling blood on fruit

THE British anti-apartheid group calling itself Trolleys Against South African Savagery (Tass) has launched a campaign in London to spray human blood on South African fruit displayed for sale in supermarkets in the United Kingdom.

The campaign is called "Bloodspan".

Tass says its members will be leaving a card informing shoppers and supermarket staff that "This product has been defiled by human blood. Please do not buy it. The sale of South African goods is morally unacceptable."

The blood, says the group, has in fact been diluted with disinfectant and distilled water. The first donation was collected from 14 Tass volunteers and samples are sent on blotting paper to journalists covering the story.

Tass says all the volunteers were tested for Aids, hepatitis and other blood-transmitted diseases prior to the blood being taken.

"The project depends on the symbolic power of blood," a Tass representative said. "To spill blood accidentally is a grave misfortune. To spill blood wilfully, as the regime in South Africa has been doing, is an appalling crime."

By WISEMAN KHUZWAYO,
London

"All produce from South Africa is defiled by the blood that has been spilled there as a consequence of apartheid. It is this that we wish to remind people of when they consider buying Outspan oranges. Imported, blood-stained products should not be on sale here."

The Tass message concludes: "After the initial spraying with fresh human blood, the Bloodspan Project will mainly continue through the use of dried blood which is obtainable from most garden shops (sample also enclosed for journalists). However, Tass activists have also been circulated with information about how to use animal blood, how to make a fluid, and how they can take blood samples from themselves for use in the protest."

In November last year, Tass targeted several British supermarkets where they blocked cashier checkout points at busy periods by refusing to pay for South African goods in their trolleys. Supermarkets admitted to losing both customers and sales in the campaign.

Bishop denies king's violence allegation

Dispatch Correspondent
DURBAN — The Anglican Bishop of Natal, the Right Reverend Michael Nuttall, says the Anglican Church as such has not called for economic sanctions against South Africa.

He was responding yesterday to a weekend allegation by the Zulu king, King Goodwill Zwelithini, that the Anglican and Catholic hierarchies in South Africa were supporting violence to bring about change.

Bishop Nuttall said the Anglican Bishop of Johannesburg and Archbishop-elect of Cape Town, Bishop Desmond Tutu, had called for sanctions in his personal capacity.

Bishop Tutu had reasons for this which ought to be respected and not condemned, he said.

Bishop Nuttall said he found it sad that a per-

son of King Zwelithini's stature should have been so sweeping in his allegations.

"I just don't know how he could have said that the Anglican and Catholic hierarchies are supporting violence to bring about change in South Africa," he said.

"We have consistently condemned both repressive violence on the part of the state and what we call retaliatory violence."

Bishop Nuttall said the Anglican bishops had issued a pastoral letter recently which made this very point.

"We grieve over every type of violence in our society. Our record shows that," he said.

The Bishop said the Catholic bishops had drawn a very careful distinction between fully fledged economic sanctions and economic pressures.

Crocker's New Warmings to SA

Mercury 29/07/86

DR CHESTER Crocker, United States Assistant Secretary of State, said yesterday the U S might impose its own 'targeted' sanctions on South Africa even if Britain decided against further measures.

Dr Crocker went on British television to pledge full support for Sir Geoffrey Howe's current peace mission.

He also revealed that President Reagan had sent a personal letter to President Botha urging him to accept Sir Geoffrey's arguments. A similar letter had been sent by the West German Foreign Minister, Hans Dietrich-Genscher.

The U S attached great importance to South Africa's response to these letters, Dr Crocker said.

Mood

Britain and the United States stepped up pressure on South Africa yesterday to secure the release of jailed ANC leader Nelson Mandela.

In a marked hardening of the British mood, an influential Tory MP said further sanctions would follow unless Mandela were released.

Price
Sir Anthony has been hearing evidence from South African politicians and business leaders as Chairman of the Foreign Affairs Committee.

The pessimism surrounding Sir Geoffrey's mission lifted slightly yesterday after reports of a tough four-hour session with Foreign Minister Pik Botha.

Tomorrow, the Commonwealth's Eminent Persons Group meets in London, possibly for the last time, to review developments since the release of its report on South Africa last month.

The crucial seven-nation summit opens here on Sunday.
Our Johannesburg correspondent writes that Sir Geoffrey said yesterday the ball was in the South African Government's court.

At a Press conference after his meeting with the Chief Minister of KwaZulu, Chief Enos Mabuza, he made a suggestion that a mission was coming to a 'ticking bomb'.

Of course my task is an enormously difficult one. It is very early to report on the

Sir Anthony Kershaw, a leading Tory MP and chairman of the House of Commons Foreign Affairs Committee, said that unless Sir Geoffrey's mission secured Mandela's release, further sanctions were inevitable.

He predicted that if Sir Geoffrey returned empty-handed, the British Government would opt for either a ban on the import of minerals, such as coal and steel, the cutting of air links or a ban on the import of South African fruit and wine.

He said Mandela's release was the cheapest price the South African Government could pay to avoid further British action.

London Bureau

conclusion of this mission. The central purpose of my being here is the promotion of the changes we all know to be necessary.

The key is clearly in the hands of the South African Government, Sir Geoffrey said.

Our African Affairs Correspondent reports that the Chief Minister of KwaZulu, Chief Mangosuthu Buthelezi, warned Sir Geoffrey that there was a great chance of a take-over by the security forces or both right-wing parties or both if the South African Cabinet was forced to make hasty decisions under duress.

In a memorandum presented to Sir Geoffrey at a meeting at the British Embassy in Pretoria, Chief Buthelezi put forward a twofold plan aimed at bringing about fundamental change without sanctions or disinvestment. The plan calls for a 'credible agent from abroad' to try to establish a group in South Africa composed of the Government, local black leadership, and major industrialists whose task would be to debate and spell out possibilities for change and negotiation.

At the same time, this agent would try to establish a similar group outside South Africa, including the African National Congress and 'influential and responsible African and Western politicians', to begin to consider positions from the outside.

Chief Buthelezi said it was naive to assume that pressure would tip the Government over the edge of a political precipice or lead to its capitulation.

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UK paper predicts airlift for frontline states

Dispatch Correspondent

LONDON — A huge international relief operation and airlift would be needed to help frontline states in Southern Africa if Pretoria was "driven into the laager" by punitive sanctions and then retaliated, according to a report in the Sunday Telegraph.

South Africa could be expected to close sea ports with rail routes and roads to the black states, cutting drastically their imports, exports and food supplies. About 350 000 migrant black workers would be sent home, writes the Sunday Telegraph diplo-

matic correspondent

Analysts say that relief from America, Britain and the rest of the West might be necessary for several years. An airlift much bigger than the Berlin operation of 1948 would be needed to ferry supplies to landlocked areas.

During 1984-5, South Africa handled six million tons of traffic to and from seven neighbouring countries. More than 2.4 million ton of this were South African exports, 1.6 million ton were goods sold to Pretoria and the remaining two million were the neighbouring states' overseas trade.

overseas trade.

Pretoria is a leading buyer of produce and minerals from the surrounding region, selling in exchange manufactured goods, maize and grain. Migrant workers have been sending home money at the rate of about £340 million a year.

Pretoria is Zimbabwe's biggest trade partner. Eighty per cent of the exports and more than 70 per cent of its imports go through the Republic.

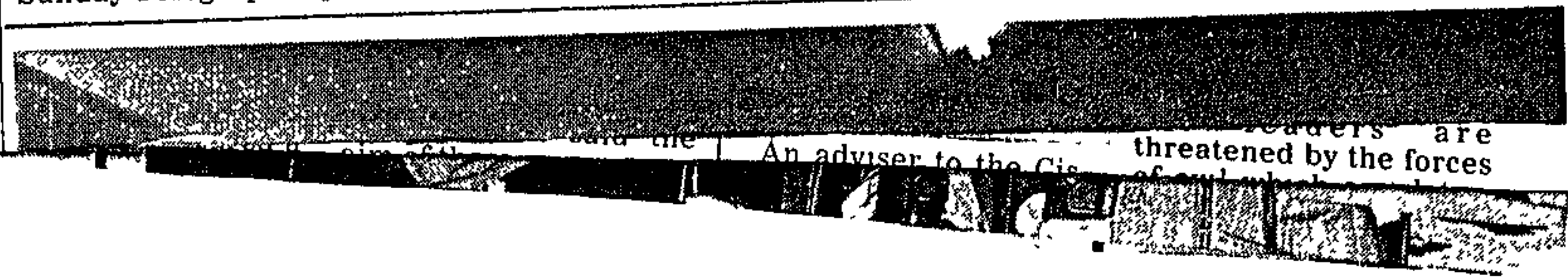
South Africa bought 18.3 per cent of its exported goods in 1984

and supplied 19.3 per cent of its imports

Zambia uses South Africa's railways, ports and transport services for a quarter of its exports and 35 per cent of its imports. It operates railway stock from the Republic.

Lesotho had 138 443 people, more than half its work force, employed in South Africa in 1984. Their remittances were worth about 40 per cent of its national product.

Mozambique bought 12 per cent of its imports from South Africa in 1984.

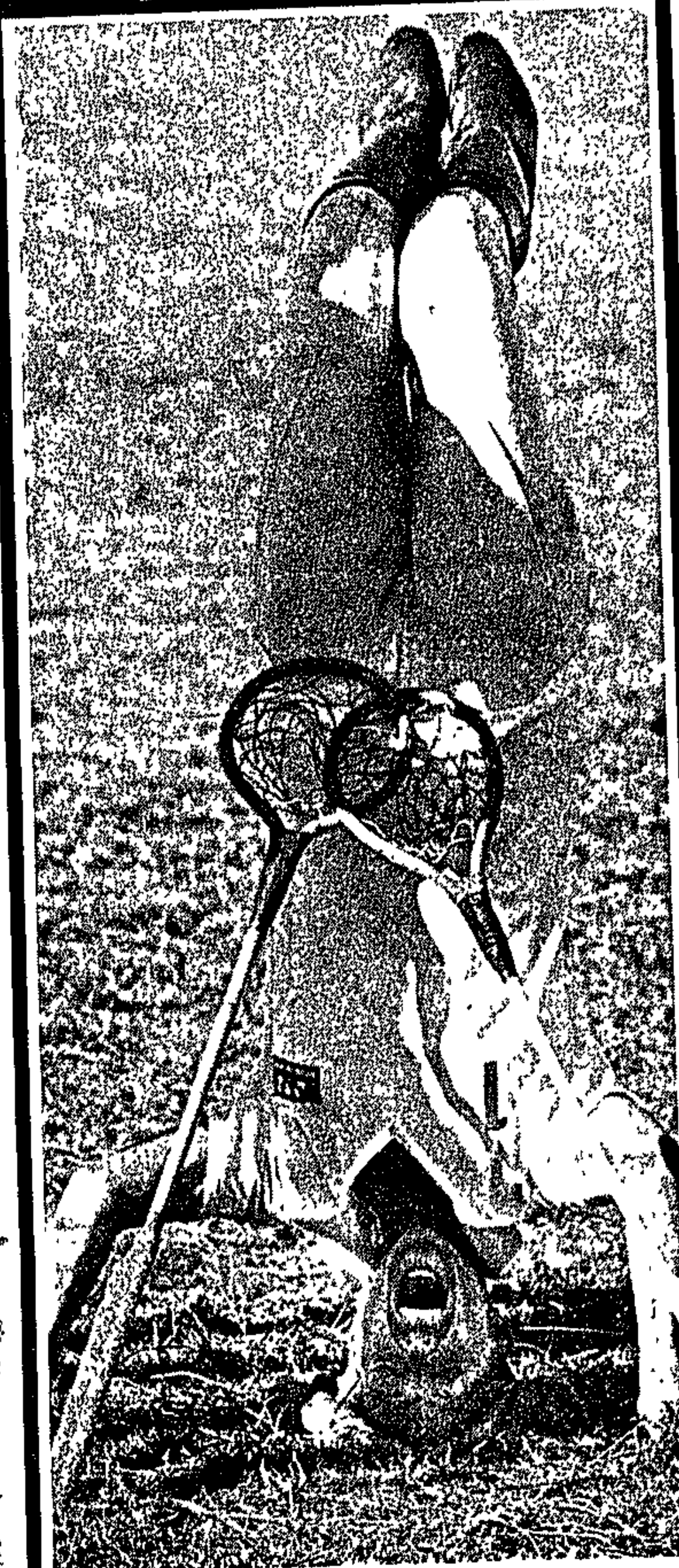


An adviser to the C... threatened by the forces

Buthelezi: new plan for Howe

OK Post 28/7/86 280

**There are better
ways to dismount!**



Demonstrating how NOT to dismount from a horse was Mrs SANTA NEWTON, who participated yesterday in a polo-crosse meeting organised by the Tembani Polo-crosse Club at Heatherbank in Port Elizabeth. Polo-crosse is fast becoming a popular sport in the Eastern Province.

PRETORIA — Chief Mangosuthu Buthelezi today presented to Britain's Foreign Secretary, Sir Geoffrey Howe, an entirely new plan aimed at bringing about change in South Africa without sanctions or disinvestment.

And he warned the British Foreign Secretary and EEC delegate of the chance of a takeover of power "by the security forces, the right wing parties or both" if the present Cabinet were forced to make hasty decisions under duress.

The Buthelezi plan calls for "a credible agent from abroad" to try to establish a group in South Africa composed of the Government, local black leadership and major industrialists whose task would be to debate and spell out possibilities for change and negotiation.

This agent would attempt to establish a similar group outside South Africa, including the ANC and "responsible African and Western politicians, to begin to reconsider positions from the outside".

The Kwazulu Chief Minister and Inkatha president put forward the plan in a memorandum for his meeting with Sir Geoffrey at the British Embassy.

He said the plan would be for the agent to shuttle between the two groups with the view of bringing them closer together and, ultimately, to engage in joint discussions.

He said that Inkatha, with its 1.3 million members and its huge power base among the Zulus — South Africa's largest ethnic group — would be happy to participate given certain conditions.

These were that the agenda had to be sufficiently open to allow debate on effective and equitable compromises "and that the South African Government would not use the plan to gain credibility for its own policies".

Chief Buthelezi said it was naive to assume that pressure would tip the South African Government over the edge of a political precipice or alternatively lead to its capitulation. Its ultimate recourse would be to put its back to the wall and fight for survival.

"Short of an armed invasion by major powers," he said, "the siege state could continue for perhaps decades, accompanied by deepening misery and the destruction of hopes for future prosperity for all. We could have a Beirut sort of situation for years."

"Worse still, if by virtue of a combination of pressures the present Cabinet is forced to make hasty concessions under duress, or to suspend its authority, the chances of a takeover government by the security forces, the right wing parties, or both, are very great indeed."

Chief Buthelezi said there was a popular fallacy that any alternative to the present "oppressive and racist government" would automatically be something better.

This was not necessarily so. — Sapa

DD 29/07/86

Britain awaits test case on local sanctions

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Dispatch Bureau

LONDON — A test case in Birmingham could prove vital to government attempts to outlaw anti-apartheid sanctions being placed on businesses in Britain by unions and Labour Party-controlled councils.

Birmingham City Council is barring any company which has any business link with South Africa from bidding for a multimillion-rands motorway contract.

The council acts as agent for the Ministry of Transport in looking after 56 km of motorway and trunk roads in the area.

The ministry has protested that it does not allow "non-commercial" clauses in contracts and is demanding that the council drops the anti-apartheid clause.

But spokesmen for the council say they would rather opt out of acting

as agents for the ministry than back down.

To the alarm of the ministry, other major Labour-controlled provincial authorities say they will back Birmingham by introducing similar "sanctions" in contracts they undertake for the government.

There are fears that vital work on the M-5, one of Britain's main motorways, will be held up by the dispute in Birmingham — and that it will spread to other areas.

A Ministry of Transport spokesman said: "The implications are serious and are being studied. We hope for a quick resolution to the problem."

In a debate in the House of Commons last week Conservative MPs demanded government action to ban "political" non-commercial clauses in all state contracts.

UK call for strike to warn Botha

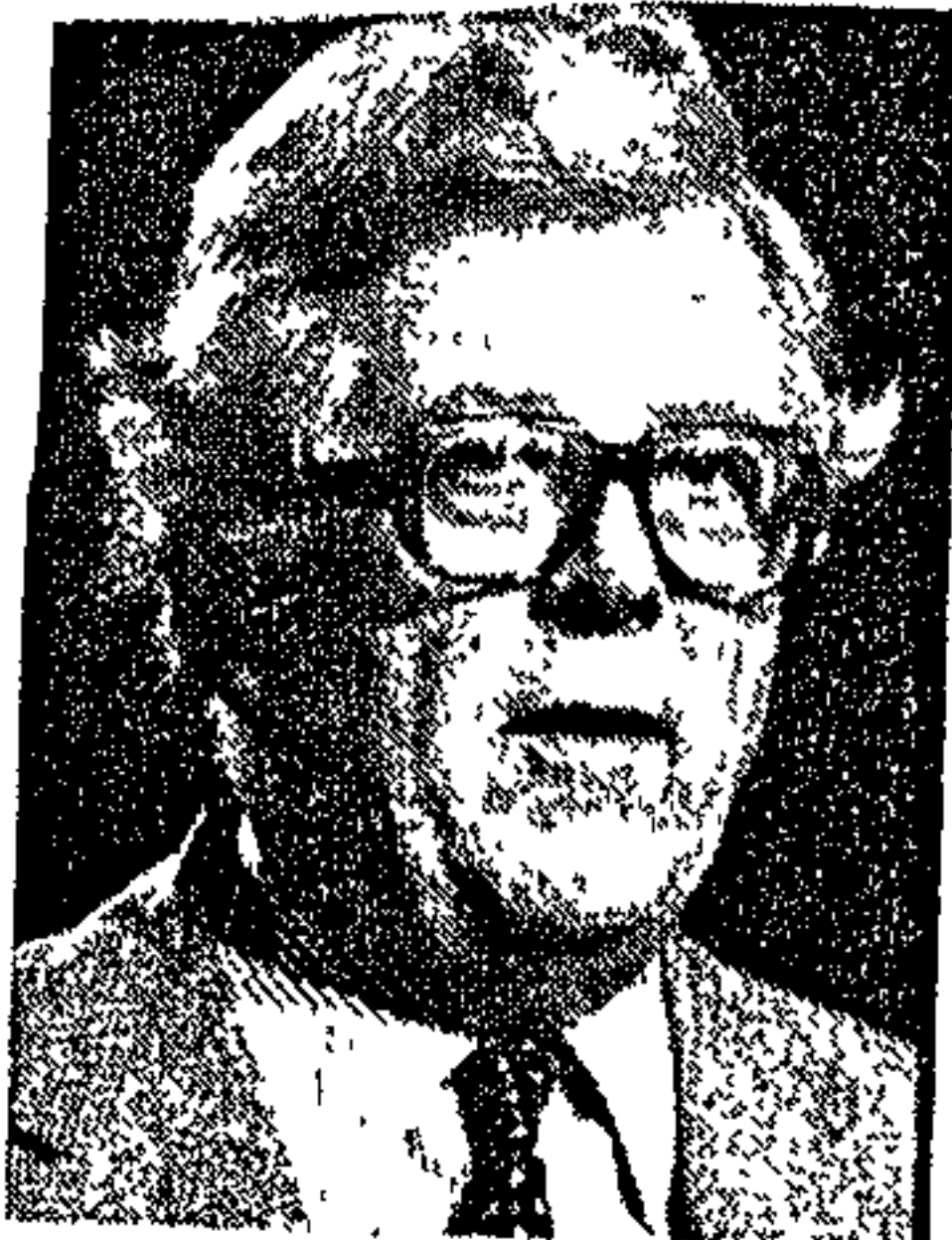
The Star Bureau

LONDON — British trade unions have been urged to stage a symbolic one-hour general strike as "a warning shot across (Mr P W) Botha's bows".

Union leader Mr Bill Morris, deputy general secretary of the Transport and General Workers' Union, called on trade unionists to impose "people's sanctions" against South Africa.

The call goes beyond the Trades Union Congress's own recently codified South African action programme, which focuses mainly on union campaigning

● A report published this week by the Birmingham Trade Union Resource Centre says the new European Community code for firms operating in South Africa effectively lowers wage expectations — because the old code called on firms to pay not less than 50 percent above the minimum living level, but the supplementary level now recommended works out at about 30 percent above the minimum



Sir Geoffrey Howe . . . considers his visit a make-or-break mission.

PW and Sir Geoffrey hold crucial talks over sanctions today

STW
29/11/86
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By Colleen Ryan, Political Reporter

President Botha and British Foreign Secretary Sir Geoffrey Howe today hold talks which could be crucial as the Government attempts to stall sanctions in the face of growing world pressure.

South Africa could propose a high-powered meeting with American, French, British and German leaders as well as the heads of the Frontline states. The Minister of Foreign Affairs, Mr Pik Botha, said last week that it was time negotiations with the West took place at the "highest level".

Another possibility is a visit by British Prime Minister Mrs Margaret Thatcher. In spite of official denials, there are persistent rumours that she might travel to South Africa.

There were further promptings from the West yesterday when US President Ronald Reagan wrote to Mr Botha, urging him to accept Sir Geoffrey's arguments. A similar appeal was made last week by West German Foreign Minister Mr Hans-Dietrich Genscher.

Sir Geoffrey, who is the European Community president, yesterday described his mission as "make or break", for peaceful change in South Africa.

At today's meeting, the State President is likely to respond to the European Community's demands, which include the release of jailed ANC leader Nelson Mandela and other political prisoners, the unbanning of the ANC and the start of negotiations.

However, prospects for negotiations look dim. The Government has remained tight-lipped on its discussions with Sir Geoffrey and has warned repeatedly that it will not give in to international pressure.

The ANC has been hostile to the Howe mission and many local black leaders and organisations, including Mandela, the Anglican Archbishop-elect, Bishop Desmond Tutu, and the United Democratic Front, have said it would be a waste of time to meet him.

Sir Geoffrey will report back to Mrs Thatcher and the European Community, which sponsored the visit. His report could be crucial to a sanctions decision.

The caucus chairman of the Progressive Federal Party, Mr Ray Swart, has expressed hopes that there will be "a change of heart" on the part of the Government at today's talks.

● See Page 21.

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Games boycotters escape penalties

EDINBURGH — The Commonwealth Games ruling body said yesterday it would not penalise the 32 territories boycotting the current tournament here.

The Games Federation chairman, Mr Peter Heatley, said that after a six-hour meeting that ended just before midnight appeals to member governments not to disrupt future Games would be made instead.

A short statement after the meeting said the Commonwealth Secretary-General, Sir Shridath Ramphal, would be asked to help persuade member governments to give confirmation that the future of the games would be assured.

"The countries who did not come to Edinburgh did not come because of their governments' actions, not because they did not want to," Mr Heatley said.

He confirmed that Prince Philip, president of the federation and husband of Commonwealth head Queen Elizabeth, was instrumental in drawing up the compromise motion.

Prince Philip left before a vote was taken but the motion was passed unanimously by the meeting which was attended by representatives of 36 Commonwealth territories, including 12 that took part in the boycott.

The president of the Jamaican Commonwealth Games Association, Mr Mike Fennell, said a political solution to the boycott issue was needed.

"We need to get a political commitment from the Commonwealth leaders that the games are important for our athletes, for our young people and should be left alone," he told reporters after the meeting.

Meanwhile, Olympic decathlon champion Daley Thompson faces disciplinary action for inking out the Guinness advertisement on his Commonwealth Games vest.

The group warned that Thompson's action at the weekend was a breach of its main sponsorship of the games and threatened to withdraw its vital contribution of nearly R9 500 000.

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NAIROBI — The World Methodist Council, attended by delegates from 90 countries, has called for comprehensive economic sanctions against South Africa "to make possible a less violent resolution of the South African tragedy".

The 500-member council adopted a 10-point resolution on Saturday listing steps which it says are needed "to bring about a positive change and to establish a free and just society in South Africa".

The council's action was endorsed in a virtually unanimous vote by the 2 500 people at-

Methodists call for sanctions against SA

tending the 15th World Methodist Conference, a conference spokesman said.

The resolution called for Methodist organisations to pull their funds out of companies or banks with interests in South Africa and to urge their governments to impose sanctions. Confer-

ence officials said an unspecified number of South African delegates from the Methodist Church of Southern Africa abstained from voting on the resolution

The resolution also called for the unconditional release of Nelson Mandela

The council rejected a

proposal by American Federal judge, Mr Woodrow Seals of Houston that the United Nations organise a committee to present the Security Council with a bill of indictment against South Africa's white leaders to determine if they should be prosecuted "for crimes against humanity".

Today, the delegates are to be addressed by the Anglican archbishop-elect of Cape Town, Bishop Desmond Tutu, and the Reverend Peter Storey of the Methodist Church in South Africa. — Sapa-AP

Reagan bent on stiffer SA line papers

LONDON — Two newspapers reported in the US and Britain at the weekend that President Ronald Reagan had decided to abandon the constructive engagement policy.

Reagan was considering an early round of sanctions against SA which could lead to a Rhodesia-style economic embargo by the end of the year, the reports said.

The Washington correspondent of the *Sunday Telegraph* reported that White House officials were nonplussed by the enormous public backlash against Reagan's speech in which he was seen as deliberately siding with the Botha gov-

Own Correspondent

ernment against black leaders in SA.

The aides said he would express his opposition to apartheid more publicly in the near future.

The *New York Times* reported that Reagan also intended to renew a 1985 ban on exporting some goods to SA when the ban expired on September 9.

The order banned the export of computers for use by SA agencies enforcing apartheid, as well as most loans to Pretoria and most nuclear technology.

Reagan was also considering sending a special envoy to warn Pretoria of stiff

penalties unless change came quickly, the *Times* quoted officials as saying.

The newspaper also said Reagan's special envoy to SA might be close friend Senator Paul Laxalt, who would be sent to meet with President Botha and ANC leader Oliver Tambo.

Another possibility was a bipartisan congressional delegation, the *Times* quoted an official as saying.

Chester Crocker, the architect of constructive engagement, would arrive in London tomorrow to be briefed by British Foreign Secretary Sir Geoffrey Howe on his African safari and to outline the new US policy.

US disinvestment: little effect on firms in SA

Dispatch Correspondent
JOHANNESBURG — Disinvestment by American corporations, though expected to continue at unprecedented levels, has had a negligible effect on employment, management and the day-to-day operations of the South African subsidiaries affected.

In addition, most companies that have abandoned their South African operations have retained some presence in the country through substantial distribution, franchising or licensing agreements.

For many of the local companies involved — most of which involve little local manufacture — the effect of disinvestment is nominal.

Of the 16 US companies that have disinvested so far this year, only two — W. R. Stamler and Kidder, Peabody — have completely dissolved their operations, according to the Washington-based Investor Responsibility Research Centre (IRRC).

Both the liquidated subsidiaries were small operations.

Twelve of the remain-

ing 14 subsidiaries were sold to South African companies or individuals, and at least three of those to existing management. The two others, Phillips Carbon Black and Parker Pen Company, were part of worldwide sales that transferred ownership of the South African companies to West German and British corporate owners, respectively.

Since January, 1985, 55 American companies employing 8 679 people in South Africa have disinvested, according to the IRRC.

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[Signature]

Blockade of black states fears rising

Own Correspondent

LONDON — A huge international relief operation and airlift would be needed to help Frontline states if SA was "driven into the laager" by sanctions and retaliated, a *Sunday Telegraph* report says.

SA could be expected to close seaports with rail routes and roads to the black states, cutting drastically their imports, exports and food supplies. About 350 000 migrant workers — now sending home R340m a year — would be sent home.

Analysts say relief from the West might be necessary for several years. An airlift much bigger than the Berlin operation of 1948 would be needed to ferry supplies to landlocked areas.

During 1984-5, SA handled 6-million tons of traffic to and from seven neighbouring countries. More than 2,4-million tons were SA exports, 1,6-million tons were goods sold to Pretoria and the remaining 2-million were the neighbouring states' overseas trade.

SA is a leading buyer of produce and minerals from the region, selling in exchange manufactured goods, maize and grain.

Negligible effect on unemployment

US pull-out has had little effect so far

28/7/86 BUS DAY 280

DISINVESTMENT by American corporations, though expected to continue at unprecedented level, has had negligible effect on employment, management and the day-to-day operations of SA subsidiaries affected.

In addition, most companies that have abandoned their SA operations have retained some presence in the country through substantial distribution, franchising or licensing agreements.

For many of the local companies involved — most of which involve little local manufacture — the effect of disinvestment is only nominal.

Of the 16 US companies that have disinvested so far this year, only two — W R Stamler and Kidder, Peabody — have completely liquidated the operations, says Washington-based Investor Responsibility Research Centre (Irrc). However, the subsidiaries were small operations with fewer than 10 employees.

Twelve of the remaining 14 subsidiaries were sold to SA companies or individuals, and at least three of those to existing management. The two others, Phillips Carbon Black and Parker Pen

Economics Reporter

Company, were part of worldwide sales that transferred ownership of the SA companies to West German and British corporate owners, respectively.

The Irrc says that since January, 1985, 55 American companies employing 8 679 people in SA have disinvested. Of those, only 14 have liquidated their operations, affecting 594 workers. In only a few cases has employment been affected at companies that have continued to operate.

An Irrc analyst, Alison Cooper says: "For most companies, it's just different people handing out the pay cheques."

Most of the disinvested companies have been primarily distribution or marketing subsidiaries with only small manufacturing or assembly operations.

Government and business sources confirmed last week that most US companies had retained some ties to their disinvested subsidiary. A US government official said: "With few exceptions, the products or services of the companies

● To Page 2



Pull-out has little effect

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that have withdrawn are still available here."

Indeed, most executives at affected local companies interviewed last week said they still relied on their former parents for goods or technology.

General Electric still supplies about 95% of the products sold by Genwest Industries, the subsidiary it sold to local management in April. Genwest MD Rob Hoffman said the company had negotiated 42 separate distribution agreements

covering its many electrical, electronic and industrial products.

Genwest, one of the largest employers to be disinvested this year, had reduced employment from 700 to 500 before the disinvestment. Hoffman said, however, that the lay offs would have taken place in any case because of poor economic conditions.

Liberals in the US Senate launch tough sanctions Bill on South Africa as . . .

Reagan waits for Thatcher

By Neil Lurssen,
The Star Bureau

WASHINGTON — President Ronald Reagan, under intense pressure from Congress to get tough with South Africa, is waiting for his closest ally, British Prime Minister Margaret Thatcher, to take the lead on sanctions.

The President's chief Africa official, Dr Chester Crocker, is to fly to London tomorrow to consult Western allies on a concerted international drive to end apartheid.

President Reagan recently wrote to President P W Botha in support of the Southern Africa mission of British Foreign Secretary Sir Geoffrey Howe.

Dr Crocker said "The British have a great deal at stake — they have more at stake than we do. They have more historical relationships down there."

Dr Crocker said the British were facing decisions of their own after the approaching Commonwealth meeting.

"We don't want to cut directly across that."

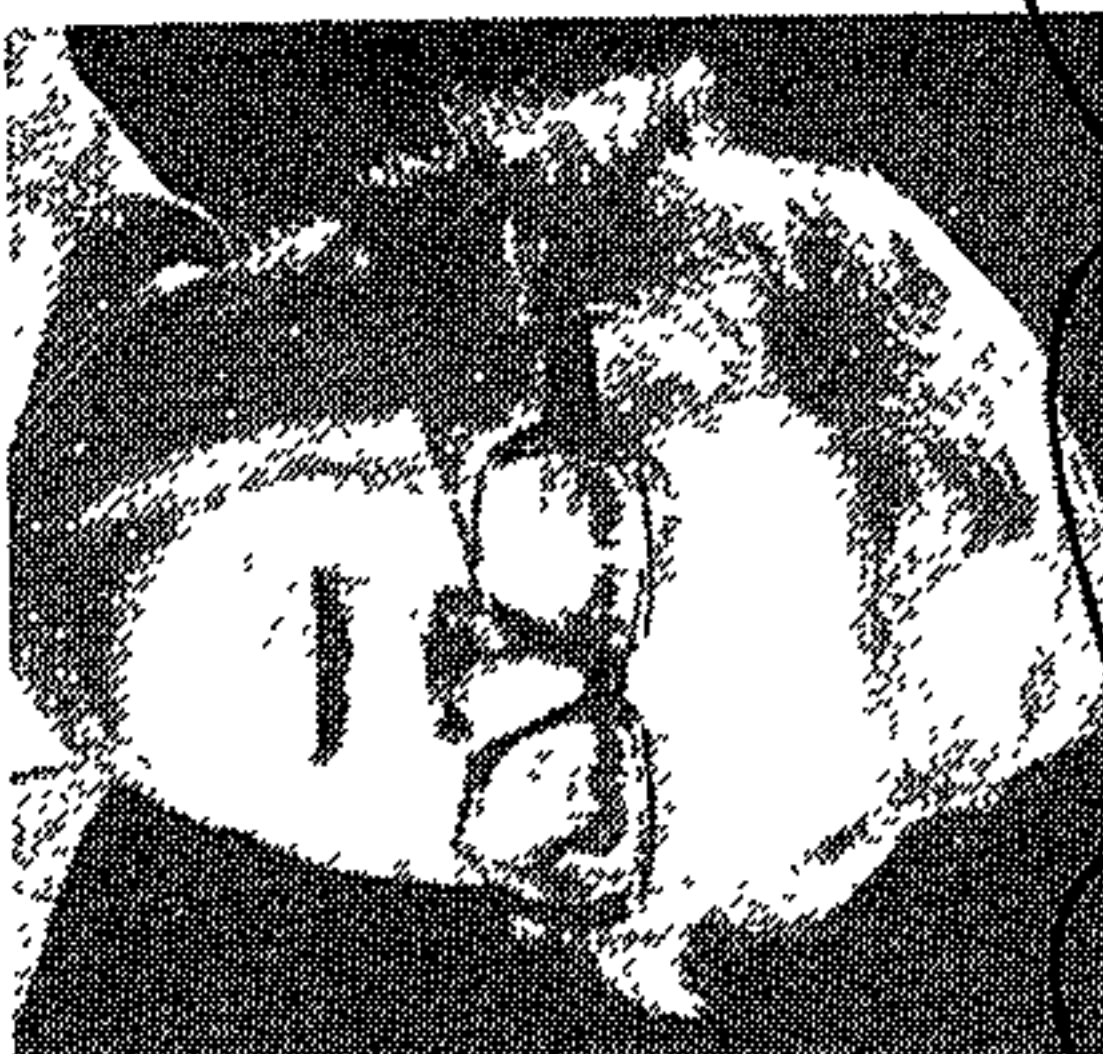
But it is understood that



President Ronald Reagan



Mrs Margaret Thatcher



Sir Geoffrey Howe



Dr Chester Crocker

President Reagan's deference to Mrs Thatcher goes beyond a need for a co-ordinated policy.

He insists on being loyal to her because she was the only Western leader to give him instant support when he ordered an air strike against Libya.

It is uncertain, however, that President Reagan will be able to resist United States pressure for sanctions until Mrs Thatcher makes up her mind.

Senate liberals, led by Senator Edward Kennedy, have already launched a radical sanctions Bill and moderate Repub-

licans, led by Senator Richard Lugar, are preparing what they call a less drastic measure.

The Lugar Bill, which could be ready by tomorrow, may include a ban on South African aircraft, a freeze on South African bank assets and a ban on imports from SA Government-owned corporations, and a restriction on US visas for South African officials.

Meanwhile, President Reagan is likely to renew the sanctions order he issued last September, say officials.

Also back in consideration is

a plan to send a super envoy to South Africa, and Republican Senator Paul Laxalt — a close Reagan friend — is again being named as the likely choice.

The envoy's mission would be to explain to President Botha the pressure being felt by the Reagan administration, and to call for negotiations.

Sources say the envoy, if he goes to Southern Africa, would probably also try to see African National Congress leader Oliver Tambo and possibly Nelson Mandela.

It is understood the SA Gov-

ernment would not object to a special emissary — but would not favour receiving Senator Laxalt because of his recent role as an emissary to former Philippines President Ferdinand Marcos.

For Mr Marcos, Senator Laxalt was the bearer of bad news — and the symbolism is thought to be unacceptable to Pretoria.

Also opposed, for different reasons, is Bishop Desmond Tutu, who told American television viewers at the weekend "We have been getting too

many social envoys."

But Bishop Tutu said: "An envoy might be useful if I went to South Africa demanding specific steps leading to negotiations."

Senator Lugar agreed, urging that an envoy should insist on an end to the state of emergency, the withdrawal of troops from the black townships, the freeing of political prisoners and a lifting of the ban on black political organisations.

In his television appearance Bishop Tutu said the We should put pressure for negotiations on the SA Government by flooding the market with gold.

"I think that anything that would just knock the bottom out of the confidence of the market would be enough to get the private sector in South Africa saying, 'Hey, we are no longer prepared to pay for apartheid'," Bishop Tutu said.

Opposition to the special envoy plan was also expressed by Senator Kennedy who said "I have very high regard for Senator Laxalt — but, quite frankly, there is no further need for envoys."

SA business may get anti-sanctions planner

Own Correspondent

CAPE TOWN — South African big business is contemplating the appointment of a "business ambassador" to plan and co-ordinate a counter-offensive to the overwhelming demand for disinvestment and sanctions.

This follows months of lobbying in the capitals of Europe and in the United States against daunting odds and superior organisation on the part of those campaigning for concerted action against South Africa.

Since they decided to become actively involved, many of South Africa's most powerful men have been on frequent overseas visits.

Few people know what intense activity has been going on behind the scenes in the capitals of Europe and in the United States as South African big business attempts to stem the tide of sanctions and disinvestment.

One of the leaders in the battle is retail magnate Mr Raymond Ackerman who has just returned from speaking to influential people in Britain, Europe and the United States.

He is convinced that the rejection of sanctions by British Prime Minister Mrs Margaret Thatcher and President Ronald Reagan can, in no small way, be attributed to the efforts of South African businessmen.

"Many of us have met President Reagan's top people.

"I believe we have had an effect on President Reagan's attitude

and on Mrs Thatcher's attitude because we've made strong representations to Conservative Cabinet Ministers. Much has happened that the world doesn't know about."

Mr Ackerman said the necessity had developed for South African businessmen to supervise their own communications in America and Britain independently on a more co-ordinated basis.

"We are considering very deeply at the moment a tightly run, businesslike communications package overseas to try to persuade governments that, if they insist on sanctions, they should be light.

"At the same time we will show them clearly what is happening in this country; what the changes are and, at all costs, prevent mandatory sanctions over the next 18 months."

WIDESPREAD TELEVISION APPEARANCES

Recently, he addressed 11 groups and appeared four times on television during a two-week visit to Britain, Europe and the United States. He said he was aware that leaders such as Mr Tony Bloom of Premier Holdings and Mr Mike Rosholt of Barlow-Rand had been on similar tours.

"So what we are thinking of is getting someone to co-ordinate not a public relations man, but a communications person — someone to plan trips for groups of businessmen to give speeches to the right people in a planned way, and to get on to TV programmes.

"Plans are advanced, although nothing has been finalised. But we have already met various American experts and discussed this

with various South African companies. It looks as if something very interesting could come out of it in four to six weeks."

But also, Mr Ackerman said, business would have to continue to focus attention on the problems inside South Africa.

"Very crisply, our task in the next year or two is to continue what we are doing to influence the Government, black leaders and world business to prevent mandatory sanctions.

"Since the beginning of the year business leaders have been meeting black leaders in Johannesburg, Cape Town, Bloemfontein and Port Elizabeth.

"Groups of businessmen have been trying to get to know reality what is going on in the hearts and minds of these leaders and think we understand each other better than we ever did before.

"We're interpreting, I feel, what will be required for a peaceful solution in this country both from the Government's side and the black leadership side and from the world's side because the world has got to realise they have to stop moralising and they have to help us — otherwise they are going to cripple us.

"We have a terrific job to convince black leaders and the Government that the way to go is to disband apartheid completely, release detainees and meet black leaders and sort out the constitution on a multiparty nonracial basis.

"We are so near. There is about 80 percent agreement on those principles. I don't see a hopeless situation. On the contrary I see positive side."

Cape Times 28/2/86

Thatcher tells of her hopes

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Own Correspondent

LONDON. — In an exclusive interview in yesterday's Sunday Telegraph, Mrs Thatcher said the exact details of the constitutional changes expected of South Africa was not for any outsider to determine.

Mrs Thatcher spoke frankly about her attitude to Southern Africa.

She said:

- The death of Steve Biko was appalling — but she found the "necklace" killings "utterly repugnant".

- The problems of Southern Africa were not ones of colour but of human nature. Angola and Mozambique had troubles, although there were no whites.

- She did not believe that President P W Botha had his hands tied by the military and the police force in South Africa.

About the Commonwealth, Mrs Thatcher said it would be absurd to break it up because it was facing difficulties.

'Speak their minds'

What she was hoping for was that the Commonwealth would stay together, that everyone would speak their minds courteously in the knowledge that the South African Government was doing things "which most of us find repugnant".

It would end, however, Mrs Thatcher said. Of that she had no doubt.

Asked what she meant by the end of apartheid — one man, one vote? — Mrs Thatcher replied: "That sort of constitutional arrangement is not for an outside entity to determine."

"Once you have got dialogue going — and I think myself there will probably have to be two lots of negotiations, one with the black South Africans and the second with them all together, then they have got to fashion their own constitution."

'Cape farm workers'

Speaking about sanctions, Mrs Thatcher said questions had to be asked such as: "Do you realize what you are doing to farm workers in the Cape where they have no supplementary benefit?"

She added: "What we have done is to knock out general economic sanctions as a possible way forward, and get people to realize that there is no point in applying them if others pick up the business or it goes through third countries."

Mrs Thatcher added that she and the government had no intention of creating a wasteland in Southern Africa.

It would be much better to have "a free and hopefully democratic society coming through in our way".

The interviewer pointed out to Mrs Thatcher that she had critics who claimed that she would show more concern if it were whites being killed.

Mrs Thatcher said she was genuinely shocked by this. What concerned her were deaths, whether black or white.

She added: "Can I just say that I find the "necklace" which black uses to kill black utterly repugnant. It is one of the things which, faster than anything else, turned my sympathies off any case which some of them might have been putting."

'No Mandela deal'

About the death in detention of Steve Biko, Mrs Thatcher said it was absolutely appalling what had been done to him. Everyone condemned that, while one actually heard people standing up for the "necklace" or at least refusing to condemn it.

She denied that she and President Botha had a private deal to release ANC leader Mr Nelson Mandela during the Commonwealth conference.

"Of course we worked for Mandela's release and for the lifting of the ban on the ANC, even though we disliked many of the things they stood for. The fact was that one couldn't have a negotiation unless Mandela and the ANC could come to it and speak freely."

"My basic wish is that there should be more obvious and visible signs that they are going to get rid of apartheid," Mrs Thatcher said.

● Poll on Queen, Thatcher dispute, page 4

New US sanction move this week?

WASHINGTON — The US Senate controlled by President Reagan's fellow Republicans will move ahead this week with tough new sanctions legislation against South Africa despite Mr Reagan's likely opposition, a key senator said yesterday.

The Senate Foreign Relations Committee could vote out a sanctions bill as early as Thursday, its chairman, Mr Richard Lugar, said in a US television interview.

However, the Assistant Secretary of State for African Affairs, Dr Chester Crocker, said the administration would not consider any new sanctions until the British Government had decided on its own course of action concerning South Africa.

If the British Government ultimately decided against further sanctions, however, "we're not ruling out further measures (of our own)," he said.

Dr Crocker, the architect of "constructive engagement" will arrive in London tomorrow for consultations with US allies which will include a briefing later this week by the British Foreign Secretary, Sir Geoffrey Howe, on his present mission to South Africa.

Dr Crocker added that Mr Reagan was also likely to renew his September 1985 order imposing modest sanctions against Pretoria, including a ban on the sale of computers to South African security agencies

and a ban on the import of Krugerrands. The order expires at the end of August.

Mr Lugar said the Foreign Relations Committee would take up draft sanctions legislation tomorrow which would bar new US investment in South Africa and freeze South African bank accounts in the US.

The proposed sanctions also include restrictions on US travel by South African officials, blocking South African Airways flights from landing in the United States and banning imports by certain industries controlled by the South African Government.

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Howe meetings page 7

Canadians explode myth, says

Harare paper

HARARE. — The belief that sanctions against South Africa would cause unendurable hardships for the country's black neighbours has been exploded as a "myth", a front-page report in yesterday's Sunday Mail said here.

The paper, which is controlled by the para-statal Mass Media Trust, quotes an independent study undertaken by the Canadian International Development Agency that South Africa could not inflict serious damage on the nine members of the Southern African Development Coordination Conference (SADCC) without "significant" cost to itself.

The Sunday Mail says the

Canadians promote the view that South Africa would try to safeguard its R4-billion a year trade with the SADCC countries, especially if the nations imposing sanctions worked out a formula of exemptions designed to help the black states' economies.

The Canadians believe the South African economy is "extremely vulnerable" to international economic pressure because of its structure of production, and claim even "low-level sanctions" are likely to have serious repercussions.

This, they say, explains why South Africa is already threatening to repatriate migrant labour, withhold strategic supplies of fuel, food, and vital spares, restrict regional investment by South African firms, and "manipulate its customs union with Botswana, Lesotho and Swaziland".

The Canadians forecast that South Africa might try other "intimidatory tactics".

Observers in Harare point out that delays in transit traffic and in the dispatch of vital shipments of fuel and war munitions were a devastatingly effective form of pressure which the late Mr John Vorster's government used on Mr Ian Smith's Rhodesian regime in September 1976, when Mr Smith was forced to accept the Kissinger plan for black rule.

Mozambique, whose ports used to handle 90 percent of then-Rhodesia's imports and exports, closed its border in April 1976. Trade has never recovered, and today more than 93 percent of Zimbabwe's imports and exports go to or through South Africa.

The Canadians say that of the nine SADCC states, only Tanzania does not trade with South Africa.

Since 1981, Zimbabwe, Botswana and Mozambique have managed to reduce slightly their trade dependence on South Africa while that of Lesotho, Swaziland and Malawi has increased.

The Canadian report echoes one done by a British ex-

pert, which predicted that severance of South African access to Western markets would increase the significance of African markets to South Africa.

While the confidential British report suggested this would increase black states' vulnerability to South African political pressure, the Canadians believe that South Africa will be forced to make concessions to try to protect its African trade.

About 25 percent of Zimbabwean capital stock is controlled by South African capital, while in mining the proportion was 90 percent.

The Canadians note that the SADCC states' depen-

dence on South Africa is most pronounced in transport.

"Clearly, it would make sense for South Africa under the limited sanctions case to continue to try to expand the trade and transport linkages it has with the SADCC states, since it derives substantial economic and political benefits from them."

However, the report adds: "What South Africa might well do to put pressure on the countries imposing sanctions is to slow down or disrupt the flow of traffic to the landlocked states while continuing to encourage the sabotage of alternative transport networks."

The Canadian report be-

lieves severance of transport links would "only be a serious problem" if Zimbabwe failed to keep its line to the Indian Ocean port of Beira, Mozambique, open. It believes the line could take at least 30 percent of Zimbabwe's present international traffic.

The authors predict Zimbabwe would be prepared to commit up to 30 000 troops, some 25 000 more than at present, to defend the route, despite the serious budgetary problems this would cause the Zimbabwean economy.

While South African retaliation could cause some loss of exports, Zimbabwe had reduced the proportion of its

manufactures going to South Africa from 75 percent two years ago to 40 percent, and this is expected to drop.

The report also believes that the expulsion of 10 000 Zimbabwean mine workers was "not likely to cause substantial disruption."

The Canadians do not, however, explore the background of Zimbabwe's international employment, where 90 000 school-leavers are looking on to a labour market which is expanding by an average of 8 000 jobs annually, and where, with a population 25 percent higher, there are less people in formal employment than 10 years ago. — Sapa

61% Britons back Queen

LONDON — Three in five of the public believe British Prime Minister Margaret Thatcher should change her no-sanctions policy on SA "if the Queen wishes her to do so".

That finding, released in a Gallup Poll report, coincided with claims in the British media at the weekend that Queen Elizabeth media secretary Michael Shea was responsible for the Buckingham Palace leak that almost provoked a "constitutional crisis".

Reports allegedly originating from Shea stated the Queen was dismayed over Thatcher's sanctions stand. They

caused a major stir in the UK. Shea has denied responsibility for the leak.

The Gallup Poll, conducted at the weekend exclusively for the *Sunday Telegraph*, also indicated that 55% of the British public thought Thatcher's view should prevail in a disagreement with the Queen on any other important issue.

People were first asked, given the

● To Page 2 ➡

Most Britons back Queen

Queen's apparent concern, whether Thatcher should change her policy towards SA "if the Queen wished her to do so". Three in five (61%) thought she should and 33% thought not.

A separate survey conducted by Gallup last weekend found the public to be almost evenly divided on whether or not Britain should apply economic sanctions

against SA — 46% for and 40% against.

It was *The Observer* and Britain's domestic news agency which reported that it was Shea who briefed reporters who wrote controversial reports about the monarch last week.

← ● From Page 1

move this week?

1/18/86
Dana C

WASHINGTON — The US Senate controlled by President Reagan's fellow Republicans will move ahead this week with tough new sanctions legislation against South Africa despite Mr Reagan's likely opposition, a key senator said yesterday.

The Senate Foreign Relations Committee could vote out a sanctions bill as early as Thursday, its chairman, Mr Richard Lugar, said in a US television interview.

However, the Assistant Secretary of State for African Affairs, Dr Chester Crocker, said the administration would not consider any new sanctions until the British Government had decided on its own course of action concerning South Africa.

If the British Government ultimately decided against further sanctions, however, "we're not ruling out further measures (of our own)," he said.

Dr Crocker, the architect of "constructive engagement" will arrive in London tomorrow for consultations with US allies which will include a briefing later this week by the British Foreign Secretary, Sir Geoffrey Howe, on his present mission to South Africa.

Dr Crocker added that Mr Reagan was also likely to renew his September 1985 order imposing modest sanctions against Pretoria, including a ban on the sale of computers to South African security agencies

and a ban on the import of Krugerrands. The order expires at the end of August.

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HERET



Last-ditch summit with PW
as SA prepares for siege

COMETS IN A GUT

Watch this face!



MARGARET THATCHER is preparing to become the first British Prime Minister to visit South Africa in 25 years. She is expected to fly to Pretoria for talks with President Botha before the end of next month.

Mrs Thatcher's personal intervention in the South African impasse comes as the Government in Pretoria — despairing of what it regards as a sensible resolution of the sanctions issue — begins to lay its strategy for a siege economy.

The British Premier is likely to delay her final decision until the return to London this week of Sir Geoffrey Howe, Foreign Secretary, from his abortive peace-seeking safari through Southern Africa.

Yesterday Sir Geoffrey — after visits to Swaziland and Lesotho — was still refusing to admit the failure of his mission, but the word was with large across its prospects.

Meanwhile, highly placed sources said the defiant tone of recent South African Government statements reflected a deeply-held belief in Pretoria that the international clamour for punitive measures has lately become so irrational that nothing Pretoria might do will head them off.

And, the sources said, even if President Botha met certain minimum Western demands — like releasing Nelson Mandela —

The sanctions busters:
See Page 13

the goalposts would quickly be moved and he would soon be faced with fresh demands accompanied by new threats of sanctions. The Government had, therefore, resigned itself to the inevitability of punitive, international measures.

Moreover, said one source, the actual introduction of sanctions "would wipe the issue off the table and, once and for all, remove a perennial source of blackmail." Hopes were raised briefly this week when President Reagan of the United States declared him-



And now for the honeymoon — Andy and Fergie get on their way

Poor old

Fergie,

phoning

in vain

Sunday Times Reporter

London
EXCITED royal bride Fergie rang home from her honeymoon — but none of her family was there!

The Duchess of York's dad, Major Ronald Ferguson, and his wife, Susan, were still out celebrating the wedding and missed her call from the royal yacht Britannia in the

♥ IT'S LOVE, LOVE, LOVE ♥ ANDY AND FERGIE ♥ SOL AND ANNIE ♥

We're good friends

SAYS HE

Ditto

SAYS SHE

By SUE FOX
LOVE is sweeter the second time around — that's the popular saying that Annelise Krikel and Sol Kerzner are putting to the test.

The hotel magnate and his ex-wife, who were divorced less than a year ago, are said to be inseparable today. But Miss Krikel is keeping her options open and there are no plans yet for a second marriage.

Although she spends a lot of time at the Kerzner Brynston mansion, her official address is still her Sandton townhouse.

Contrary to that his ex-wife is the leading lady in his life at the moment, Mr Kerzner said this week. "We are seeing quite a bit of each other. We have always remained very strong friends, even through the divorce proceedings, and I'm pleased about that."



Annelise and Sol... let the fairytale start again

Miss World covy answered "no comment" when asked if she had moved back in with her ex-husband. "Sol and I are good friends but I don't want to say anything about that," she laughed.

Neither would she confirm or deny whether she was spending her 31st birthday tomorrow with Sol.

Picture: JAMES SOULLIER

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Hopes were raised briefly this week when President Reagan of the United States declared himself strongly against tougher sanctions — but later, dashed when a White House spokesman said limited measures were under consideration.

Meeting

Hopes — both in the West and in Pretoria — are now pinned on a possible meeting between President Botha and Mrs Thatcher.

This week the British Premier said she might intervene personally if Sir Geoffrey returned home empty-handed.

And today London's Sunday Telegraph — which is usually well informed about matters concerning Mrs Thatcher — predicted that the return of an empty-handed Foreign Secretary would be the spur that sends her to Pretoria.

However, Pretoria had been warned that she would not embark on the risky journey without first receiving a hard-and-fast assurance of substantial concessions such as the release from prison of Mr Mandela and a timetable for substantive dialogue with black leaders.

For Mrs Thatcher, the prospect of talks in Pretoria would give her ammunition to counter a stormy attack on her policies at the Commonwealth mini-summit next week.

Everything now points to a last-minute move by the major Western powers — the US, Britain, France and West Germany — to synchronise their efforts to reach an agreement with Mr Botha on a time frame for change in South Africa.

Speculation mounted in some quarters this week that the only concession President Botha might be willing to make to foreign opinion at this stage was the release of Mr Mandela.

Any foreign leader who could lay claim to having played a part in persuading him to do so would earn high international acclaim.

If, therefore, Mr Botha does indeed intend releasing the ANC leader, it is a plum he is more likely to hand to Mrs Thatcher than anyone else.

● "There can be life beyond sanctions" — Page 28

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The sanctions

By DAVID JACKSON
An undercover army of boycott-breaking specialists is set to swing into action if the Vest-decides to tighten the economic screws on South Africa.

The well-oiled infrastructure of an efficient machine is already urging new markets for South African goods in a hostile political climate. And it could be geared up into a large scale strategic counter-offensive against international sanctions, experts said this week.

For some enterprising entrepreneurs and "middle-men," it could mean overnight fortunes as business expertise and

Undercover 'army' set to find new markets

a web of international contacts are tapped to channel South African exports into unlikely new markets.

But for the most part, it would take the form of a national effort as South Africa pulls out all the stops to secure vital trade lifelines to keep the economy moving.

Official projections released this week by the SA Foreign Trade Organisation (Safto) reveal that South Africa is set this year to glean a record R2 000-million in export earnings to black

Africa — excluding the BSL countries of Botswana, Swaziland and Lesotho. By far the bulk of this revenue comes from above-board official trade.

But several million rands — the exact figure is difficult to ascertain — is believed to represent invaluable foreign exchange brought in by a silent army of exporters who have breached the political trade embargo.

Mandatory sanctions would have the effect of spurring on exporters to aggressively seek out alternative mar-

kets, business exporters said this week. Miss Sally Gallagher, a consultant with long experience in promoting two-way trade between South Africa and African states, said:

"There can be no barrier to stop a businessman doing business Lebanon is a case in point. Suppliers to Lebanon have been coming in since the troubles there."

"There is not a country in Africa which has not traded with South Africa at some time."

South Africa trades officially, or semi-officially, with at least 13 black African countries — Botswana, Lesotho, Swaziland, Malawi, Mozambique, Zambia, Zimbabwe, Zaire, the Comores, Reunion, Mauritius, the Seychelles and the Iv

busters!



FLASHBACK: When Rhodesia decided to go it alone

But the spider web of undercover contacts, co-ordinated by the so-called "export houses", extends South African business influence into some unlikely areas — into "hostile" black African countries strong on anti-apartheid rhetoric but desperately short of the commodities that South Africa can provide.

Many of the operations are shrouded in secrecy. Merchants, some of them schooled in the Rhodesian anti-sanctions busting campaign of the '60s, jealously guard their techniques and their contacts.

And the extent of covert Government assistance can only be speculated at.

But the tales of entrepreneurial derring-do are legion. Unmarked aircraft, it is said, fly in supplies to "hostile" black states.

... an oranges stamped "Mozambique", appear on supermarket shelves in countries to the north.

A black state, traditionally at loggerheads with South Africa, calls for emergency supplies of South African-made cement when a local factory breaks down.

Top-of-the range South African products are reportedly being consumed by French expatriates in the black African state of Gabon — which is also making use of South African structural steel products.

Boost

And these are but the fringes of a mushrooming trade which has seen a dramatic boost in exports to black Africa, up from R1 500-million in 1985.

The Africa area manager of Safto, Mr David Muirhead, said: "Basically, it's a snowballing effect. The more South African companies and South African goods penetrate these markets, the more they become aware of South Africa as a source of supply."

But, more importantly, export agents honed in the hard school of Rhodesian sanctions-busting believe that South Africa's clandestine trade operation has given the country a psychological head start in the sanctions battle to come.

Sally Gallagher ... "There can be no barriers."

THE ECONOMY

Rhodesia's 14-year battle with sanctions

The Rhodesian businessmen who lived through 14 years of sanctions don't believe that economic pressure alone brought them down. Surprisingly, they pin a portion of the blame on sanctions-busting South African importers who were 'totally mercenary' they say. Researcher ELIZABETH SCHMIDT of the Institute for Policy Studies in Washington, reports.

WHITE businessmen in Zimbabwe have a bone to pick with Maggie Thatcher. "Sanctions don't work," the British Prime Minister has said repeatedly, citing the case of white minority-ruled Rhodesia, now Zimbabwe, to make her point. As casualties of those sanctions, imposed on the country to force a transition to majority rule, they have a remarkably different story to tell.

Interviewed recently in the Zimbabwean capital, white businessmen recalled their 14-year battle to keep the Rhodesian economy afloat in the face of worldwide economic sanctions.

"Some people feel that sanctions failed," claimed a former employee of the Association of Rhodesian Industries, "since they did not immediately achieve their purpose."

"I think they failed initially, but in the long term they exercised a very important element — maybe not even admitted at the time by the government. Certainly, they didn't help."

"Sanctions, by themselves, would sooner or later have forced a political decision," affirmed a colleague, employed by the Associated Chambers of Commerce of Rhodesia during the sanctions period.

"No economy anywhere in the world can exist under a sanctions-type situation for a long period of time — sooner or later something had to give."

If South Africa had not served as a back door to international trade, especially if Rhodesia's petroleum lifeline had been severed, the businessmen agreed that Rhodesia could not have survived more than a matter of months.

When sanctions were imposed on Rhodesia in 1965, its economy was heavily dependent upon foreign trade and investment. In 1964, exports earned 40 percent of Rhodesia's national income (The current figure for South Africa is 55 percent).

Rhodesia was essentially an exporter of primary products, the most important being tobacco, which constituted nearly one-third of total export value, and minerals, which comprised another 22 percent. In terms of imports, Rhodesia relied on the outside world for virtually all of its machinery, transport equipment, chemicals, and spare parts — and for all of its petroleum.

The immediate impact of sanctions was absolutely devastating, the businessmen said.

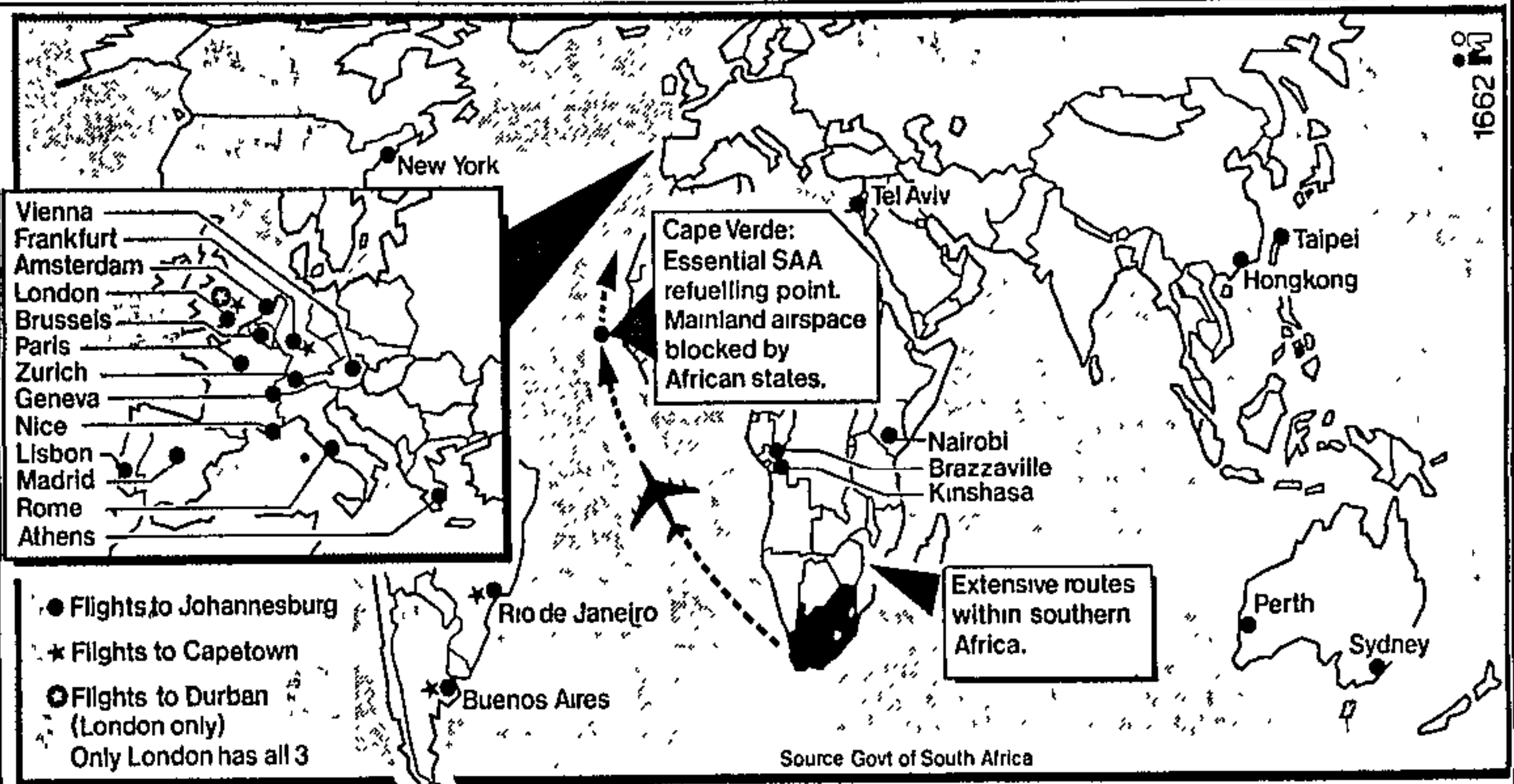
Between 1965, when sanctions were imposed, and 1966, the total value of Rhodesian exports fell by 38 percent. Tobacco, the most vital export, was hardest hit. The volume produced fell by 50 percent and its value declined by 66 percent.

"Sanctions disrupted our tobacco industry terribly," said John Graylin, who in 1965 was chairman of the Tobacco Export Promotion Council. "We could not sell it. We had a big stockpile... then we started to have to sell it under the counter — but at a tremendous discount."

"The prices fell alarmingly," Graylin said, because Rhodesia's exports had to be sold dirt cheap in order to be sold at all. As for imports, Graylin charged, "We paid through the nose."

By all accounts, South Africa was the most notorious sanctions buster. However, it also demanded the highest ransom.

"The South Africans were totally mercenary about the sanctions against Rhodesia," maintained EG Cross, an



Where South Africa flies. Nearly 600 000 international passengers a year

By GAVIN WILSON

ECONOMIC measures which have been proposed to put pressure on the South African government include restrictions on tourism and air traffic. What would be involved in such steps and who would be affected?

Nearly 800 000 people visited South Africa in 1984, of whom 385 000 were holidaymakers, according to the government's bulletin of statistics.

Many of these visitors came from other parts of Africa (341 000). Most of the others journeyed from Europe (304 000), followed by North and South America (91 000), Asia (36 000) and Oceania (20 000).

Among European countries it is Britain, with its strong business connections and family ties, which easily provides the highest number of visitors (139 000). West Germany is next with 57 000. The United States, which also has many economic interests in South Africa, is the source of 71 000 visitors each year.

Until 1984 the number of visitors to South Africa had been increasing steadily. But government figures show that the continuing unrest throughout the country has taken its toll of tourism.

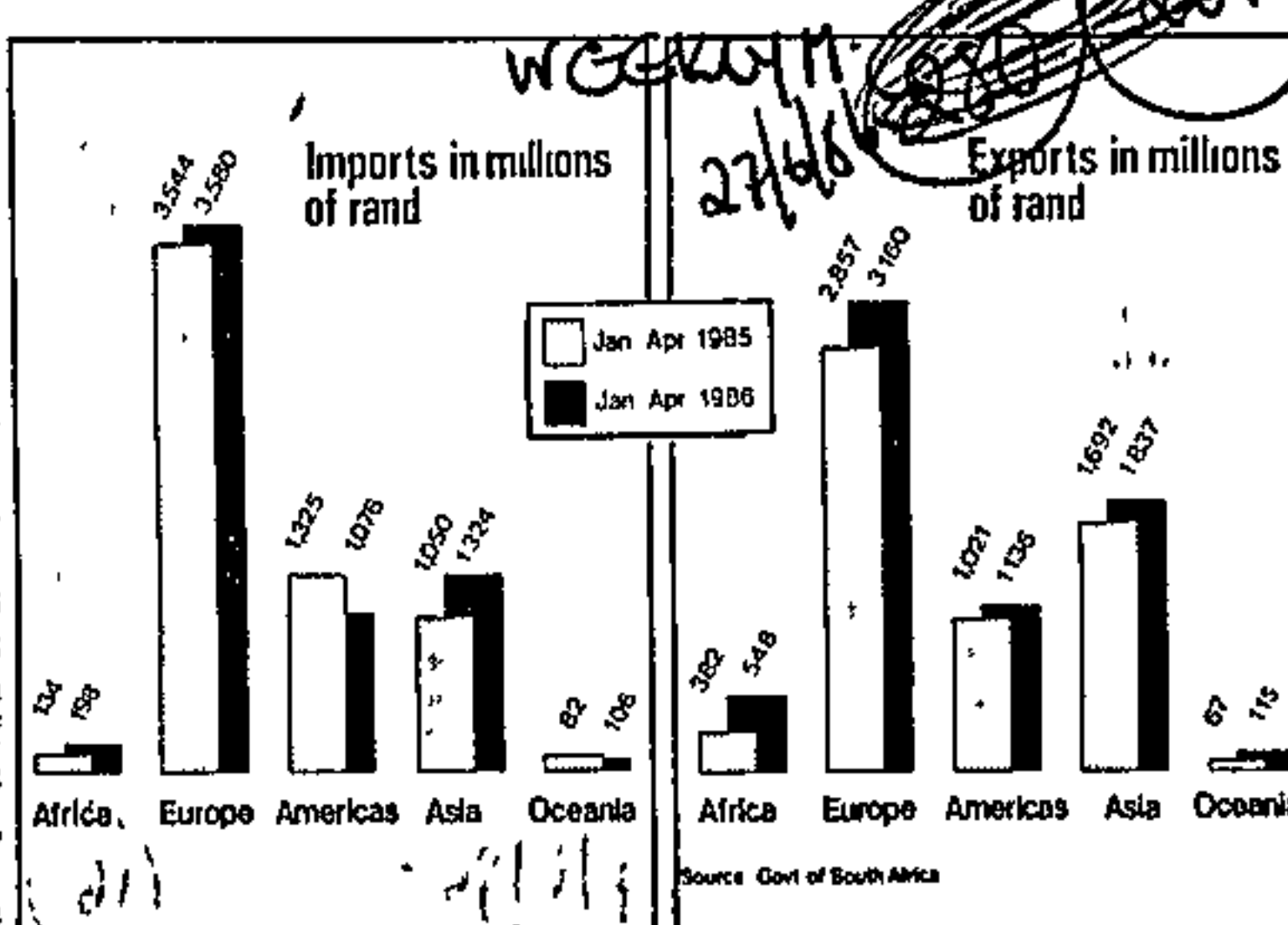
Hotel occupancy rates for February 1986 were down 22 percent from the previous February, with the largest decreases in Witwatersrand (down 32 percent), Little Karoo (25 percent) and the Cape Peninsula (33 percent).

Hotels revenues have shown a corresponding decline, with annual losses for the industry measured in millions of rands.

As an earner of foreign exchange, however, tourism pales by comparison with goods such as gold.

Oxford-based researcher and

Moving target: SAA and its international links



Imports and exports South Africa's balance of trade

academic Richard Moorsom says "Tourism is quite important, but it's not a vital sector of the economy."

Perhaps of more importance to South Africa in terms of tourism is the way it can be used to "buy friends" as a propaganda tool, says Moorsom.

Tourists never see life in the townships. Instead, they return home with positive images of game parks, beaches and spectacular scenery.

One of the proposals for curtailing the tourist trade from Britain is a ban on promotion and advertising. Some of the impact of such a measure would be reduced because many tourists currently make the trip south to visit members of the family and

presumably would not be deterred by a lack of promotion.

Such a move, however, is being touted as a sanction which would not harm the British economy. It might even benefit the economy if holidaymakers stayed home or travelled to less expensive destinations, though some revenue would be lost from South African tourists who took Europe off their itineraries.

Nothing would choke the flow of tourists and other visitors to South Africa more than a total ban on air links with the outside world, although observers feel this is very unlikely given the current political climate.

South African Airways (SAA) flies

nearly 600 000 international passengers a year to destinations in Europe, North and South America, Australia, Israel and the Far East.

SAA also flies to a number of other African nations — Zimbabwe, Mozambique, Zambia, Malawi and Mauritius.

This means that even if the European Community banned flights to South Africa it would not prevent air connections being made through neighbouring countries. Thus a British visitor could fly to Harare, Zimbabwe, and catch a connecting flight to Cape Town.

Even without sanctions, SAA has only a fragile link with its European ports of call. Apart from its neighbours, the airline is officially banned from landing or even flying through the airspace of other African nations. But the distance to Europe is beyond the range of a passenger plane, so the airline must land on the Cape Verde Islands off the coast of Senegal to refuel. Cape Verde is a member of the Organisation of African Unity (OAU) and so could become part of any OAU decision to boycott.

Unofficially, however, industry insiders say special freight services operate under cover of darkness to countries such as Senegal, which deal with the South African airline but are too embarrassed to admit it.

Others benefit from the continued airlinks to South Africa as well. Although airlines seldom divulge specific information about traffic volume on a given route, it is believed that British Airways makes R60-million a year on flights to South Africa, with London-Nairobi-Johannesburg said to be its second busiest route. — Gemini News Service

government's agricultural marketing authority from 1969 to 1980. "They exploited the situation right from the word go. They exploited their monopolistic control over our transport routes. They exploited their favourable position as a supplier of spares and critical things that we could not buy internationally because of sanctions. We owe the South Africans nothing for years of sanctions busting," he concluded.

"They were making good business out of it. For many South African businessmen, sanctions against Rhodesia were a boon, a tremendous thing," he added.

As a result of the trade embargo, Rhodesia was unable to import a large range of necessary products. Thus, after recovering from the initial shock of sanctions, the manufacturing sector began to produce locally goods that previously had been imported. While a number of goods were ultimately made in Rhodesia, most industrial machinery and a significant

continued to be imported at exorbitant, sanctions-inflated prices.

By the mid-70s, most of the consumer goods that could be made within the constraints of the Rhodesian economy were being produced. The limited domestic market and obstacles imposed by sanctions on external trade meant that Rhodesian industries frequently did not achieve economies of scale. Their manufacturing was thus costly and the goods often of inferior quality.

While Rhodesia managed to produce a fair number of consumer goods during the sanctions period, its ability to manufacture capital goods (machinery) was far less successful. The sanctions-induced decline in export earnings meant that the country was desperately short of foreign exchange, which it needed either to produce capital goods or to import them.

Ten years after the imposition of sanctions, the Rhodesian economy had reached a plateau. In spite of massive

the West, machinery was wearing out. Spare parts could not be obtained. The country was "running down its capital goods stock right across the board," said Ruth Weiss, who covered Rhodesia for the Financial Mail during the early financial years.

The economy had stopped moving forward, claimed one prominent businessman. "And if you're not moving forward in economic terms, then you're actually going backwards." Rhodesia had finally "come to the crunch line."

Sanctions were not the only factor in Rhodesia's downfall.

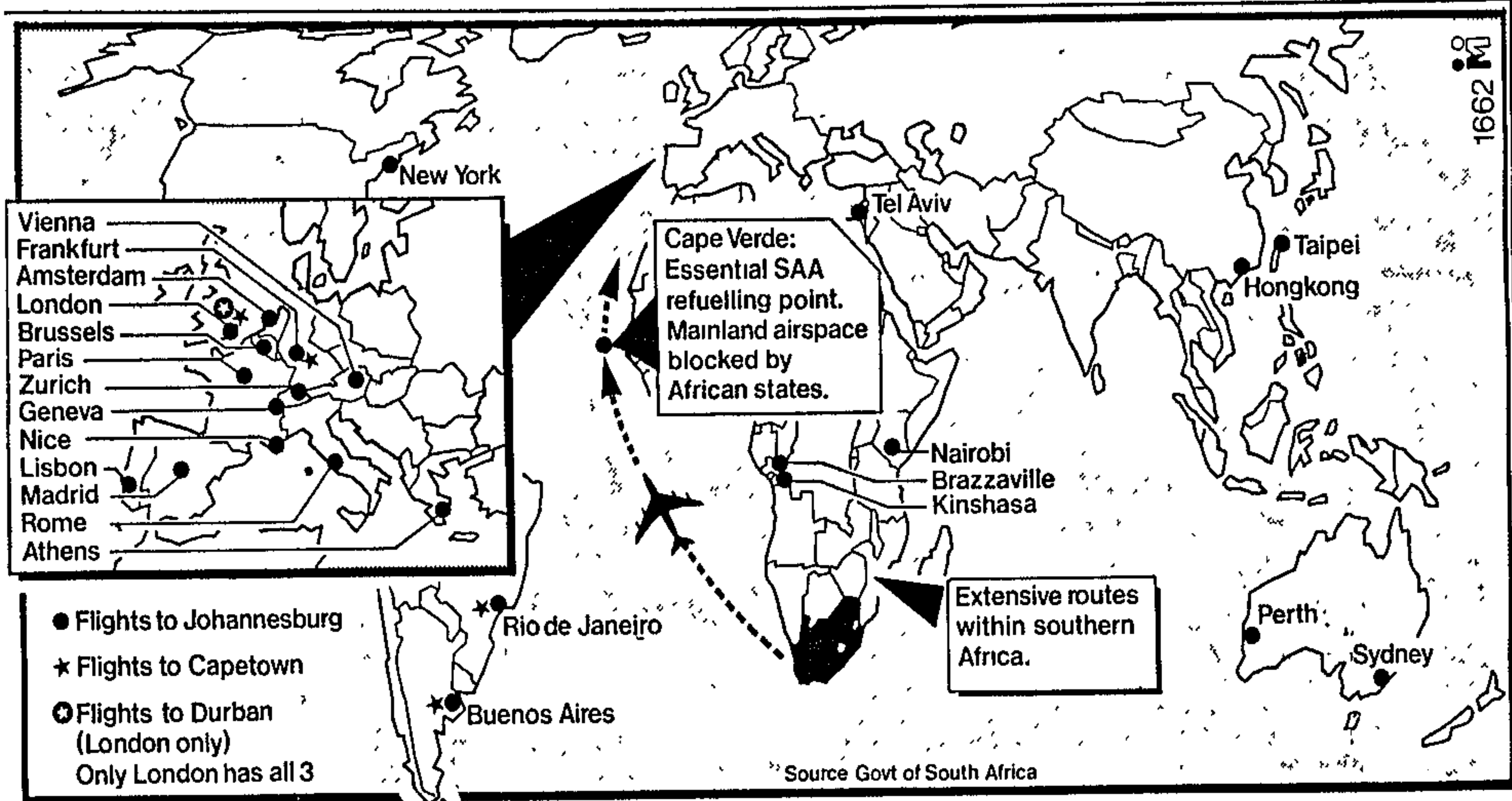
By the mid-1970s, a number of factors had converged to intensify the damage done by sanctions. The massive Opec oil price increase in 1974 and the devastating world economic recession caused a rapid deterioration in Rhodesia's terms of trade. The prices offered for Rhodesia's primary commodity exports fell sharply, while import prices sky-rocketed. In order to

government cut non-petroleum import allocations by more than 40 percent. With its supply of capital goods, spare parts and certain essential inputs practically severed, the fledgling manufacturing sector embarked on a downward spiral.

It was precisely during this period of economic crisis that the liberation war began to escalate. By 1979, the war was consuming more than one-third of the national budget, swallowing approximately R1-million a day.

The war was "the final nail in the coffin," said one businessman. "But there were a lot of other nails. The state of war, the state of economic sanctions could not go on forever without a total collapse." The inability of the country to finance both the war and the economy "was in part attributable to sanctions," maintained a colleague. "If we had been able to continue our economic strength," he concluded, "the political side of the thing would have continued the war longer."

a's 14-year battle with sanctions



Where South Africa flies: Nearly 600 000 international passengers a year

Moving target: SAA and its international links

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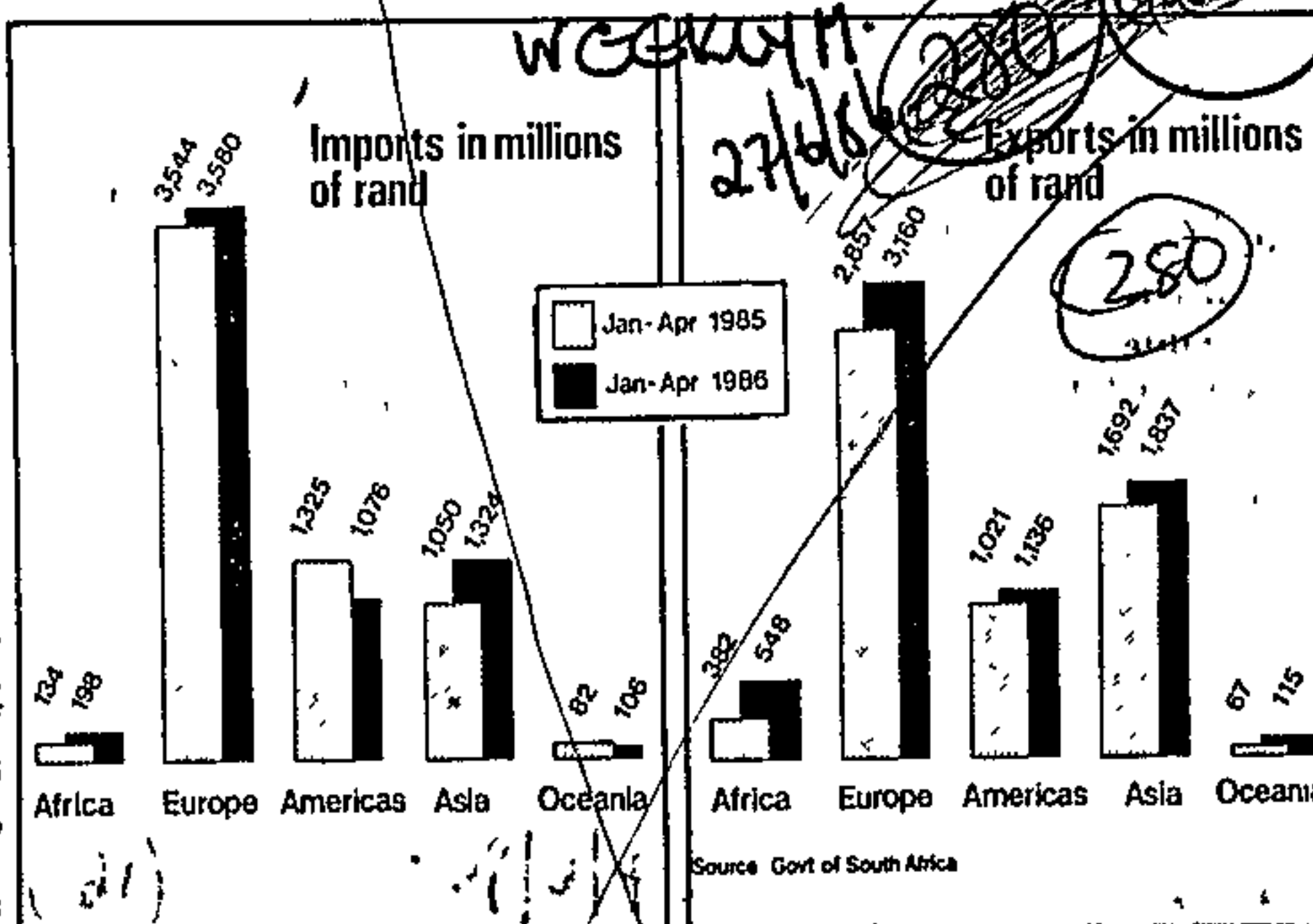
Among European countries it is Britain, with its strong business connections and family ties, which easily provides the highest number of visitors (139 000). West Germany is next with 57 000. The United States, which also has many economic interests in South Africa, is the source of 71 000 visitors each year.

Until 1984 the number of visitors to South Africa had been increasing steadily. But government figures show that the continuing unrest throughout the country has taken its toll of tourism.

Hotel occupancy rates for February 1986 were down 22 percent from the previous February, with the largest decreases in Witwatersrand (down 32 percent), Little Karoo (25 percent) and the Cape Peninsula (33 percent).

Hotels revenues have shown a corresponding decline, with annual losses for the industry measured in millions of rands.

As an earner of foreign exchange, however, tourism pales by comparison with goods such as gold



Imports and exports: South Africa's balance of trade

academic Richard Moorsom says: "Tourism is quite important, but it's not a vital sector of the economy."

Perhaps of more importance to South Africa in terms of tourism is the way it can be used to "buy friends" as a propaganda tool, says Moorsom.

Tourists never see life in the townships. Instead, they return home with positive images of game parks, beaches and spectacular scenery.

One of the proposals for curtailing the tourist trade from Britain is a ban on promotion and advertising. Some of the impact of such a measure would be reduced because many tourists currently make the trip south to visit

presumably would not be deterred by a lack of promotion.

Such a move, however, is being touted as a sanction which would not harm the British economy. It might even benefit the economy if holidaymakers stayed home or travelled to less expensive destinations, though some revenue would be lost from South African tourists who took Europe off their itineraries.

Nothing would choke the flow of tourists and other visitors to South Africa more than a total ban on air links with the outside world, although observers feel this is very unlikely given the current political climate.

South African Airways (SAA) flies Service

nearly 600 000 international passengers a year to destinations in Europe, North and South America, Australia, Israel and the Far East.

SAA also flies to a number of other African nations — Zimbabwe, Mozambique, Zambia, Malawi and Mauritius.

This means that even if the European Community banned flights to South Africa it would not prevent air connections being made through neighbouring countries. Thus a British visitor could fly to Harare, Zimbabwe, and catch a connecting flight to Cape Town.

Even without sanctions, SAA has only a fragile link with its European ports of call. Apart from its neighbours, the airline is officially banned from landing or even flying through the airspace of other African nations. But the distance to Europe is beyond the range of a passenger plane, so the airline must land on the Cape Verde Islands off the coast of Senegal to refuel. Cape Verde is a member of the Organisation of African Unity (OAU) and so could become part of any OAU decision to boycott.

Unofficially, however, industry insiders say special freight services operate under cover of darkness to countries such as Senegal, which deal with the South African airline but are too embarrassed to admit it.

Others benefit from the continued airlinks to South Africa as well. Although airlines seldom divulge specific information about traffic volume on a given route, it is believed that British Airways makes R60-million a year on flights to South Africa, with London-Nairobi-Johannesburg said to be its second busiest route. — Gemini News Service

'Harm to black states a myth'

HARARE — The belief that sanctions against South Africa would cause unendurable hardships for the country's black neighbours has been exploded as "a myth", claims a front page report in yesterday's Sunday Mail.

It quotes an independent study undertaken by a Canadian agency that SA could not inflict serious damage on the nine members of the Southern African Development Co-ordination Conference (SADCC) without significant cost to itself.

The newspaper says the Canadians thought SA would try to safeguard its R4 billion a year trade with the SADCC countries, especially if a formula to help the black states' economies was evolved.

The Canadians believed the SA economy was "ex-

tremely vulnerable" to international economic pressure.

This, they said, explained why SA was already threatening to repatriate migrant labour, withhold strategic supplies of fuel, food, and vital spares and restrict regional investment by SA firms.

Observers in Harare noted that SA was recently overtaken by Britain as Zimbabwe's main trade partner, supplying or buying 20% of its wares. The average for the other eight SADCC states was 25%.

The Canadian report echoed one done by a British expert, which predicted that severance of SA access to Western markets would increase the significance of African markets to the Republic.

While the confidential British report suggested

this would increase black states' vulnerability to SA political pressure, the Canadians believed that SA would be forced to make concessions to try to protect its African trade.

● In London, a report in the Sunday Telegraph yesterday said a huge international relief operation and airlift would be needed to help frontline states in Southern Africa if Pretoria was "driven into the laager" by punitive sanctions and then retaliated.

SA could close its ports and roads while about 350 000 migrant workers could be sent home.

The report said analysts agreed that relief from America, Britain and the rest of the West might be necessary for several years and entail an operation much bigger than the Berlin airlift of 1948. — Sapa-Reuter

SOUTH AFRICA is an outcast state with a difference: the world simply refuses to leave it alone. The country is thus subjected to a rather unique combination of isolation and interference from outside.

There is no doubt that South Africa is today one of the most ostracised states in the world. We see this in, among other things, its relatively small diplomatic network, foreign (political) restrictions on trade with South Africa, the UN's mandatory arms embargo and numerous forms of socio-cultural isolation (sport, art, entertainment, and so on).

None of today's other major "pariah" states — Taiwan, Israel and Chile — faces the same overall degree of isolation. Moreover, not one of them is at the receiving end of such persistent foreign interference as South Africa.

We are clearly paying a heavy international price for apartheid.

Enforced international quarantine is one way in which foreign countries hope to cure South Africa of its racial affliction.

The proponents of isolation apparently believe that the cost of ostracism to South Africa — particularly in economic terms — will force the Government to heed international demands.

There are also those countries which would be able to wash their hands of a pariah by severing ties

SOUTH AFRICA



ON THE MENU

would no longer run the risk of guilt by association.

Other states, however, doubt whether a more ostracised South Africa would rehabilitate itself in relative peace

They fear that greater isolation will drive white South Africans deeper into the laager, it could rally whites under the banner of resistance (and its handmaiden, repression) rather than reform (It was, after all, Dr Verwoerd who proclaimed "In isolation in the field of racial policy lies our strength")

As such, isolation would be a conflict-inducing mechanism, rather than a means of conflict resolution.

These states are also concerned that by cutting ties with South Africa they lose valuable levers of influence. Thus the major Western powers' two-pronged attack on apartheid isolation and peaceful intervention.

The Soviet Union and its allies pursue a different brand of isolation and intervention. They actively promote South Africa's complete international isolation, while simultaneously intervening by violent means through their material support for the ANC's armed struggle.

For Western states, it is a delicate act to find the "correct" mix of isolation and intervention. They are not only, or even primarily, influenced by the impact of their actions on South Africa; they have their own domestic and international interests to consider.

And these may well conflict with Pretoria's per-

By DEON GELDENHUYS

Professor of Political Science at Rand Afrikaans University and author of the highly acclaimed "Diplomacy of Isolation"



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The worldwide clamour for visible and swift measures against South Africa can no longer be resisted by any Western government. Thus the present upsurge in peaceful intervention on the part of those states that still seek an alternative to the further isolation of South Africa

As long as Western leaders regard such involvement as cost-effective, "peace missions" are likely to be despatched to our shores

And so we have to judge the Commonwealth's EPG mission, Sir Geoffrey Howe's present visit and a possible US initiative. The foreign emissaries owe their briefs in the first instance to their own domestic and external political considerations, and not to local wishes.

On this point, the Botha Government and its black opponents seem to agree. It is, after all, not the Government that invited the peacemakers from afar; Pretoria probably felt no need for their involvement and would have preferred to do without them altogether. It must indeed be difficult for any sovereign state to accept such uncited intervention from outside.

South Africans should nonetheless have no doubt

that the British and US governments are stating a great deal on their current diplomatic endeavours. If these fail to produce the desired results, they are bound to lean increasingly towards greater isolation of South Africa

The South African Government is in a sense trapped between a rock and a hard place

On the one hand, it must, understandably, be concerned that releasing Nelson Mandela and unbanning the ANC now would be seen far and wide as a major concession to foreign pressure.

And one success for the intervening powers may well whet their appetite for more

It is the crocodile syndrome the more you feed the beast, the hungrier it becomes. Furthermore, the Government would risk losing the initiative on the vital issue of shaping South Africa's political future to a foreign party.

The hard place, on the other hand, is South Africa's further isolation. Despite the bout of official bravado about beating sanctions, it may not be so easy to overcome them. Comprehensive mandatory sanctions, once imposed, could prove extremely dif-

ficult to lift, not least because their objectives may become more and more ambitious.

To put it in familiar terms, those applying sanctions will keep moving the goalposts for South Africa. Thus the initial objective of new sanctions might be to get the South African Government to "negotiate with authentic black leaders". But this could soon be overtaken by more radical demands, until the ruling elite transfers power to the ANC

What is more, escalating sanctions will be accompanied by greater international support for the ANC's armed struggle, isolation and violence will go hand in hand

Since South Africa is already experiencing isolation over a wide front, it no longer has a straight choice between accepting intervention or facing isolation

But Pretoria could try to avoid further damaging isolation by co-operating with present Western diplomatic initiatives. To do so would, however, amount to an admission by the Government of its own inability to resolve the country's domestic problems — something that would not be easy for any government anywhere

Perhaps the Botha Government is indeed incapable, if not unwilling, to

cross the real line, sharing power with the blacks and losing political control.

If so, involvement by Western powers in South Africa may have to go beyond merely bringing the contending parties together, extending to assistance in reaching a constitutional settlement.

The participants might then consider extending the role of foreign parties even further: Western powers and perhaps also some frontline states could become the formal guarantors of South Africa's Historical Compromise.

The Western nations could underwrite the agreement not only in a diplomatic sense, but also economically and even militarily.

Today's meddling foreign powers would then become tomorrow's constitutional midwives and guardians of a new South Africa.

There is no certainty that Western powers intend or wish to expand their involvement in the South African conflict to a fully fledged exercise in political restructuring.

This would be a far more demanding and risky endeavour than walking away from South Africa by isolating it.

If Western nations are in fact as concerned about South Africa's future as they publicly profess, they would presumably be willing to put their money where their mouths are by going the whole hog with

the need arise.

Or are they, in the final analysis, more interested in getting South Africa out of the international political agenda — thus freeing themselves of a political highly embarrassing association — than in the nature of a post-apartheid society?

It would also be asking a great deal of the South African Government — and, indeed, of all South Africans — to place its trust in foreign princes on such a crucial matter as resolving a domestic contest for political power.

It is above all up to the Government to show the world if there is a more viable home-grown alternative to peaceful foreign intervention — and to isolation, too

SA Secret Weapon — Economies of Other

By DAVID JACKSON

SOUTH AFRICA'S "secret weapon" in the looming sanctions battle is the stranglehold it has on the economies of surrounding black states.

A South Africa stung into retaliation by trade embargoes could use the weapon of retributive sanctions to pull the plug on Southern African states.

The economies of vulnerable countries such as Lesotho and Zimbabwe could be crippled in a matter of weeks, political analysts and businessmen predicted this week.

Priority reports placed on

the desk of President Reagan and Mrs. Thatcher are said to have painted a gloomy scenario of the effects sanctions would have on South Africa and its neighbours. And they are among the key factors underpinning American and British resistance to full-scale mandatory sanctions.

Independent

The big unknown factor is the extent to which South Africa's nine black neighbours can resist the economic siege that sanctions would bring. Millions of rands (R210-million voted by the EEC

alone — have been poured into the Southern African Development Co-ordination Conference (SADCC), the Frontline-states grouping which in 1980 formed itself into an economic unit with the aim of making it independent of South Africa.

Some pro-sanctions lobbyists now believe that the SADCC has developed sufficiently to enable the 'hostage' black states to survive the effects of sanctions in the region.

Others said this week that South Africa still possessed the ultimate counter to sanctions. South Africa is still the

main trading partner for all nine of its black neighbours. Ninety percent of Zimbabwe's trade is shipped through South African ports.

Electricity

More than 1.3-million of the nine states' nationals work in South African mines and factories (in Lesotho's case earning more than half that country's income). Botswana, Lesotho and

Swaziland depend on South African oil. South Africa supplies about 60 percent of Malawi's electricity grid alone — if it wished it could simply switch off the lights in the

Mozambican capital.

But the kingpin in this network of economic dependence by the Southern African states is the South African Transport Services (Sats), whose infrastructure dominates the region.

Sats statistics show that at a rough count more than 6 000 South African railway trucks lie scattered in Zaïre, Zambia, Zimbabwe, Botswana, Mozambique and Swaziland.

All these countries, except Mozambique, not only need South African harbours to move their imports and exports but need South African rolling stock to move their

goods.

Alternative lines through black-ruled countries have either been disrupted by local guerrillas or are heavily congested. The only viable alternative port — Dar es Salaam — is hopelessly inadequate to meet the needs, experts said this week.

According to Johannesburg-based export consultant Sally Gallagher, only Botswana of the countries whose trade links would be disrupted by sanctions would be able practically to counter the effects by foreign airlifts of goods.

Retaliation

For the rest, they are entirely dependent on South Africa's transport system.

The effects of sanctions on the Southern African region, says Miss Gallagher, could "destroy everything, which the West has taken two decades to build up".

According to Professor Reginald Green of the Institute of Development Studies, quoted in the New African magazine, sanctions alone will hurt, but not necessarily wreck, the economies of the Frontline states.

But what is feared is South African retaliation. Says the New African, "Pretoria could take more damaging steps. One likely retaliatory measure would



ROBERT MUGABE
His people depend on SA

be to stop oil shipments to Botswana, Lesotho and Swaziland. With Maputo linked to South Africa's electricity grid, Pretoria could also turn out the lights in Mozambique's capital by flicking a switch."

According to one South African source this week, South African strategists are divided on how — if at all — the retributive sanction weapon should be employed.

One headline school of thought is that it should be used *in toto* to create the maximum effect.

Another view is that it could be used selectively to dramatic effect on specific targets.

Zimbabwe, it was said, could be severely disrupted within a month — facing massive reinforcements and shortages of vital commodities, such as spare parts.

THE international argument over economic sanctions on South Africa has reached a new peak of intensity, and pressures in favour of further sanctions of some sort are now stronger than ever.

South Africa is not unique as a target for sanctions. They have been used increasingly in recent times as a foreign policy weapon (often as an alternative, and sometimes as complementary, to military force), especially by the United States.

The fact that they have been singularly unsuccessful in achieving defined objectives does not seem to deter their proponents; in fact, the sanctions concept has become steadily more acceptable.

This, of course, makes it harder for Western governments to resist the pressures for sanctions in the South African case.

Nor is the threat of sanctions a new phenomenon for this country. It has been there since 1960, and in 1963 the first arms embargo (non-mandatory) was approved by the UN Security Council.

Dangerous

But it was not until the 1976/77 Soweto crisis that the threat of sanctions by our major trading partners became a reality, with the implementation of the mandatory arms embargo.

In the current crisis the threat has become decidedly more dangerous. Creeping economic sanctions, official and private, are already a fact of life.

Governments of our major trading partners have already taken the first small steps on the sanctions road, e.g. President Reagan's Executive Order of September 1985, and private sector sanctions, in the form principally of disinvestment and limits on new investment, are spreading

Intertwined

Of course, not all disinvestment from South Africa can strictly be described as sanctions, even if it has the same effect; the parlous state of the economy has a lot to do with such decisions.

But economic disincentives for foreign companies and banks are so intertwined with political factors, including the mounting pressures on parent companies, that it is difficult to separate the causes.

The disinvestment pressures have built up, chiefly in the United States where they are fuelled by the divestment campaign promoting withdrawal of funds by Americans from corporations doing business in

Why West finds it hard to withstand sanctions pressure

South Africa, as well as a boycott of their goods and services

Divestment thus amounts to sanctions on these firms, to persuade them to impose their own sanctions on South Africa.

American private sector involvement in South Africa is the subject of a recent book by Vic Razis, "The American Connection", which strongly supports the case that American and other foreign corporate involvement in South Africa is beneficial for economic and political reasons.

Razis supports the anti-sanctions argument that foreign investment and trade contribute to economic growth which "is the best way to break the shackles of apartheid and build a better post-apartheid society".

He admits that, because "privileged elites, like the whites in South Africa, rarely give up their privileges without some pressure... the threat and actuality of economic sanctions may be productive up to a point", but beyond that point, "which is, of course, exceptionally difficult to determine", sanctions may have highly detrimental effects for the whole of South-

ern Africa for a long time to come.

Unfortunately, Razis does not delve into this crucial and difficult question of the effects of economic pressures and of what may be productive or counter-productive.

This question surely poses a dilemma for many people, inside and outside South Africa, who have an interest in seeing the conflict resolved peacefully and without permanent economic damage, but who recognise that pressures are a necessary part of the equation of political change.

Dilemma

In discussing the often controversial role of multinational corporations, Razis concludes that in South Africa's case there is much to be gained from their presence, not only in terms of economic growth and technological advance.

He believes, in common with others, that business has to be "a crucial actor" in the whole transformation of South African society, including its political dimensions.

"The burden is formidable and the tasks unusual for business executives, but

then, South Africa is an unusual society. If business is not to become a victim of the problem, it needs to become part of the solution, i.e. to shape the future in a way which permits business to flourish in the future".

This prescription does not apply only to multinationals in South Africa today, but the multinationals, particularly the Americans, have to bear the main brunt of the disinvestment campaign.

This provides an additional motive, and perhaps for most the overriding motive, for becoming involved in social, and even political action.

For American corporations the chief means of influencing South African society and resisting disinvestment pressures has since 1977 been the Sullivan Code of employment principles.

Razis devotes a chapter to a description and assessment of the Sullivan initiative on the basis of a series of interviews with representatives of American and South African companies.

Bypassed

He concludes that the Sullivan initiative has been an external influence which has interacted with South African business efforts to form a positive momentum towards better industrial relations.

However, in the absence of an adequate examination of the criticism (which is prevalent also in the American disinvestment lobbies) that the Sullivan Code provides an excuse for not taking more meaningful action, the question remains as to whether the Sullivan initiative has not been bypassed by events.

Whether formal economic sanctions by Western governments come or not, disinvestment is happening. Only a political settlement offers any hope of halting and reversing this outward flow.

* Vic Razis, *The American Connection: The Influence of United States Business on South Africa*, Frances Pinter (Publishers), London, 1986.

By JOHN BARRATT

Director-General of the SA Institute of International Affairs



cks the whip

PRIME MINISTER Maggie Thatcher is hanging in, tough as ever against boycott threats from Commonwealth countries — even as her Foreign Minister's mission to South Africa appears disaster-bound.

In a wide-ranging interview at Chequers this week she hit out at the sanctions lobby and, by implication, took swipes at the African National Congress for refusing to condemn "necklacing".

She also by implication tackled President Kaunda of Zambia for suggesting she did not really care for blacks, and ruled out suggestions that she had "done a deal" with President Botha on the release of Nelson Mandela.

It is in times like these that Mrs Thatcher makes Boadicea seem like a wimp.

She admitted she was worried about the Commonwealth mini-summit and whether Britain would be able to persuade the other members that the view she was taking on sanctions was not only reasonable but also the policy most likely to bring an end to apartheid.

No weakening on sanction threats

BY GRAHAM TURNER
London

better and faster than any alternatives.

What about the danger that the Commonwealth might actually break up over the issue?

Such a step, she declared, would be "absolutely absurd". After all, it isn't the British Commonwealth — its members had long ago refused to have it called that.

"So it is their club, their Commonwealth. If they wish to break it up, I think it would be absurd."

What did she mean by the end of apartheid — one man, one vote?

"That sort of constitutional arrangement," declared the Prime Minister, "is not for an outside entity to determine".

Mrs Thatcher denied she had shifted on the idea of further measures against South Africa, or that she had been "deserted" by her Cabinet although, resignedly, she said that whatever she did some people would complain.

She said that her main aim was to get people to confront the implications of sanctions — on Cape farmworkers, the British merchant marine and the fact that the Labour Party had in the past shied off sanctions themselves when confronted with the implications.

Mrs Thatcher insisted that her government had knocked out general economic sanctions as a possible way forward, and got people to realise that there was no point in applying them if others picked up the lost business, or it went through third countries.



Then, it merely arrived in England at a higher price or, if it worked, it worked by starving people. She and her government had no intention of creating a wasteland in Southern Africa, she said.

"It's much better to have a free and hopefully democratic society coming through in our way."

She also had critics, I pointed out, who claimed that she would show more concern if it were whites that were being killed, and not blacks.

Shocked

The charge genuinely shocked her. She had never, she said, heard such an accusation. What concerned her were deaths, whether black or white.

"Can I just say," she went on, "that I find the necklace which black uses to kill black utterly repugnant, and it is one of the things which, faster than anything else,

turned my sympathies off any case which some of them might have been putting."

But wasn't it just as bad that the South African Police should have done to death people like Steve Biko, the black African leader?

"Oh," exclaimed Mrs Thatcher, "it was absolutely appalling what they did to Biko, but no one stands up for that, everybody condemns it. But you actually hear people standing up for the necklace, or at least refusing to condemn it".

There was another story, I said, that she had already reached a private deal with Botha that Nelson Mandela would be released during the Commonwealth Conference.

"I have done no private deals," declared the Prime Minister categorically.

"Of course we have worked for Mandela's release and for the lifting of the ban on the ANC, even though we dislike many of the things they stand for. The fact was that you couldn't have negotiations unless Mandela and the ANC could be there and speak freely."

My basic wish," she said, "is that there should be more obvious and visible signs that they are going to get rid of apartheid."

Maggie cracks the

Card: hawking situation shows some improvement

DD. 295
23/7/86
Dispatch Reporter

EAST LONDON — The problem of hawkers' runners in the city has been partially solved, the chairman of the action committee, Mr Donald Card, said yesterday.

Mr Card was commenting on the decision to ban runners taken nearly two weeks ago when a council delegation met more than 100 hawkers at a public meeting in the City Hall.

The hawkers suggested that the runners be banned from the Central Business District and Mr Card said this was endorsed by the action committee.

"Reports reaching us show there is the odd runner in the CBD but the situation has improved considerably," Mr Card said.

It was also agreed that unlicensed hawkers in the CBD be prosecuted and that only adult licensed hawkers be allowed to sell in the CBD.

The head of the municipal security section, Mr G. Moore, said according to a municipal ordinance, no hawking was allowed in the CBD area between Cambridge and Buffalo Streets and North and Fleet Streets.

He said the city council, in sympathy with the hawkers, had opened the CBD to them last year under certain conditions.

The conditions were that the hawkers should "walk and hawk" — and not be a public nuisance by blocking the entrances to supermarkets or pavements.

Hawkers caught infringing these regulations would have their licence withdrawn.

Mr Moore said after several complaints were received about runners acting contrary to the regulations, the city council delegation met the hawker delegation, who were urged to control runners.

He said he received reports that about 20 hawkers had been arrested.

Mr Moore said the agreement reached between the hawkers and the council did not affect the South African Police — who were empowered to arrest people infringing the ordinance of hawking in the CBD.

He said although he was not speaking on behalf of the SAP, he was certain that the police acted only after receiving complaints.

A spot check in the CBD yesterday showed runners were hard to find.

The manager of an Oxford Street supermarket, Mr Richard Fuller, said the chaos that used to be at the store's entrance had diminished with the disappearance of the runners.

(280) 0026/786

Sanctions will lead to misery — Nel



MR NEL ... resistance.

Dispatch Reporter

EAST LONDON — Successful sanctions against South Africa could only lead to unemployment, misery, suffering and frustration, particularly affecting the lives of thousands of black people, the Deputy Minister of Information, Mr Louis Nel, said here yesterday.

"I have today had discussions with black, coloured, Indian and white leaders of the East London region. Every single leader that I spoke to is strongly opposed to sanctions and supports the South African Government in its resistance to the imposition of sanctions," he said.

Mr Nel said Zambian President Dr Kenneth Kaunda's campaign for sanctions against South Africa was unchristian and immoral.

"Dr Kaunda has no moral right to pontificate to South Africa. He is a leader of a country where there is no proper democracy and where only one political party is allowed.

"Any Zambian citizen who is not prepared to support Dr Kaunda's party has no right of political expression at all. Unlike Zambia, there are many black political parties in South Africa. There is more free political expression taking place among the blacks in South Africa than among the people of Zambia," Mr Nel said.

He said Zambia was a country rich in natural resources and with great agricultural potential, yet under the leadership of Dr Kaunda the country's economic development had failed dismally.

"Approximately one-third of that country's budget is financed by foreign aid. Dr Kaunda has not made his people a proud and self-sustaining nation, but a nation in want.

"In South Africa, black South Africans are better off than the Zambians, and in South Africa the black middle-class is proportionately larger than in Zambia," Mr Nel said.

"Dr Kaunda realises his failures and is jealous

of the development in the country. His extreme egotism demands that the South African economy be crippled. Dr Kaunda's philosophy of so-called socialist humanism has led to frequent unrest by students and trade unions in that country.

"It has also led to a position where the major media are either controlled by Dr Kaunda's political party or by his government and has led to a position where the Zambian economy is today riddled with unemployment and foreign debt," he added.

Mr Nel said he did not know of many black South Africans who had gone to Zambia to seek a better life, but that South Africa had had to cope with 1,5 million foreign blacks, most of whom had crossed South Africa's borders illegally.

"It seems that Dr Kaunda, through economic sanctions against South Africa, wishes to export the misery of his people to the black people of South Africa," he added.

Mr Nel's two-day visit to East London ended yesterday after he met local authorities, community leaders, and businessmen.

He said the main intention of his visit here had been to gather information about the area, "particularly because the Eastern Province region is the most problematic region in South Africa at the moment.

"My impression of the area after two days of meetings is that the unrest situation seems to be under control with the biggest problem at present being the boycotting of schools. The relevant authorities are trying their best to restore this situation to normal though," he added.

Mr Nel said he had also discussed the role of the regional director of the Bureau for Information here, Mr M. Muller. He said he had requested that Mr Muller work closely with the local press and that he supply, as far as possible, additional information concerning incidents in the region.

Mr Nel has held similar meetings in Johannesburg, Port Elizabeth, Cape Town and Pretoria.

Kennedy sets sanctions ball rolling

New move could avoid the presidential veto

WASHINGTON — The battle for United States sanctions against South Africa was joined on the Senate floor here as Senator Edward Kennedy introduced a broad array of sanctions chiefly targeted at South African whites.

Rejecting President Reagan's anti-sanctions plea, Senator Kennedy said: "It is now up to the Senate to write a new anti-apartheid policy for the future."

The new proposals, which the senator called "in essence the proposals endorsed by the Eminent Persons' Group", are less severe than the sweeping disinvestment and trade embargo bill passed by the House of Representatives, and were designed to develop a consensus position with enough support to make it proof against a presidential veto.

The softening indicates that the Secretary of State, Mr George Shultz, has had some success in cooling senatorial emotions.

The chairman of the Senate foreign relations committee, Mr Richard Lugar, said he was ready to have his committee vote on sanctions legislation as early as next Tuesday or Thursday.

The Kennedy plan, which was co-sponsored by his liberal Republican ally, Senator Lowell Weicker, comprises a list of about twenty measures.

These include ending SA Airways landing rights in the US, denying South African citizens access to US visas through American consulates in South Africa, and hampering efforts by South Africans to send funds overseas — all of which were suggested by EPG co-chairman, Mr Malcom Fraser, at a Capitol Hill forum chaired by Mr Kennedy on Monday.

There is a ban on certain South African commodity imports, including agricultural and food products, coal, steel and uranium, but excluding strategic minerals. All US computer sales to South Africa are prohibited.

In addition, the proposal co-opts language from Senator Nancy Kassebaum's bill, barring loans either to the South African Government or private sector, as well as all new investment.

dorsed by Mr Shultz, before the foreign relations committee, in particular setting aside 30 million dollars for the Beira corridor project, which Mr Shultz said was essential to help immunise the region's economies against upheavals in South Africa.

Finally, it codifies elements of President Reagan's September 9, 1985, executive order, which is coming up for annual review, and specifically continues to make compliance with the Sullivan code by US companies mandatory.

Most of the sanctions would be lifted immediately upon the release of Nelson Mandela. "This is a very clear indication that our intention is not to be punitive," Mr Kennedy said.

The three main elements of the sanctions legislation now being considered in Congress would have little fresh economic impact on South Africa, the chief Southern Africa analyst for the non-partisan Investor Responsibility Research Centre told the Senate foreign relations committee this week.

The analyst, Mr David Hauck, said not even the complete withdrawal of US companies would be especially damaging — thanks to the financial rand system.

President Reagan has hinted he may be willing to consider limited measures against South Africa — but the slight shift has failed to head off moves for tough sanctions in the Congress.

"We never close any doors," Mr Reagan told reporters in response to questions about the possibility he could act later this year against Pretoria's apartheid system.

It was reported in New York that the United States Assistant Secretary of State for African Affairs, Dr Chester Crocker, will visit London next week to confer with the British Foreign Secretary, Sir Geoffrey Howe, on Southern Africa.

In Stockholm, the state-owned Swedish steel company, Svenskt Stal AB, said yesterday it had stopped all manganese imports from South Africa and would in future buy manganese from Brazil.

Until now, Sweden has annually imported 7 000 to 10 000 tons of the metal from South Africa.

● The city of Houston will divest from companies that do business in South Africa under a new ordinance.

A city councillor, Mr Ernest McGowen, said: "It sends out the message that this city is against slavery anywhere in the world."

● Mr Jacques Chaban-Delmas, president of the French National Assembly, met President Reagan this week and said the French Government was ready to act on South Africa



KENNEDY

PRESIDENT Ronald Reagan's firm denunciation of sanctions as a weapon to force Pretoria into swifter political change has probably saved several countries of southern Africa from swift, and possibly fatal, consequences.

Backing Mrs Margaret Thatcher's stiff-upper-lip stand against sanctions, Mr Reagan reiterated what President P W Botha and other South Africans have said before — that blacks, in and out of South Africa, would be the primary victims.

He has been told to go to hell by Archbishop Desmond Tutu but countries such as Lesotho and Swaziland will be quietly thanking him because sanctions would ruin them. So will several others whose economies are inextricably linked to and dependent on South Africa.

According to facts and figures published recently by the Africa Institute, the double-edged sword of sanctions will cut through them as much, and more, than it will South Africa.

The parlous economies of several countries in the region would be even worse off if all-out sanctions were introduced and South Africa were forced to end, or even seriously curtail, co-operation with them in several fields. Just the denial of access to South Africa's transport network would set several countries back on their heels.

About 70% of Zambia's imports and 40% of its exports go through South Africa. In the case of Zambia the figures are 68% and 65% and in Malawi's case they are 60% and 50%.

The landlocked mountain kingdom of Lesotho is totally dependent on South Africa and a vociferous Chief Leabua Jonathan was deposed after traffic in and

The spectre of devastation for our neighbours

Ormande Pollok

Political Correspondent

out of the country had been slowed down to a trickle.

Countries as far away as Zaire are dependent on South African ports.

If there were an efficient alternative transport system in the region the situation for six landlocked members of the Southern African Development Co-ordination Conference — Botswana, Lesotho, Swaziland, Malawi, Zambia and Zimbabwe — the situation would not be all that serious.

But there is not. The best alternative would be the Tazara line between Kapiri Mposhi in Zambia and Dar es-Salaam which has an annual capacity of two million tons but carried only 452 000 tons from Zambia in 1979.

In contrast, the South African Transport Services handled 8 million tons of traffic to and from the seven SADCC countries in 1984/85.

The extent to which African countries depend on South African transport facilities is reflected in the fact that in September 1985 there was a daily average of 8 195 South African goods trucks on foreign lines compared with 944 foreign trucks in South Africa.

These countries also hire South African locomotives and their vulnerability was

underscored in 1981 when Zimbabwe faced a near crisis when only 25 diesels were recalled.

But South Africa also provides other vital supplies and services such as food, medical supplies, veterinary medicines and petroleum products to its neighbours which would be threatened if sanctions were introduced.

Four neighbouring countries — Botswana, Lesotho, Swaziland and SWA/Namibia — receive all their petroleum products from South Africa while Zambia and Zimbabwe are heavily dependent on supplies that come through South Africa. The pipeline from Beira to Zimbabwe has reduced the dependence on South Africa but it is a regular target of the Mozambican Resistance Movement and cannot be relied upon for regular supplies.

According to the Economist all members of the SADCC except Tanzania trade with South Africa. Each has more trade with the republic than with all its SADCC partners combined and combined SADCC trade with South Africa is seven times higher than all trade between SADCC members.

Accurate trade figures with Africa are not published but in 1984 South African exports were taken

by 47 African countries. Exports to SADCC countries were estimated at two billion dollars and imports from them, at 300 million dollars.

Apart from transport and trade, neighbouring countries rely heavily on South Africa for jobs — jobs which the South African government has already said would no longer be available if sanctions were introduced and domestic unemployment increased. The hundreds of thousands of jobs now filled by foreign workers would have to be made available to locals.

Last year there were 414 586 foreign workers — largely blacks from neighbouring countries — in registered employment in South Africa and it is estimated that about half of their earnings get sent home. The Employment Bureau of Africa estimates remittances sent home by workers it recruited at R667.8 million in 1983.

Starvation

The estimated R280 million sent home by 148 000 Basotho workers constituted nearly half of Lesotho's gross national product. Some 2 000 000 people — the foreign workers, their wives, children and family dependants — would have to find alternative sources of income in already depressed economies or face starvation if these jobs were taken away.

Posts and telecommunications, water and power supplies and tourism would be other fields that could be seriously affected. Lesotho and Swaziland are particularly dependent on South Africa's telecommunications network and a large number of incoming and outgoing calls to Botswana are routed through South Africa.

Lesotho, Swaziland and parts of Mozambique, Zimbabwe and Botswana receive electricity from Eskom, and tourism to the BLS countries as well as Zimbabwe and Malawi is dominated by South Africans. A large number of visitors from Africa to South Africa is also recorded every year. In 1984 there were 431 282 made up of 240 628 tourists, 81 705 on business and 18 949 for study purposes.

Patience tried

It might be easy for politicians to scream for sanctions against South Africa knowing they will not come, and then continue trading with the enemy. But South Africa has already shown, in the case of Lesotho, that it can lose patience simply with calls for sanctions.

Clearly, several of South Africa's neighbours will be seriously affected by sanctions but it has been said their preparedness to suffer reflects the deep hatred that has developed in Africa and the rest of world against apartheid. The irony is that the calls are mounting as social apartheid crumbles and can be expected to continue until the country has a new political dispensation that is acceptable to at least the majority of South Africans.

In the meantime, the proponents of sanctions could do worse than recall what President Reagan said: 'Southern Africa is like a Zebra. If the white parts are injured, the black parts will die too.'

Black states 'in plea over sanctions issue'

LONDON—Several black African governments have approached Britain expressing reluctance to join a trade embargo against South Africa because of adverse effects on their economies, the Foreign Office said yesterday.

Junior Foreign Minister Mrs Lynda Chalker told Parliament in a written reply. 'There have been indications from a few African countries of their concern at the implications for them of the imposition of general economic sanctions against South Africa'

She did not name any country, saying communications between governments were confidential

She was replying to a question by Conservative parliamentarian Mr Terry Dicks, who said the front-line states of Zimbabwe, Zambia and Botswana as well as Lesotho had approached Britain with reservations.

Opponents

'This is typical of the two-faced, double standards exercised by the tinpot leaders who demand one thing while practising another. It shows they can't be trusted,' Mr Dicks said.

The front-line states have been among the staunchest opponents of South Africa and repeatedly demanded that Britain should ease its opposition to sanctions, accusing it and the United States of being sympathetic to Pretoria.

Meanwhile in Washington a White House spokesman said President Reagan, who is facing growing congressional criticism over his South Africa policy, was seeking some unified action by US allies against the Pretoria Government.

Presidential-spokesman Mr Larry Speakes confirmed that the White House was studying unspecified sanctions aimed at South Africa. He said unified actions possibly could include denial of vi-

sas to white leaders seeking to visit the United States or European countries.

'Whatever steps that we might decide to take unilaterally would be much more effective if they could be done in relation with what other allies do,' said Mr Speakes.

'Unilateral steps would pale in relation to what we could do in concert with our allies, and that's what we intend to do.'

He also announced that Assistant Secretary of State Dr Chester Crocker, the Administration's top African affairs specialist, would visit London next week for consultations on South African policy with European Community leaders

'This is a critical point in time, and it is important for us to meet and consult with allies on the issues that face southern Africa,' Mr Speakes said.

He refused to discuss specific actions under consideration but said: 'We want to target the sanctions against those who are in the decision-making process.'

Visas

He had seemed to indicate on Thursday that denial of landing rights to South African Airways is among the steps that might be taken, but the spokesman yesterday discouraged reporters from suggesting that the Administration is actively considering that particular action.

'The things that we would be discussing would be along the line of ... visas and travel to the US, consular operations, things along that line,' Mr Speakes said.

Mr Reagan's comment in Columbia, South Carolina, that the door is still open to Administration-imposed sanctions against South Africa signals he is listening to criticism from Congress and American allies, the chairman of the Senate Foreign Relations Committee said yesterday. — (Sapa-Reuter-AP)

N/M. (280)
Saturday, July 26, 1986

U S sanctions 'would have little effect'

WASHINGTON—As the U S Congress threatens to overrule President Reagan and adopt economic sanctions against Pretoria, experts said nothing short of a full blockade would bring trade to a halt.

They said the flow of South African diamonds to U S jewellers, as well as nearly everything else that Americans need from South Africa, would continue to flow virtually unhindered.

Mr David Lund, senior international economist at the Commerce Department, likened the idea of stemming the flow of gold and other precious metals from South Africa to the splattering of spilt mercury.

In New York, the centre of the U S diamond trade, an official of the Diamond Exchange laughed when asked if he was worried about sanctions.

'You must be kidding,' he said. 'We can get as many diamonds as you want to buy from Israel, from Holland, from anywhere that does business with South Africa.'

Some trade experts also described as far-fetched the Administration's argument that U S sanctions could backfire, ruining an American steel industry dependent on speciality metals produced by South Africa.

Mr Peter Robbins, an international consultant on metals based in London, has concluded that the combination of high world stockpiles and available alternatives to critical minerals posed little threat from even an all-out curtailment of shipments from South Africa.

In a recent report, Mr Robbins said only platinum supplies — South Africa is the world's leading producer — would create a major difficulty. He estimated the world stockpile of the metal would last three to four months and, when it ran out, higher prices would make recycling economic.

Dramatic decline in trade

As for other critical South African metals:

Gold. The loss of South African production would have almost no impact.

Vanadium. The alloy used to give steel tensile strength could be replaced by stockpiles, cheaper molybdenum and spare capacity elsewhere.

Chromium. Stockpiles are in surplus supply and substitutes are readily available.

Manganese. The world has an over-supply.

Trade between the United States and South Africa has already declined dramatically.

The United States is second to West Germany as a customer of South Africa and ranks number one, ahead of Japan, as a supplier.

Direct U S investment in South Africa has also declined dramatically, from a peak of \$2,6 billion (about R6,5 billion) in 1981 to \$1,8 billion (about R4,5 billion) in 1984.

U S exports to South Africa dropped to about \$1,2 billion (about R3 billion) last year from \$2,3 billion (about R5,75 billion) in 1984, largely because of South Africa's prolonged economic slump.

Imports from South Africa also fell sharply to about \$2,2 billion (about R5,5 billion) from \$2,6 billion dollars (about R6,5 billion).

The threat to withdraw landing rights would be only a minor irritant to the 60 000 or so travellers each year between the two countries, according to industry sources. Passengers would simply pass through Western Europe rather than flying direct. — (Sapa-Reuter)

280 N/M/26/7/81

Leaders of all races 'against sanctions call'

EAST LONDON—Some leaders of all races are strongly opposed to sanctions and back the Government in its stand of resistance, the Deputy Minister of Information, Mr Louis Nel, said at a Press conference here yesterday.

'I have today had discussions with black, coloured, Indian and white leaders of the East London region. Every single leader that I spoke to is strongly against sanctions and supports the South African Government in its resistance to the imposition of sanctions,' he said.

'Dr Kenneth Kaunda of Zambia's campaign for sanctions against South Africa is both unChristian and immoral.'

Successful sanctions could only lead to unemployment — particularly affecting thousands of black people — to misery, suffering and frustration, he said.

'Dr Kaunda has no moral right to pontificate to South

Africa. He is a leader of a country where there is no proper democracy, and where only one political party is allowed.'

Approximately one-third of that country's budget is financed by foreign aid, said Mr Nel.

'Dr Kaunda has not made his people a proud and self-sustaining nation, but a nation in want. In South Africa the black South Africans are better off than Zambians and in South Africa the black middle-class is proportionately larger than in Zambia.

'Dr Kaunda realises his failures and is envious of the development in South Africa. His extreme egoism demands that the South African economy be crippled.

'It seems that Dr Kaunda, through economic sanctions against South Africa, wishes to export the misery of his people to the black people of South Africa,' said Mr Nel. — (Sapa)

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Cairo

call for sanctions

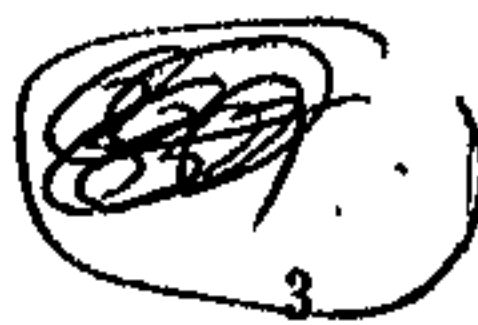
CAIRO — Delegates to a Third World conference in Cairo at the weekend condemned South Africa's apartheid policy and urged the international community to impose mandatory and comprehensive sanctions against the South African Government.

The resolution was adopted by delegates to the group of 77 conference as it wrapped up its six-day meeting. The group was created about 20 years ago by developing countries from Africa, Asia and South America to discuss common economic problems.

The delegations from 78 countries called on the international community to "impose comprehensive and mandatory sanctions against South Africa", and, in an apparent reference to the United States and Britain, condemned all countries cooperating with South Africa. — Sapa-AP

W/E Post
26/7/86

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'Economic warfare not the answer to apartheid problem'

Weekend Post Reporter

AMERICAN involvement in South Africa is essential for the future of the country's economy and economic sanctions will not bring about the end of apartheid.

This is the view of Mr James Montgomery, American Deputy Assistant Secretary of State for the Bureau of Human Rights and Humanitarian Affairs, who was in Port Elizabeth for the day.

Mr Montgomery is in the country for eight days to assess the work his department is doing mainly in the field of providing scholarships to black South African students for American universities.

He said that although he had come into contact with a number of people — both black and white — in the country who supported sanctions, he would go back to America with the answer that economic warfare was not the answer to the problem of apartheid.

"But I will also go back and say these people's views are very serious and must be treated with the utmost respect if they are prepared to go through the deprivation sanctions would bring.

Commenting on President Reagan's speech this week, he said it was a speech that "looked to the future" and was an example of opposition to both apartheid and sanctions.

Mr Montgomery will be meeting members of the business community, particularly General Motors executives, during his stay in the city.

"It will be my first opportunity to talk to American businessmen who are living here and running a major corporation," he said.

"I will be discussing the company's role in the South African economy and in the community and its relationship with the black community."

US sanctions policy 'so fluid' some top officials are 'confused'

REAGAN ROW

W/le AR 605 26/7/86
From NEIL LURSEN, 28c
Weekend Argus Foreign Service

WASHINGTON. — President Ronald Reagan's astonishing backflip on sanctions this week reflects deep differences within his administration over South Africa.

Those who want the President to stand firm against sanctions had the upper hand early in the week when Mr Reagan appealed to Congress and the West not to yield to "emotional clamour".

Now, with the White House facing a storm of protest and a revolt by Congress, the pro-sanctions faction is winning.

Banning SAA

Reagan officials are now talking about sanctions that are "not punitive," meaning they will put pressure on the South Africa Government while not directly harming the broad mass of South Africans.

They are consulting their Republican allies in Congress to draft sanctions that will head off the drastic punitive actions demanded by Democrats.

And they hope for a co-ordinated sanction effort with Western allies.

Measures being considered by the White House and Republican leaders include:

- Banning South African Airways;
- Reducing the number of US diplomats in South Africa;
- Making it more difficult for South African officials to visit the US;
- Freezing US bank deposits of South Africans.

The Secretary of State, Mr George Shultz, has already consulted Sir Geoffrey and the West German Foreign Minister, Mr Hans Dietrich Genscher.

He and Mr Genscher discussed South Africa and agreed to see what results Sir Geoffrey's visit would achieve before they made any decisions on sanctions.

President Reagan's chief Press spokesman, Mr Larry Speakes, underlined the importance of Dr Crocker's mission yesterday when he told reporters: "Unilateral steps (by the US) would pale in relation to what we could do in concert with our allies — and that's what we intend to do."

Mr Speakes added that it did not necessarily mean the US would not apply sanctions if the allies decided against sanctions.

● Barring the importation of South African coal, steel and other products.

Some of President Reagan's officials are unhappy about their chief's turnaround. Said one: "It doesn't make sense to deny SAA landing rights when Aeroflot (the official Soviet airline) is here."

"The South Africans, with all their faults, don't have 9 000 ballistic missiles pointed at us."

US policy is so fluid now that some top officials admit they are confused.

A senior official told me: "We have 30 balls in the air now and where they will fall nobody knows."

The Americans are hoping that a clearer approach will emerge from meetings in London next week between Dr Chester Crocker, the Assistant Secretary of State for Africa, and top allied officials including Sir Geoffrey Howe, the British Foreign Secretary.

Results

Informed sources here say that Dr Crocker will not try to sell the allies a pre-packaged set of sanctions but will consult them on the best measures to apply.

CMB 7/26/86
Thursday, July 26, 1986

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Reagan shift on sanctions

WASHINGTON. — President Ronald Reagan has hinted that he may be willing to consider limited measures against South Africa.

"We never close any doors," President Reagan told reporters on Thursday in response to questions about the possibility that he could act later this year against Pretoria.

But the slight shift has failed to head off moves for tough sanctions in the United States Congress.

Three senators, two Democrats and a member of Mr Reagan's Republican Party, pressed ahead with a bid to force a Senate vote next week on tough sanctions.

Senator Edward Kennedy of Massachusetts said he and fellow Democrat Senator Alan Cranston of California and Republican Senator Lowell Weicker of Connecticut had been outraged at President Reagan's "reaffirmation of the flawed and failed policy of the past".

President Reagan, in a major policy address on Tuesday, reiterated his opposition to punitive economic sanctions against South Africa.

● The city of Houston will divest from companies that do business in South Africa under a new ordinance.

"This is one of the strongest divestment ordinances anywhere in the United States," said councillor Mr Ernest McGowen. "It sends out the message that this city is against slavery anywhere in the world."

The ordinance approved on Wednesday bans the city purchasing any

goods manufactured in South Africa and prohibits the city from giving a contract to any company doing business with the South African military or other government agencies that enforce the apartheid system.

It outlaws the investment of public funds in stocks and bonds of any company with South African business ties and urges the pension fund board to divest itself of holdings in that country.

● In Washington US labour leader Mr Lane Kirkland on Thursday delivered a message to the State Department from black South African union leaders who want US anti-apartheid sanctions even if they hurt blacks.

'4-day visit to SA'

Mr Kirkland, president of the AFL-CIO whose unions claim 13.1 million members, commented after returning from a four-day visit to South Africa last week with a five-man delegation from the International Confederation of Free Trade Unions.

Mr Kirkland told a news conference he briefly met Mr Shultz.

● Meanwhile in Stockholm the state-owned Swedish steel company Svenskt Stål AB said yesterday it had stopped all manganese imports from South Africa.

An official said the company would in future buy its manganese from Brazil. Until now, it has annually imported 7 000 to 10 000 tons of the metal, vital for steel production. — Sapa-Reuter

'EC sanctions are inevitable'

Eve Post 780

Blast rocks police station

By KEITH ROSS
EAST LONDON — The central police station in Umtata was rocked by an explosion last night, but the extent of the damage has not yet been disclosed by the authorities.

The explosion was confirmed today by Transkei's Commissioner of Police, General R S Mandanga.

He said reports that the explosion was followed by gunfire were correct.

The blast occurred at 9.40pm and was heard throughout much of Umtata.

"I will probably make a statement this afternoon after I have seen my Minister," Gen Mandanga said.

He would give no further details about the incident, but a spokesman for the local Fire Department believed the police station had been attacked.

The Fire Department spokesman said he believed that a number of people had been injured in the attack.



Health officials in Port Elizabeth have asked pet owners to help in the fight against bubonic plague. They are taking samples of blood from dogs to find out if they are carrying the bubonic plague bacillus. Mrs LIN LARSEN (left) and Mrs JENNY PADDY took their dogs for tests yesterday.

Story — Page 5.

BRUSSELS — European Community economic sanctions against South Africa now seem inevitable following the failure of British Foreign Secretary Sir Geoffrey Howe's mission.

European diplomats, neighbouring countries said Sir Geoffrey, current president of the EC Council of Ministers, is expected to have urgent consultations with his 11 EC partners on his return to London today.

He will first brief Prime Minister Mrs Margaret Thatcher and hold talks with US under Secretary of State for Africa, Dr Chester Crocker.

Mrs Thatcher, out on an international limb in opposing sanctions, is under intense pressure to change her mind.

A key parliamentary committee has published a report backing sanctions as the "only way to stop bloodshed".

Mrs Thatcher, who faces up to six other senior Commonwealth leaders for three days of talks from Sunday, is at present studying the report of the influential House of Commons Foreign Affairs Committee.

It broadly agrees with the findings of the Commonwealth Eminent Persons Group whose SA mission was aborted by SA military raids into three

The report states that sanctions are the only answer if President P W Botha refused to release political prisoners, lift the ban on the African National Congress and start serious negotiations to end apartheid.

Mr Botha refused to do all these things when he met Sir Geoffrey in Pretoria yesterday.

His rebuff of EC calls for a dialogue with black opposition leaders has revived pressure for an early sanctions decision, so far blocked by the British.

European diplomats now expect Mrs Thatcher to drop her opposition.

If she does, then Bonn and Lisbon are expected to cave in too.

Sir Geoffrey said before setting off last week that the mission should not be seen as a last chance for peace. But diplomats said that SA intransigence appeared so total that it would be impossible to resist pressure for steps as speedily as possible.

"What is the point of waiting any longer?" one

EC diplomat asked.

EC leaders agreed at a summit in The Hague last month to consider a ban on new investment in SA and on imports of coal, iron, steel and gold coins if Pretoria failed within three months to respond to international pressure for an early end to apartheid.

"It is only a matter of time now. She cannot wriggle out of it any longer," the diplomat said of Mrs Thatcher's attempts to block sanctions.

The report of the House of Commons Foreign Affairs committee made it clear that a direct result of sanctions would be higher unemployment and rising prices, with supplies of raw materials and agricultural products — the main South African exports to Britain — being disrupted.

"There can be no doubt that a significant number of jobs, particularly in the engineering, transport equipment and chemical sectors, are dependent on

● Turn to Page 3

IN terms of emergency regulations, the Evening Post is restricted in the information it may publish. All news that relates to unrest and the actions of members of the forces is supplied by the Bureau of Information, a Government department.

The effect of these restrictions is that the Evening Post and other newspapers are prevented from publishing information they believe to be in the public interest. The extent to which we may comment is also restricted in terms of the regulations.

Sanctions pressure is 'irresistible'

● From Page 1

our visible and invisible trade with South Africa," the report said.

In 1985 British exports to SA were valued at over £1 billion sterling (about R3.7 billion) and the most recent survey, in 1981, put direct British investment at £2 billion (about R7.5 billion).

"In general, the imposition of trade and other measures against South

Africa would run counter to Britain's interest, as a nation dependent on external trade," the report said.

The severing of air links with SA could cost British Airways — one of the major carriers into the white-ruled Republic — tens of millions of rands.

And in the United States where the White House has yet to react, a decision to limit SA tex-

tile imports to 4% above the maximum it has succeeded in exporting in its best year, has enraged legislators deeply embroiled in finding ways to cut trade and ties.

● The "spectacular" collapse of Sir Geoffrey's mission was the main story on the front pages of most British papers today. Mr P W Botha's "blunt" message was described as "humiliating".

Headlines ranged from

the Guardian's "Howe's mission ends in debacle" to the Daily Express "GET LOST".

Most papers believed the SA Government's refusal to go any way at all towards meeting Sir Geoffrey's terms had pushed the Prime Minister, Mrs Margaret Thatcher, closer to agreeing to selective sanctions.

Sir Geoffrey was described as "dejected" as he flew back home.

Loss of SA minerals would not hurt a bit — US trade experts

WASHINGTON — As the United States Congress threatens to over-rule President Reagan and adopt economic sanctions against Pretoria, experts say nothing short of a blockade will bring trade to a halt.

They say the flow of South African diamonds, as well as nearly everything else that Americans need from South Africa, would continue to flow virtually unhindered.

In New York an official of the Diamond Exchange laughed when asked if he was worried about sanctions.

"We can get diamonds from Israel, Holland, anywhere that does business with South Africa."

Meanwhile, trade experts describe as far-fetched the Reagan Administration's argument that sanctions could backfire, ruining an American steel industry dependent on speciality metals produced by South Africa.

An expert said: "The loss of South African gold production would have almost no impact. Chromium stockpiles are healthy and the world has an oversupply of manganese."

"Only platinum would be a problem."

The US is South Africa's second biggest customer after Germany.

Direct US investment in South Africa has dropped from a peak of \$2,6-billion in 1981 to \$1,8-billion at the end of 1984. — Sapa-Reuter.

Disinvestment now a 'fact of life' for SA

By Sue Leeman
Pretoria Bureau

267166
Disinvestment is already a fact of life in South Africa and US President Ronald Reagan and British Prime Minister Margaret Thatcher may not be able to resist long-term international pressure to step up such action, says PFP finance spokesman Mr Harry Schwarz.

He was commenting on a statement this week by US Secretary of State Mr George Shultz that R2,5 billion of American capital had left South Africa since May last year.

Mr Shultz was quoted as saying that the United States was already taking action against South Africa in several ways, including a ban on Krugerrands and sales of computer equipment to the South African Government. There was

no new investment.

"It is clear from what Shultz and Reagan have said that despite the views they express against sanctions, they will turn to further sanctions and punitive measures if South Africa does not do something meaningful.

"The European Economic Community has also made it clear that something must happen soon in South Africa. If the whole European Community supports sanctions, I believe Margaret Thatcher will have to go along."

Mr Schwarz said he believed much of the R2,5 million in lost business mentioned by Mr Shultz was due to economic factors.

"The Government has messed up the economy and businessmen feel there is little advantage to be gained from investing here."

(287) (280) 0026/7/76

SA whites may face tough US visa sanction

Dispatch Correspondent
WASHINGTON — President Ronald Reagan may make it difficult for white South Africans to receive visas to travel to the United States as part of an evolving series of non-economic sanctions against Pretoria, a senior White House official said yesterday.

The president's chief spokesman, Mr Larry Speakes, said visa restrictions were at the top of the list of measures Mr Reagan might be willing to take after consultations with European allies.

"What we would like to do is to have sanctions that would have an

effect on those in a position to change policy," Mr Speakes said.

Such steps, which Mr Speakes said fell outside the president's vow not to impose "punitive economic sanctions" in his South African policy speech last Tuesday, could also include a ban on South African landing rights in the US. However, this option was not the most favoured by the president.

Mr Reagan himself signalled his readiness to take fresh steps against Pretoria when he told reporters during a trip to South Carolina: "We haven't closed any doors."

See story P7

Kaunda bid 'to export misery'

Own Correspondent

EAST LONDON. — Successful sanctions could only lead to unemployment, misery, suffering and frustration particularly for thousands of blacks, the Deputy Minister of Information, Mr Louis Nel, said here yesterday.

He said: "I have today had discussions with black, coloured, Indian and white leaders of the East London region. Every single leader I spoke to is strongly opposed to sanctions and supports the South African Government in its resistance to the imposition of sanctions."

Mr Nel said that Zambian President Kenneth Kaunda's campaign for sanctions was unchristian and immoral.

"Dr Kaunda has no moral right to pontificate to South Africa. He is a leader of a country where there is no proper democracy and where only one political party is allowed.

"Any Zambian citizen who is not prepared to support Dr Kaunda's party has no right of political expression at all. Unlike Zambia, there are many black political parties in South Africa. There is more free political expression taking place among the blacks in South Africa than among the people of Zambia," Mr Nel said.

He said Zambia was a country rich in natural resources and with great agricultural potential, yet under the leadership of Dr Kaunda, the economic development of Zambia had failed dismally.

"Approximately one-third of that country's budget is financed by foreign aid. Dr Kaunda has not made his people a proud and self-sustaining nation, but a nation in want.

"In South Africa, the black South Africans are better off than Zambians, and in South Africa the black middle-

class is proportionately larger than in Zambia.

"Dr Kaunda realizes his failure and is jealous of the development in the country. His extreme egotism demands that the South African economy be crippled.

'Misery'

"It seems that Dr Kaunda, through economic sanctions against South Africa, wishes to export the misery of his people to the black people of South Africa," Mr Nel said.

His two-day visit to East London ended yesterday. He said the main aim of his visit had been that of gathering information about the area "particularly because the Eastern Province region is the most problematic at the moment".

"My impression of the area after two days of meetings is that the unrest seems to be under control with the biggest problem at present being the boycotting of schools," Mr Nel said.

Howe turns pessimistic about talks

Colleen Ryan,
Political Reporter

British Foreign Secretary Sir Geoffrey Howe continues his peace mission today by flying to Swaziland and Lesotho to gather support for his campaign against sanctions.

He will hold talks there with senior government members, before flying back to South Africa to continue meeting business leaders and politicians.

Sir Geoffrey held talks with President Quett Masire of Botswana yesterday during which they focused on the severe effects sanctions would have on the landlocked country.

And for the first time he expressed pessimism about his South African mission saying it may be left to another man to pave the way for peace.

He was speaking to journalists on his plane as more signs emerged that the South African Government was taking a firm line on his demands to free black nationalist Nelson Mandela and lift the ban on political groups.

"What I do may not in the end be enough to light the way to the top of the mountain. But somebody, somewhere, sometime, is going to get the case for peace and dialogue accepted," said Sir Geoffrey.

Sir Geoffrey has linked the

■ To Page 2

Howe pessimistic

From Page 1

success of his peace mission to South Africa to the release of jailed African National Congress leader Nelson Mandela.

Earlier Sir Geoffrey told reporters that his mission needed "a leap of imagination" from the South African Government if it was to succeed.

"The question is whether those responsible can summon up the necessary courage to take the steps I have been urging — set free the leaders of the black people, including Nelson Mandela, remove the restrictions on their political parties and have the courage to enter into a dialogue," he said.

Zambian President Kenneth Kaunda, who savagely attacked the mission, said Sir Geoffrey had extracted no concessions from the South African State President, Mr P W Botha, at their meeting on Wednesday.

"I can see no succour, no hope at all from what Sir Geoffrey told me," President Kaunda said.

In Gaborone, President Quett Masire told Sir Geoffrey his country was already being strangled economically by South Africa, British officials said.

Dr Masire said his country was totally dependent for trade links on the South African road system.

As a Frontline state, Botswana would not advise the West against imposing economic sanctions against South Africa, the officials said. But neither would it advocate them.

A Botswana government statement issued after Sir Geoffrey's visit said his talks centred on the pressing need for dialogue between the Government and the leaders of the majority in South Africa, including the ANC, to reduce violence and bring an end to apartheid.

Sir Geoffrey said on Friday that remarks made by President Kaunda would not prompt him to abandon his European peace mission on South Africa.

He said Kaunda was much less curt in private than in his public remarks.

The mission comes to an end next Tuesday when Sir Geoffrey meets with Mr P W Botha and other Cabinet Ministers. The Government could use the opportunity to reply to the EC demands. Sapa-Reuter—AP.

● See Page 4

Businessmen fight against sanctions



Mr Abe Bloomberg

End of an era for racing

By Jan Botha
Racing Editor

AN ERA in Cape racing came to an end at Milnerton yesterday when Mr Abe Bloomberg, who was elected chairman of the old Milnerton Turf Club in 1957 before it merged with the Durbanville Turf Club to become the Cape Turf Club, retired after 29 years in the chair.

Mr Bloomberg told the annual meeting of the Cape Turf Club held at the Milnerton racecourse yesterday afternoon that he would not be available for re-election as chairman.

At the request of the committee Mr Bloomberg agreed to stay on as a member of the committee.

Mr Gideon Basson, who was vice-chairman, was elected chairman. The new vice-chairman is Mr Rex Kirton.

The rest of the committee remains unchanged.

A new race on the Cape calendar in honour of Mr Bloomberg will be run today at Milnerton. It is the President's Cup, which is sponsored by the Western Province Owners' and Trainers' Association, which has elected Mr Bloomberg as honorary president.

By IRVING STEYN
Weekend Argus
News Editor

SOUTH AFRICAN businessmen may appoint their own official sanctions-buster — a "business ambassador" who will help them to put their case to the Western world.

This is part of their counter-offensive against sanctions and disinvestment.

The move follows months of lobbying in the capitals of Europe and in the United States against daunting odds and superior organisation on the part of those campaigning for concerted action against South Africa.

Since they decided to join the fray many of South Africa's most powerful men have been on frequent visits overseas.

Few people know what intense activity has been going on behind the scenes in the US and in Europe as South African big business attempts to stem the tide of sanctions and disinvestment.

One of the leaders in the battle is retail magnate Raymond Ackerman, who has just returned from a tour to Britain, Europe and the US.

Mr Ackerman addressed 11 groups and appeared four times on television during his two-week tour.

He said that leaders such as Tony Bloom of Premier Holdings and Mike Rosholt of Barlow-Rand had made similar tours.

He is convinced that the rejection of sanctions by British Prime Minister Mrs Margaret Thatcher and President Ronald Reagan can in no small way be attributed to the efforts of South African businessmen.

"Many of us have met President Reagan's top people. I have met his top advisers on South Africa in Washington. A lot of South African businessmen have been meeting top American business leaders."

Mr Ackerman had talks with people like Mr Roger Smith, head of General Motors; Mr Mike Blumenthal, head of Bur-

roughs; and others who have direct access to Mr George Shultz, the US Secretary of State.

"I believe we have had an effect on President Reagan's attitude and on Mrs Thatcher's attitude because we've made strong representations to Conservative Cabinet Ministers and a lot has happened which the world doesn't know about," Mr Ackerman said.

The necessity had developed for South African businessmen to independently supervise their own communications in the US and Britain on a more co-ordinated basis.

"What we are thinking of doing is getting someone — not a public relations man but a communications person — to co-ordinate trips for groups of businessmen to give speeches to the right people in a planned way and to get on to TV programmes," Mr Ackerman added.

"Plans are advanced, although nothing has been finalised. We have already met various American experts and discussed this with various South African companies. It looks as if something interesting could come out of it in four to six weeks."

Influence

But, Mr Ackerman said, business would have to continue to focus attention too on the problems inside South Africa. "Very crisply, our task in the next year or two is to continue with what we are doing to influence the Government, black leaders and world business to prevent mandatory sanctions."

"Since the beginning of the year business leaders have been meeting in South Africa with black leaders in Cape Town, Johannesburg, Bloemfontein and Port Elizabeth."

"Groups of businessmen have been trying to get to know really what is going on in the hearts and minds of these leaders and I think we understand each other better than we did before."

W/ ARGUS
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MARGARET THATCHER, it turns out, is not entirely without first-hand experience of South Africa. She came here once, as Secretary of State for Education and Science, to open an observatory.

She does not make too much of this distant episode, but it has left a vivid impression and remains in the present tense.

Could she say, I asked her last week, after she had sent Sir Geoffrey Howe on his way, that she had seen apartheid in operation?

"You have to be very careful in saying that just because you've been to a country, you've seen it," she replied. "But I've seen apartheid in a number of respects."

"The first thing you see when you get off at Johannesburg airport is that you go into a hotel which is totally non-colour-conscious. You go into a dining room and there's all colours and backgrounds. So your first impression of South Africa is rather different from what you've been led to believe."

Soon, however, you came across other things, which were different from Britain. Thatcher had not been to Soweto or any other township. But she had seen both sides of South Africa, including the part where apartheid apparently did not exist.

"I've seen it on occasions where there's no apartheid, and I've seen it when there is apartheid. And I don't like apartheid. It's wrong."

"Let me make that clear. Apartheid is wrong. It has to go, and it is going."

The question is how to speed its departure. Despite the events of recent weeks and months, the British Prime Minister is an unswerving believer in the virtues of contact, dialogue, persuasion. She had made a start, she reminded me, when she had received President Botha at Chequers last year and told him that forced removals of black communities were "totally and utterly and particularly repugnant to us".

Their meeting and subsequent correspondence had been fruitful. "Those have been stopped now. Things are coming in the right direction. Naturally one wishes them to come faster."

I suggested that this process might now have come to a halt. "What leverage do we have through mere persuasion, particularly when the main characters in the drama won't even see our Foreign Secretary?"

Thatcher deployed the quiet voice of incredulous affront. "I'm sorry, that's absolute nonsense. President Botha's seeing the Foreign Secretary."

"But Sir Geoffrey had wanted to see him this week."

"You have to try and arrange a date. I run eight, nine, sometimes 12 engagements a day. I can't just fit people in. Let's look on the positive side, and not try to make every single difficulty in this country, difficulties which don't exist. Mr Botha will see Sir Geoffrey Howe. Course he will. The question is arranging a date which is mutually convenient."

"But wasn't it a bit humiliating that the trip was set up so publicly and then Botha said he wouldn't be available?"

Thatcher said it might have been better if they could have arranged the whole thing more quietly. But there would certainly be a meeting, and we should meanwhile look on the positive side, which consisted of fulfilling the terms of the last EEC communiqué outlining the need to get negotiations started between the South African government and black political leaders. Negotiations, not sanctions — the Rhodesian way.

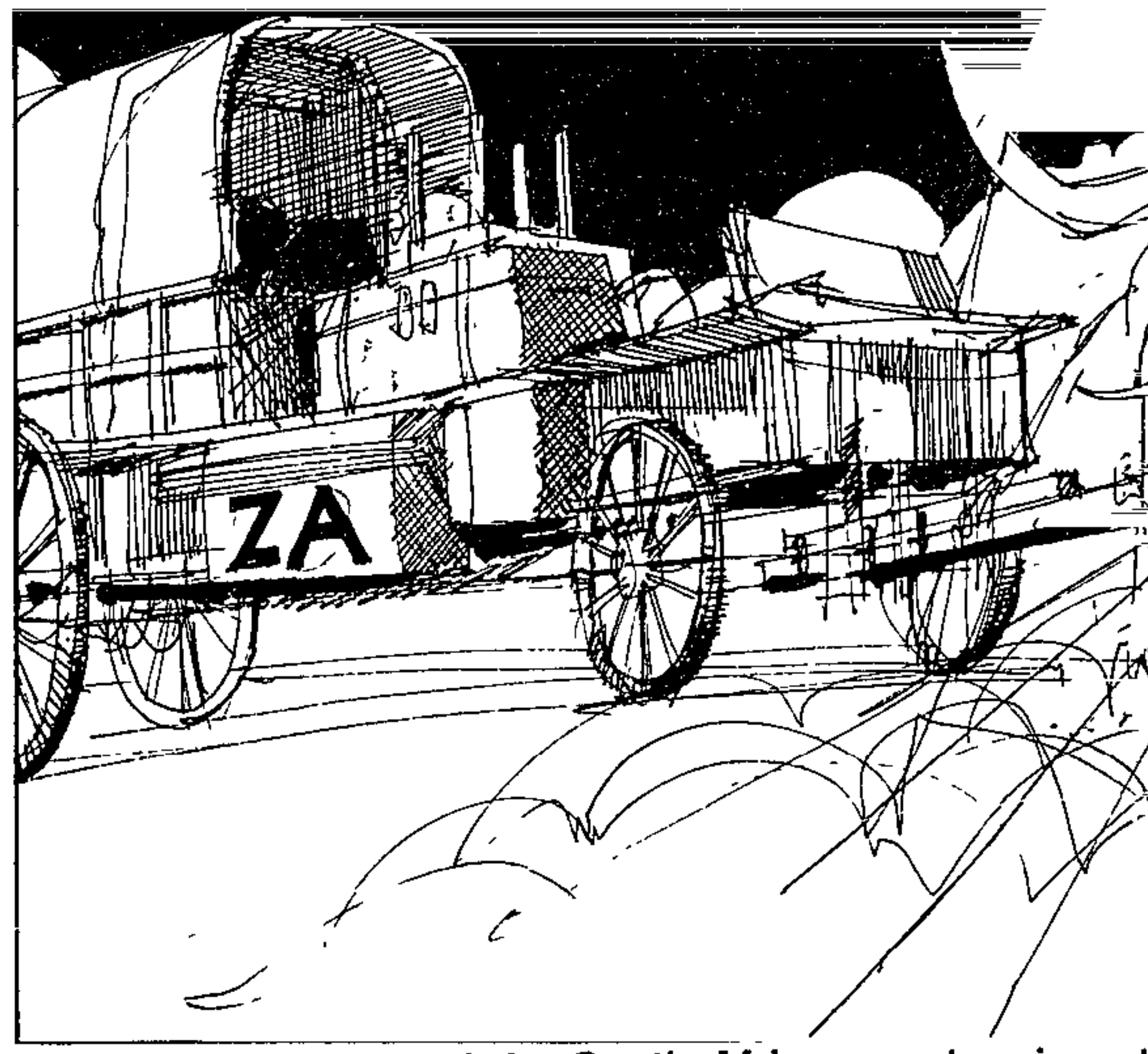
"But Rhodesia survived sanctions only because it had South African support. Surely there is no South Africa to support South Africa?"

"South Africa has colossal internal resources. A colossal coastline. And whatever sanctions were put on, materials would get in and get out. There's no way you can blockade the whole South African coastline. No way."

So, I asked, was there no economic pressure which, in the Prime Minister's view, would have any effect?

The banks, she thought, who had pressed for repayment of the South African debt last year, had

Margaret Thatcher spea



Margaret Thatcher and the South Africans ... tugging at

'When people call that MC

In the week of Sir Geoffrey Howe's abortive South African trip, the Guardian's H

some effect. But the main influence came from people inside South Africa who were fighting apartheid. And who were these? Above all, industry, "and some of the political parties".

"But the question is whether governments, your government, can and should add to that pressure?"

"You're talking about economic pressure," said Thatcher. "I'm talking about how to bring about negotiations." And here she launched into an attack on past policies. South Africa should never have been isolated from the world.

"I think we should have had more contact. We would have influenced her more. She would have been able to see that multiracial societies do work in other countries. They do, of course, have certain problems. We've seen the problems in Kenya and Uganda. But South Africa would have been much more influenced to come our way."

As it was, even the moderates, black and white, would respond badly if they saw the West just hitting out at their country.

"So are you saying there is no form of hostile pressure which is appropriate?"

"Let me say what I'm saying," she responded, in a voice which had now long assumed the deliberate and emphatic timbre familiar at parliamentary question time. "There's no case in history that I know of where punitive, general economic sanctions have been effective to bring about internal change."

"That is what I believe. That is what the Labour Party in power believed. That is what most of Europe believes. That is what most Western industrialised countries believe. If that is what they believe, there is no point in trying to follow that route."

So sanctions, first of all, would not achieve the desired effect. But that was only the beginning of

the case against them.

We now approached the central thrust of the prime ministerial argument, that part of it which elicited her most withering scorn. But there was a moment of calm before the storm, even a brief, flickering line of self-doubt, concerning a point over which "people, if I might say so, seem to me confused — although they might make the same allegations about myself".

The matter in question was the moral case for sanctions. "I must tell you I find nothing moral about people who come to me, worried about unemployment in this country, or about people who come to us to say we must do more to help Africa — particularly black Africans."

"I find nothing moral about them, sitting in comfortable circumstances, with good salaries, inflation-proof pensions, good jobs, saying that we, as a matter of morality, will put X hundred thousand black people out of work, knowing that this could lead to starvation, poverty and unemployment, and even greater violence."

I tried to intervene. "So the black leaders who

But Mrs Thatcher was thumping the table. "That to me is immoral. I find it repugnant. We had it at the Community meeting. Nice conference centre. Nice hotels. Good jobs. And you really tell me you'll move people around as if they're pawns on a checkerboard, and say that's moral. To me it's immoral."

"So how do you read the motives of the black leaders in South Africa, Bishop Tutu and many others, who are actually in favour of economic sanctions?"

"I don't have to read them. I can tell you there are many, many people in South Africa, black South Africans, who hope to goodness that

economic sanctions will not be put on."

"How do you know that?"

"Huh. You've heard Chief Buthelezi say that. He said it in this room."

"That's one."

"But seven million Zulus. He said it on the doorstep of Downing Street. I've heard it, too, from some of my ... from some other people, here in this room. Here in this room."

"All right. But Tutu, Mandela, the ANC, the UDF, also represent a large segment of opinion — which you reject."

"I totally reject it. Because I find it very difficult to know how they can turn round and say 'Put our people into acute difficulty. They've got good jobs. They're looking after their children. But pursue a policy which can lead to children being hungry.' I find it very difficult indeed."

So sanctions, far from being moral, were positively immoral; and, as we have already seen, they would be ineffective. A third objection could also be made, and here one suddenly became aware of scores, nay hundreds, of unseen visitors who have passed through Thatcher's drawing-room and had some of the elementary facts of life explained to them, particularly the dire occasions for retaliatory action which are afforded by the geography of Southern Africa.

"I sometimes get the map out and say 'Look at it. Have you looked at how goods are going to get in and out of Zambia and Zimbabwe? Close Beit Bridge and how are you going to do it? That's the maize route. When there was drought, that's the route through which maize went to keep people alive."

"I ask them, 'Have you looked at it? Have you looked at the poverty and hunger and starvation — just when we're after all trying to give things to

WILL SANCTIONS SINK THE FRONTLINE STATES?

MARK

BOTSWANA's Vice President Peter Mmusi has said the detrimental effect of sanctions against South Africa on the economies of its nine neighbours should be compared to the pain of childbirth: worthwhile suffering if the baby turns out to be the fall of apartheid.

Wrong, says Pretoria, which is looking to dissuade the United Nations, the Commonwealth, US senators and others: new sanctions will beggar the economies of Pretoria's neighbours, and sanctioners will act at that peril.

Pretoria says any sanctions will hurt neighbouring states simply because they depend so entirely on South Africa's giant economy.

This dependence is undeniable: 90 percent of Zimbabwe's trade is shipped through South Africa's ports; up to 1 350 000 of the nine states' nationals work in South Africa's mines and factories (with their remittances earning, in Lesotho's case, more than half the country's income); Botswana, Lesotho and Swaziland depend on South African oil; and South Africa is

the main trading partner for all nine of its neighbours.

There are many other links and, says Pretoria, because of them, anything aimed at wrecking the South African economy will hurl damaging economic shrapnel across the whole of Southern Africa.

But under the auspices of the Southern African Development Coordination Conference (SADCC), the Frontline states have, since 1980, gathered themselves in an economic unit which they hope will eventually stand on its own economic feet and walk out of South Africa's fiefdom. Working project by project, SADCC is encouraging greater use of its own railways and ports to ship goods, more use of its own energy sources and more trade with neighbours.

SADCC has developed far enough, says Joseph Hanlon, author of several authoritative reports on the group, that "most sanctions would, in fact, have little direct effect on the SADCC states, and could benefit them". This is because buying on the

world market for goods and energy would mostly be cheaper than buying from South Africa.

Hanlon believes disinvestment would have no effect on SADCC, and could help if the withdrawn funds were reinvested in neighbouring countries.

Likewise, if the Commonwealth agrees to enact further economic "measures", this may not unduly harm the six Commonwealth countries around South Africa's borders — who would then be taking their own sanctions. Professor Reginald Green of the Institute of Development Studies says while the proposed bans on Commonwealth governments buying from South Africa will be costly at worst, the other measures, including bans on air links and tourism to South Africa, will be no more than a "nuisance".

Sanctions alone, therefore, will hurt, but would be unlikely to wreck the economies of the Frontline states. What might, though, is South African retaliation. Pretoria could well take action against its neighbours to punish them for taking their own sanctions or supporting others in doing

so (as all but Swaziland publicly do). President PW Botha even threatened reprisals against neighbouring states last July to forestall sanctions being considered by the UN, saying if they were implemented he would send home all the Republic's migrant workers.

Besides adding gravely to unemployment in Botswana, Lesotho and Mozambique, such a move would cost six of the Frontline states more than £200-million (R800-million) in remittances.

And, as it showed dramatically in January, by imposing an economic tourniquet around Lesotho, South Africa could cut off all fuel and food exports to the country, effectively holding it hostage.

But economic action could be costly for South Africa too. According to Joseph Hanlon's recent book, *Apartheid's Second Front*, South Africa's net trade surplus with its neighbours is £908-million (R3 632-million). Moreover, most of South Africa's manufactured exports are sold to its African neighbours and, by Professor Green's

ks on sanctions



the wheels of history

RAL, I just gasp'

70 YOUNG talks to the British Prime Minister

Africa, to see she doesn't suffer in this way?"

The voice was shaking now, at this spectacle of a continent which displayed such inexplicable moral inconsistencies. "I find it astonishing, utterly astonishing, that on the one hand we're doing everything to help Ethiopia, everything to relieve poverty and starvation, everything to get the right seeds, the right husbandry. And at the same time we're suggesting that you turn people who are in black, out of work. And add to the problems we've already got. When people call that moral, I gasp."

Nor would the retaliation stop with the impoverishment of black Africa. There was also the West's strategic interest in certain raw materials — and here too the moral issue kept leaking through.

"Platinum comes in quantity from only two places, South Africa and the Soviet Union. Are people who say there's a moral question suggesting that the world supply of platinum should be put in charge of the Soviet Union?"

"And there are other things. Your chemical bromine, your vanadium, and of course gold and diamonds. They would have a fantastic effect on the economy of the Soviet Union."

"To me it is absolutely absurd that people should be prepared to put increasing power into the hands of the Soviet Union on the grounds that they disapprove of apartheid in South Africa."

These lectures have evidently borne fruit. "I go through these things with some people, and they say, no one told us, no one explained this to us."

The rest of the world, however, would seem to be looking for deeper and different explanations. Particularly the Commonwealth. There was, as the Prime Minister had early in our conversation conceded, a desire at least for some mark of

disapproval of apartheid to be made. "Signs and gestures" she called them.

This was why Britain had agreed to the EEC package last year. But this hadn't been enough.

"The Commonwealth wanted more. So we did Kruggerands. And we put the extra gold coins in. And we've done no promotion of tourism. And various other things. But I don't know anyone in power in the Western world who is suggesting punitive sanctions."

"But they're suggesting bigger gestures, aren't they?"

Indeed they were, she said. But I had lit the blue touchpaper again.

"All right. Supposing you start with fruit and vegetables. That would be 95 000 people, blacks and their families, out of work. Moral? Poof! Moral? No social security. Moral?"

"Up would go the prices here. Some of it would be sold out of the coastline, through third countries, re-marked, and perhaps come in at a higher price. And the retaliation we could have to things we export to South Africa! What is moral about that?"

This raised a question even about the gestures we had already taken part in. Insofar as they were designed, in a minor way, to inconvenience South Africa, they were surely open to objection from the Thatcherite point of view.

"We've gone along with the gestures and signals," she said, "because I recognise that people want to do something more than words."

"But you don't really believe in them?"

"I don't believe that punitive economic sanctions will bring about internal change."

"But even the gestures you're not keen on?"

(Pause.) "I don't think the gestures are very

effective. We withdrew our military attaché from South Africa. That means we don't get as much information as we should otherwise. Often you argue against the big things, the really damaging things that would cause unemployment. So you accept much smaller things, as we did."

A few weeks ago, in the early stages of the sanctions crisis, the Prime Minister had formulated what struck me as a classic Thatcherite utterance, when she said. "If I were the odd one out and I were right, it wouldn't matter, would it?" I now reminded her of this, and asked whether she was really so indifferent to the opinions of allies, Commonwealth colleagues and so forth.

She said this had all been a familiar experience for her. There were too many times when she had been the one to put arguments that no one else actually liked to put.

She won some, she lost some, but the times on which she lost it were, it seemed, invariably because her antagonists were moved more by emotion than by reason. "If you're alone, you only operate really by persuading. Your only way of persuading is by argument."

So was she now winning the argument, from this lonely eminence? Apparently she had more allies than we could know about.

"Look, in the world in which I live, sometimes you make the argument and sometimes people do not express their own views, knowing you will express yours. And they hope to goodness that you'll win your argument. Many people

"In the world where I live, sometimes there's a public view and a private view." This wasn't, of course, her own problem. "So often my own converge," she chortled, with legitimate pride. But she understood other people's difficulties and took comfort from their tacit backing.

Standing on her own high ground of unshakeable consistency, Thatcher is especially contemptuous of her political opponents — "people who took the same view as we do when they were in power, and voted in the United Nations the same way we did."

I suggested, in Labour's defence, that the internal situation had drastically changed since Denis Healey was in power and Dick Crossman was composing his diaries. Political upheaval had hugely escalated and the government was weaker.

"And apartheid has been reduced," Thatcher snapped back. "There's practically no apartheid left in sport."

"Due to a boycott," I replied.

"Well." Short pause. "Due to a boycott. Due partly to a boycott. Not economic sanctions. A political thing."

The prohibition against mixed marriages had also gone. "As a matter of fact, I think it's the thing that signals the end of apartheid." The pass laws were also going. And enforced removals. And job reservation. Even the Group Areas Act, Thatcher claimed, was "starting to go."

There were now "many black people with professional qualifications and of considerable substance". Their only problem was that they couldn't live where they wanted, and couldn't take a proper part in government. "Those are the things to which you've got to address your minds and your action."

"I think we've done quite well by persuasion, particularly in the last 18 months. But by non-economic ways. And we should go on that way."

The next test is the mini-commonwealth conference in early August. By then Sir Geoffrey will have made his rendezvous with Botha, and Thatcher hopes that Tutu will follow.

After all, she had opened the door to the Bishop in London. "He asked to see me. Of course I saw him. I don't just refuse to see people. I very much enjoyed talking to him."

Even though she didn't agree with him? "We got just a little bit more understanding between us, and if we went on talking I think we would again."

She gave me a foretaste of how her emollient self would greet the Commonwealth. "Emotions will be running high," she predicted. "and when that happens, you just have to let them run high and keep calm yourself. Because it doesn't help if you let your own emotions run high, even though they feel as though they're running high."

Her job would be steadfastly to remind her seething interlocutors of some of the facts. "How many of you have states of emergency? How long have you had them? How many of you detain people without trial? How many have had censorship? How many of you have excluded people on racial grounds?"

I wondered whether they might not get irritated if she started talking to them like that. Wouldn't it be a little patronising?

"It's not patronising. That's just putting facts to them. Patronising? What's patronising about putting the facts? The Commonwealth's been strong enough to survive all those things. It's not for me to be patronising. I try not to be. Not for us to be patronising to South Africa either. We don't live there."

"We can still get through, if we will," she said at the end. "We can still help to get negotiations started." But to this end she did not sound like a politician preparing to agree to a single thing that much of the world expects of her.

●This interview originally appeared in The Guardian.

OPINION

Looking South through an East-West lens

Professor Peter Vale, director of the Institute of Social and Economic Research at Rhodes University, takes issue with President Reagan's speech this week

RONALD REAGAN'S speech this week on American policy towards South Africa marks a new low in the relations between the United States and black South Africa.

The US president has sent a clear signal to the majority in this country that this US administration will seek for the immediate future only a fine-tuning of the policy of constructive engagement, a policy which blacks have long rejected.

This policy tried to persuade the South African government to abandon apartheid. In the Southern African region, the policy aimed to get Pretoria to negotiate the destiny of Namibia with the international community, and to cease the destabilisation of its neighbours.

Six years later, South Africa retains its presence in Namibia, the Southern African region is in deep turmoil and the country is in the grip of a State of Emergency.

Blacks are deeply disillusioned with the Western World, particularly the United States and Britain. The signs of this anger are not only to be found in the powerful utterances of respected black leaders like Bishop Desmond Tutu, but in the growing public messages — from graffiti to the much-maligned red flag at Cradock — all deeply hostile to the West.

For the Reagan administration the South African issue is apparently best viewed through an East-West lens. This world view is shared by this country's present rulers, who have used the mythology of a "total onslaught" to impress upon themselves, their followers and many in the outside world that only they can provide this country with both political reform and stability.

As in many other instances in this country's political life, this view is not shared by black South Africans.

In aligning himself so closely with the prevailing myth of the Botha government, Reagan has chosen to disregard the perspectives on local and international events which black South Africans have repeatedly broadcast to the world. In short, the Reagan administration has disenfranchised black South Africans in the world, just as they are without franchise in this country.

All diplomacy relies on symbolism for effect. The extensive media hype which accompanied the latest review of American policy created the hope that even at this late stage, the United States might signal to black South Africa that it was finally prepared to stand up and be counted among the supporters of a non-racial South Africa.

Precisely because this speech was ear-marked for its importance, it will stand out in the minds of many, many blacks. The opportunity for sending an unequivocal signal of support to black South Africans was lost.

It will be difficult to pursue the increased contact with blacks which Reagan suggested in the speech. The hope that by increasing educational and other assistance to blacks in the belief that this will buy America goodwill is deeply insulting; it amounts to nothing more than the old colonial attempt to buy a continent, and a people, with a bag of shining beads. The day may be close at hand when blacks will refuse offers of educational and other incentives from the United States.

It is clear that all Americans cannot be held responsible for the actions of the Reagan administration and that many — perhaps even some in the state department — disagree with the thrust of the Reagan speech.

These people will hope that in the coming weeks and months significant pressure can be applied in the United States for the abandonment of constructive engagement. They will hope that, through the American political system, a route can be found to reverse the tide of anti-Americanism in South Africa which will surely be given new impetus by the Reagan speech.

Those who retain these hopes ought to recognise that they are asking black South Africans for a great deal of patience. They are asking them to be tolerant and to understand a political process which, as the Reagan performance shows, has hardly taken the trouble to understand their own political passions.

●Professor Peter Vale is director of the Institute of Social and Economic Research at Rhodes University, Grahamstown.

NICHOLSON assesses the potential damage

Calculations, a quarter of the country's economic growth over the past 16 years has been generated through exports of manufactured goods to the region.

So costly economic retaliation against the frontline states may be opposed by South African businesses. What is more, the country cannot afford to endanger its current balance of payments surplus while foreign bankers continue to ban new loans and demand repayment for \$14-billion (£35-billion) worth of debts outstanding.

All of which makes most experts agree that Pretoria's most likely retaliation against its neighbours would be military. As Hanlon notes, "Blacks have long been part of Pretoria's 'sjambok and carrot' policy of thumping its neighbours into staying within its economic domain."

Hanlon says South Africa's most effective ploy would be to put its neighbours' railways out of action. He says that with some upgrading, at a cost he reckons at about \$500-million (£125-

million) overall, the Beira line from Harare to Maputo and the Tazara rail from Lusaka to Dar es Salaam could both carry all the SADCC trade which now runs through South Africa. But successful raids on these lines would keep SADCC firmly within the Republic's economic grip.

At present some 10 000-12 000 Zimbabwean troops are helping to keep Mozambique's rebel MNR from closing the Beira line. But a concerted guerrilla campaign backed by South African commandos would be virtually impossible to deter. The hilly meanderings of the Tazara line make it extremely difficult to defend against attack.

This being so, Hanlon argues that countries taking sanctions against South Africa must offer some compensation to its neighbours, including military aid.

But it is clear that the UK or the USA would be unlikely to offer such aid and unclear who else would. — New African

LETTERS FROM A LINKSFIELD LIBERAL



"Mon-imali"
Linksfeld, Johannesburg
Monday, July 21

My Son,

YOU wouldn't recognise your mother. This is what she's hoping, that nobody will recognise her. Your mother is now going around in disguise.

First she cut her hair short, leaving just enough for a little braid at the nape of the neck, which she dyed red. This goes nicely with the rest of her hair, which is pink. It is a style she adopted from your sister.

I talked her out of a beard but not a moustache, which she says she has hired by the hour. If she wants to move out of the house, she puts on the jeans you left in the washing machine when you went to London to "further your studies", one of my R500 fully-imported Christian Dior shirts and Gloria's purple ankle-tackies with yellow stars on.

Your mother's transformation followed her encounter with two men who she says accosted her at Sandton City, where she had gone to fill up on Italian sandals and Cartier earrings. She says they were polite young men who did not chew gum but they asked some really dumb questions, like what were those round things that looked like doughnuts, and what did people in Linksfeld think about the State of Emergency, why was she clutching a clipboard full of affidavits and what did she have in her parcels?

This gave her such a fright she thrust a parcel at them — the one, she found later, containing the gold sandals — ran to the car and sped home. For three days she didn't move from the Jacuzzi. When she emerged she was in disguise.

She felt safe enough last night to test her new look by going out and looking at the stars, but she came back at double speed. "We're being watched!" she shouted.

Since your mother is always complaining that nobody ever notices her and Style magazine photographers refuse to print her pictures, I could not understand her agitation.

She told me that as she walked out, a car came past the house and parked across the street. The occupants, whom she could not see, as her disguise does not include her glasses, seemed to catch sight of her and duck beneath the dashboard.

"I'm sure you're making a mistake," I said. "Probably somebody coming to see us."

"Impossible," she said. "They're in a 1972 Toyota. Who do we know who drives a 1972 Toyota?"

She had a point. Even your sister Gloria, when she's not moving around in a van painted with the National Suicide logo, is usually found in an Alfa, and your grandmother drives a Range Rover.

We peered through the curtains, but between the 5m security wall and the fact that it was pitch dark outside, we couldn't see much. Finally I took the bull by the horns or, more accurately, your uncle Barney's Luger by the handle, and walked over to the car.

I found your uncle Norman trying to start the car and your aunt Bessie saying "Quick, before they come back."

"Before who comes back?" I asked. Bessie screamed. I realised I was pointing the gun through the window. They came inside peacefully.

It turns out that they rented the Toyota in an attempt to confuse other people who drive blue Toyotas. They thought we'd be watched, now that your uncle Barney has been enjoying the hospitality of the state since he had a difference of opinion with a flashing blue light. Your aunt and uncle are currently learning French and negotiating with the Canadians on the possibility of starting a new life in the northern territories, so they wanted nothing like being related to a known criminal to endanger their chances.

So they slinked up the road, and what did they see but a short-sighted apparition in pink hair and a rented moustache. I agree, that's no way to talk about your mother. Anyway when they saw her they ducked under the dashboard — and Norman dropped the key.

They finally got around to the purpose of their visit. They had read in the Sunday papers that the Americans were going to deny landing rights to SAA. How then were they going to get to Canada? Did I have any ideas? Could they go with a shipment from my factory, disguised as toilet bowls?

As you know, my son, the factory has not yet developed its export business, thanks to a certain laxity on the part of its London representative, one LSE "student" who prefers to spend his time marching on Hyde Park with a sign saying "Sanctions or bust", which I suppose is a reasonable choice.

I couldn't help them, but suggested they wait until Barney rejoins us — next week, if he gets some time off for good behaviour. It won't be a moment too soon, either. What we hear of his behaviour so far is very unsettling. This week he has asked for a copy of the Weekly Mail, Jeremy Cronin's "Inside", a pirate print of "Kiss of the Spiderwoman" and "Green Lentils and Caviar: the Yogi's Guide to Leftwing Politics".

I'm thinking of sending him over to shake up some business for us. Let me know when you'll take him.

Your loving father,

Dad

OTHER PEOPLE

The rebel behind that smiling postcard face

That Moses Mayekiso is in detention now is hardly surprising — he's been in and out of prison ever since he was a youngster. What makes this spell inside different is a massive postcard campaign calling for his release

ANY day now thousands of picture postcards showing a smiling man in a Metal and Allied Workers Union (Mawu) T-shirt will cascade onto the desk of President PW Botha in the Union Buildings

The message Botha will read on the back of these picture postcards says: "I demand the release of Moses Mayekiso, general secretary of the Metal and Allied Workers Union, and all the trade unionists and other political prisoners in South Africa".

They have been posted by trade union members around the world and come in six languages. They protest the detention of a man whose history of union and community activism has made him a bulls-eye target for imprisonment and harassment since his schooldays in the Transkei.

Mayekiso's current detention under section 29 of the Internal Security Act came hours after his return to South Africa from an overseas trip last month. He was aware that his arrest was something of a foregone conclusion, but he came anyway, carrying the credentials he needed for entry through the prison gates: political unionism, community resistance and the cause of international condemnation.

Mayekiso arrived in Johannesburg in 1974 unable to speak the Transvaal languages and with only vague connections in Alexandra. Twelve years later he is a key figure, not only in the township but in the struggle against apartheid.

Mayekiso's resistance to this system goes right back to his childhood in Cala, Transkei. Born in 1948 of extremely poor parents who battled to finance his schooling, he began to protest authoritarian methods of control in the schools. Subsequently expelled for being a "ring-leader" of those who opposed this condition, he managed to complete his matric only after working for a year.

In 1960 when Mayekiso was twelve, the resistance of black workers in the Cape spilled into the rural areas. Thousands came home to fight state authority in the homelands — the resultant local rebellions and subsequent repression that affected his area left a deep impression on the young boy.

His first job was as a miner in Welkom earning 80 cents a day. Mayekiso stayed only long enough to witness the effects of underground

Moses Mayekiso ... as a detainee, his photograph may not be published

working conditions which often resulted in death or maiming, before moving on to Johannesburg where he found work as a building labourer for R15 a week.

At the start of 1976 he started working for Toyota and it was here that he began to realise the arbitrary power of the foreman to dismiss and punish at will. This awareness at work coincided with his feelings about what he saw daily in the townships during the 1976 uprisings.

Mayekiso joined Mawu and while still with Toyota was elected a shop steward and, finally, Mawu's national treasurer.

A turning point of sorts came in 1979 when he played a leading role in a series of strikes at Toyota over union recognition and the scrapping of management controlled liaison committees. The workers were dismissed and selectively re-hired. Mayekiso found himself out of a job.

Mawu then employed him as a full-time organiser. Working on the East Rand and trying to cope with the widespread worker interest in trade unions, Mayekiso helped introduce the concept of shop steward councils. These councils brought together workers from all the organised factories to discuss common problems. Today they have become the basis of the union movement.

Rapid organisation of the East Rand working class culminated in two dramatic strike waves in 1981 and 1982. Between July and November 1981 there were more than 50 strikes involving about 25 000 workers. With the shop steward councils at the heart of the action, workers demanded an end to the arbitrary powers of management: the unfair dismissal of

workers, racist actions of foremen and increased work-loads. Between January and May 1982, there were 32 recorded strikes involving 14 000 workers. These were mostly over the demand for a R2 an hour "living wage".

A year later Mayekiso was Mawu's Transvaal organiser and began to play an increasingly important role in the unity talks that led to the formation of the Congress of South African Trade Unions (Cosatu).

He next hit the headlines as one of the leaders of the 1984 November stayaway in the Transvaal. For Mayekiso this was an important moment because he was clearly breaking from the early cautious position the Federation of South African Trade Unions (Fosatu) had pursued on alliances with community organisations.

Working with top United Democratic Front and Congress of South African Students (Cosas) leaders in the Transvaal regional stayaway committee, Mayekiso was moving into a new kind of politics, one based on working relationships between worker organisations and their mass-based community counterparts. Soon after the stayaway he was detained and charged with "economic sabotage" in terms of the Internal Security Act. But after his co-accused fled into exile, charges against him were dropped.

He continued his involvement in community politics in Alexandra. Last year he was instrumental in the establishment of grassroots organisational structures in the township — yard committees, block committees and the street committees that send delegates to the Alexandra Action Committee. In a recent interview Mayekiso said that what had been established in Alexandra was part of a nation-wide movement in an attempt to build up "community-based organs of people's power".

There has been an international outcry from major trade union federations to Mayekiso's latest detention. The International Metal Workers' Federation has pointed out that Mayekiso is a "good friend" of trade union leaders in Britain, the United States, West Europe and Japan and has asked its affiliates to pressurise companies operating in this country to protest the detention of all trade unionists. The IMF has also launched the international postcard protest campaign, the small cardboard results of which will soon be causing more than the wood of PW Botha's desk to groan.

RESTRICTED

Reports on these pages have been censored to comply with Emergency regulations

Doonesbury

BY GARRY TRUDEAU



THE ECONOMY

IN an interesting week that saw the gold price rise, the release of favourable June trade figures, new JSE highs, a drop in interest rates and the inflation rate and a rise in the rand, a major business newspaper saw fit to proclaim in a front-page headline "Signs point to an uplift in economy".

Before being seduced by the "prepare for thy boom" syndrome, one should note that the figures are more revealing when located in a different perspective.

One reason for the rise in the gold price to over \$350 is instability in South Africa. But apart from this, as one commentator remarked, "even if gold were to hover around \$355 instead of \$345, it would boost South Africa's forex earnings by a fraction more than R4-m a week".

Noting this is better than nothing, this commentator added that "for a country with \$22-billion of foreign debt and creditors who appear to be getting more and more uneasy, it is hardly the starting gun for a new domestic upswing. Capital outflow pressures are so great that gold will need to get at least into the \$370-\$390 range to make a major direct impact."

Gold is not only unlikely to rise to these levels in the near future, but relying on a gold fluke to dig the economy out of its mess is dicey.

The same applies with the June trade figures. In June, imports amounted to R2,1-billion (down from its R2,8-

Don't count on gold to dig us out the morass

By ALEXANDER CAMARGUE

billion high in January) and exports R3,3-billion.

In the first half of the year, South Africa experienced a favourable trade balance of R6,1-billion, compared to R5,35-billion in the first half of 1985 (R16,57-billion and R11,1-billion).

It now looks as though the overall current account surplus for the first half of 1986 was just under R3-billion.

All this is great if such reserves are ploughed back towards developing the economy. As we all know, most of the surplus is used to repay foreign debt.

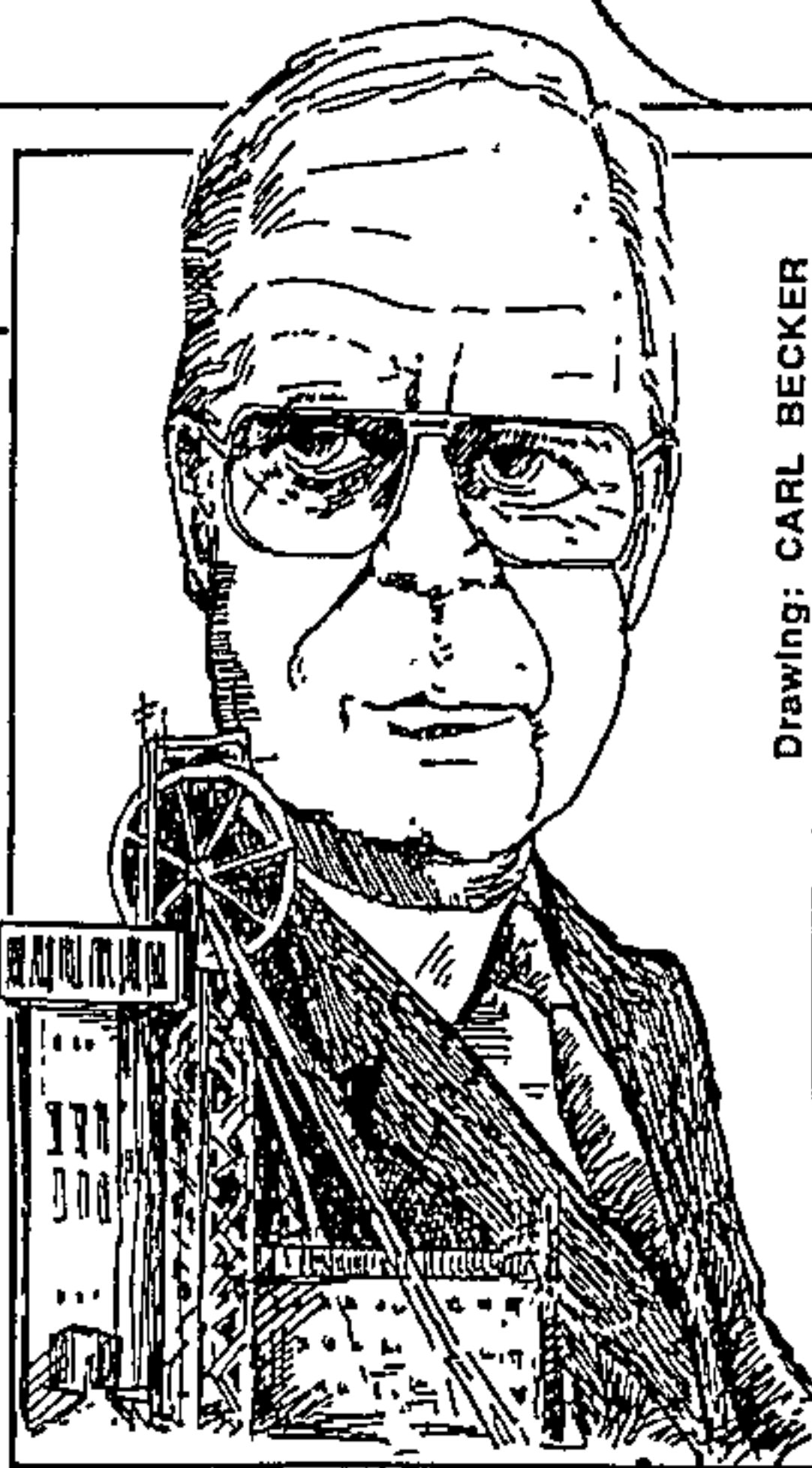
It is also worth noting that while positive, lower imports and higher exports on their own are not a sign of strength as they are largely a result of a lower rand, weak local economy and buoyant international economy.

Looking at the rise in the JSE, it merely reflects the lack of structural

investments (funds are rather channelled into the stock market, boosting prices).

Lower interest rates are also welcome but consumers are so hard strung and investors so unconfident that lower rates will hardly impact on economic growth. They, in any case, fell this week on negative news when it was officially announced that the economy was so sluggish that a lowering of the Reserve Bank's interest rates to the market (through the discount houses) was hinted at — and likely to happen, probably before the month is out.

Although inflation was down to 16,9 percent in June from 17,5 percent in May, it is still way above that of South Africa's main trading partners (Germany has experienced a price decline over the last year) and extraordinarily high for an economy in recession. The prospects of South African inflation coming down to the



Gerhard de Kock

levels of its main trading partners in the foreseeable future are virtually nil, with most economists forecasting 15 percent by the year end.

This itself is inflationary as it impacts on the rand, making imports more expensive.

South African inflation is deeply structural, not only because of the weak rand but while workers and employers are hard hit they will fight tooth and nail not only to maintain real wages and price levels but to make up lost ground. This competitiveness promotes inflationary

expectations, probably the greatest danger for inflation.

Finally, even though the rand rose to over US40c, it is far from strong and is in large part due to a weaker dollar. (It is still near record lows against the Yen and DM). Joy at this rate only reflects the degree of distortion that has crept into our psyche.

Also last week came the release of the June money supply figures — which only grew an estimated 9,27 percent, well below the money supply growth target range of 16-20 percent and which sorely reflects the pathetic demand for credit.

The South African authorities can only look with envy at the problems that most other central banks are having in controlling money supply.

Accompanying the money supply figures, was a statement from the Reserve Bank Governor, Gerhard de Kock, finally admitting that the economy would not grow by the officially expected 3 percent this year, but by a more modest 1,5 to 2 percent. This, as a number of commentators noted, is still too optimistic.

Even the cautious Financial Mail said "any growth this year will be off a very low base and revolves largely on the expectation that the decline in inventories will continue to slow. Such growth does not generate jobs nor develop the economy".

They quote economist Louis Geidenhuys saying, "even if there is positive growth in 1986, we might as well consider the economy not to have grown".

In gauging the present stage of the economic cycle, hopes are that within the long-term decline, a mild "upswing" will begin in the second half of 1986. However, even if this materialises, it is doubtful whether it will bring significant and sustainable relief.

The economy, simply, is in poor shape. It now appears there was virtually no growth in the second quarter. This after a decline in the first quarter.

The depressing growth record is unlikely to be more rosy for the rest of the year. As the Weekly Mail has stated often enough, structural problems are too serious, the damage done too daunting, and the present climate too uncertain to talk about any significant and sustainable economic recovery.

Monetary or fiscal fine-tuning will at best provide short-term relief for some. The only solution is the least likely: major political restructuring.

The World Bank passes the empty hat

By DANIEL NELSON

WHEN the World Bank closes its books at the end of its current financial year, it will have made net transfers to developing countries amounting to ... zero

Yes, the world's premier agency for promoting assistance to the Third World is receiving as much in repayments and interest from the countries it is designed to help as it is disbursing in new loans.

But that is not all. The International Monetary Fund (IMF), the guardian of the financial order of the non-communist world, is probably receiving \$4-billion (R10-billion) more from developing countries this year than it is putting in.

Says Richard Feinberg, vice-president of the Washington-based Overseas Development Council: "We are facing the potentially disastrous scenario of the World Bank and the IMF becoming a 'drain' on the resources of the developing countries."

And as confirmation for the superstitious who believe disasters come in threes, there is the additional statistic that in 1985, for the third successive year, the financial markets received over \$40-billion (R100-billion) more in debt repayments from developing countries than they lent.

Economists have explanations for these trends. They point out, for example, that the decline in World Bank transfers is a temporary phenomenon, part of a cycle of lending and repayments which will soon lead to an increase in capital flows to countries in need.

Economists even have a

reassuringly neutral term with which to describe these trends: "reverse resource transfers" sounds innocuous, until you realise it means that the poor are paying money to the rich.

And if current policies continue to be applied, the poor world will continue to subsidise the rich world for at least another decade.

There is no need to wait for a Bob Geldof to point out a system that produces such results is crazy.

Hopes of reform are held up, however, by the complacency of Washington, Bonn and London. From there, the view is of a debt crisis averted (now it is merely a "problem"), inflation brought under control, expectations of faster rates of economic growth in the next two years.

This optimism is dangerously short-sighted for a variety of reasons, including the continuing fragility of the financial system, persistently high unemployment and a debt factor that is none the less lethal for being a cancer rather than a bomb.

It also fails to recognise that current economic prescriptions are not working for the developing countries which make up the majority of humankind.

Until now, there has been a widespread assumption that if the major Western economies get back into shape, world trade will expand, the demand for commodities will rise and developing countries will piggy-back their way to a new period of growth — as long as they improve their policies in line with IMF

recommendations.

Now this consensus has been challenged by the independent United Nations Committee for Development Planning, chaired by Commonwealth Secretary-General Shridath Ramphal.

The Western approach will not work, says the 24-member committee's tersely argued report, because even if industrialised countries do pick up steam, it will not be enough to pull developing countries out of the trough.

And though domestic policy reforms in developing countries are important, it is a "cruel deception" to suggest that IMF-sponsored "adjustment" alone can break the bottleneck.

Different regions have different problems, the report stresses.

Latin America needs immediate finance to promote structural adjustment to reduce later requirements. The large Asian

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Sanctions reprieve for Southern Africa

OWN CORRESPONDENT

US President Ronald Reagan's firm denunciation of sanctions as a weapon to force Pretoria into swifter political change has probably saved several Southern African countries from swift, and possibly fatal, consequences.

Backing British Prime Minister Margaret Thatcher's stiff-upper-lip stand against sanctions, Reagan this week reiterated what President P W Botha and other South Africans have said before — that blacks, in and out of SA, will be the primary victims.

He has been told to go to hell by Bishop Desmond Tutu, but countries like Lesotho and Swaziland will be quietly thanking him because sanctions would ruin them.

So will several others whose economies are inextricably linked to and dependent on SA. According to recent figures published by the Africa Institute, the double-edged sword of sanctions would cut through these as much, and more, than it would SA.

The parlous economies of several countries in the region would be even worse off if all-out sanctions were introduced and SA

were forced to end or even seriously curtail co-operation in several fields.

About 70% of Zambia's imports and 40% of its exports go through SA. In the case of Zambia the figures are 68% and 65% and in Malawi's case they are 60% and 50%.

Alternative

If there was an efficient alternative transport system in the region, the situation for six landlocked members of the Southern African Development Co-ordination Conference — Botswana, Lesotho, Swaziland, Malawi, Zambia and Zimbabwe — would not be all that serious.

But there is not. The best alternative would be the Tazara line between Kapiri Mposhi in Zambia and Dar es Salaam, which has an annual capacity of 2-million tons, but carried just 452 000 tons from Zambia in 1979.

In contrast, SA Transport Services handled 6-million tons of traffic to and from the seven SADC countries in 1984/85. In September 1985 there was a daily average of 6 195 South African goods trucks on foreign lines, compared with 944 foreign trucks in SA.

And SA also provides other vital supplies and services such as food, medical supplies, veterinary medicines and petroleum products to its neighbours.

Four neighbouring countries — Botswana, Lesotho, Swaziland and Namibia — receive all their petroleum products from SA while Zambia and Zimbabwe are heavily dependent on supplies that come through SA.

The pipeline from Beira to Zimbabwe has reduced dependence on SA, but it is a regular target of the

Mozambican Resistance Movement and cannot be relied on for regular supplies.

SA would be highly unlikely to keep supplying these countries from its own reserves in the event of all-out sanctions.

According to *The Economist*, all SADC members except Tanzania trade with SA. Each has more trade with the Republic than with all its SADC partners combined, and combined SADC-SA trade is seven times higher than all trade between conference members.

Trade

Accurate trade figures with Africa are not published, but in 1984 SA exports were taken by 47 African countries. Exports to SADC countries were estimated at \$2bn and imports from them at \$300m.

Apart from transport and trade, neighbouring countries rely heavily on SA for jobs — and govern-

ment has already said these would no longer be available should sanctions be introduced.

Last year there were 414 586 foreign workers — largely from neighbouring countries — in registered employment in SA. It is estimated they send about half their earnings home. These repatriated remittances were estimated at R667,8m by the Employment Bureau of Africa in 1983.

The estimated R280m sent home then by 146 000 Basotho workers constituted nearly half of Lesotho's gross national product. Some 2-million people would have to find alternative sources of income in already depressed economies or face starvation if these jobs were taken away.

Posts and telecommunications, water and power supplies and tourism would be other fields which could be seriously affected.

Lesotho, Swaziland and parts of Mozambique, Zimbabwe and Botswana receive electricity from Escom and tourism to the BLS countries, as well as Zimbabwe and Malawi, is dominated by South Africans.

THE SHARP END / 1985

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DD 28/1/86

Sanctions: UK industry's stand

Dispatch Bureau

LONDON — The British Industry Committee on South Africa (Bicsa) wants to see the pace of reform in South Africa accelerated, apartheid abolished and discussions with black African leaders encouraged.

Bicsa's chairman, Sir Leslie Smith, said here that members did not believe sanctions were the way to achieve these aims.

"We believe that, not only would they be ineffective — in the sense that South Africa would still be able to get what it needed — but it would also lead to the government becoming even more adamant and entrenched in its laager."

The expense of mounting sanctions would also affect South Africa's economy so adversely that effective change could not be maintained.

"If resources within South Africa were diminished and wealth not created it would be even more difficult for blacks and coloureds to advance," Sir Leslie said.

It was because of all these reasons that Bicsa's attitude remained firmly opposed to sanctions.

Sir Leslie was spelling out Bicsa's policy because of reports here and in South Africa that the organisation had changed its policy and was now urging Prime Minister Mrs Thatcher

to accept limited sanctions and ban new investment.

Sir Leslie said that they did not accept limited sanctions, as they did not agree that one could be a little pregnant.

In an interview here, Sir Leslie had said that, if a political gesture that would cause the least damage was essential, then the least damaging would be a temporary halt on new investments, because there were no

new investments, any way.

But this should not be envisaged as a change of policy on the part of the committee. It was nothing of the sort.

The most important aspect of the situation at present, of course, was to see how the visit by Foreign Secretary Sir Geoffrey Howe to South Africa succeeded.

Bicsa was formed last January to speak for the business community and included British investors

in South Africa, such as BP, Shell, RTZ, Consolidated Goldfields and ICI.

Last month the committee issued a statement saying that sanctions would "damage the South African economy and, as a result, would retard rather than accelerate the process of change."

But 16 of Bicsa's 50 members did not sign the statement. Among the two most notable absentees were the two British banks in South

Africa, Barclays and Standard Chartered.

Sir Leslie said that was perfectly understandable that the had not wanted to adopt a high profile on South Africa, if they had, or very small interest there and large interest in, for example, Africa or other parts of the world.

Such companies had to balance the risk to losing business in South Africa against the loss of business in other parts of the world.

Govt reassur UK investors

DD25/7/86

Dispatch Correspondent

JOHANNESBURG

— The government has given an assurance to British investors that their investments in South Africa are safe.

The Deputy Minister of Trade and Industries, Mr Kent Durr, last night described as "unadulterated rubbish" a front-page report in a London newspaper yesterday that South Africa was "poised" to nationalise British companies in order to survive sanctions.

The Sunday Express said warnings of the South African Government's intentions to take over British investments of about R22 billion in more than 50 companies were given by unidentified businessmen returning from South Africa in the past few days.

It said such action would follow any decision by the European Community in October to impose sanctions.

But Mr Durr said: "South Africa has always been a good and safe investment for British investors and things will remain that way."

"This is just part of the wicked disinformation that this country has been subjected to for years. British investors are used to it."

He said the report was such "utter lunacy" that he did not wish to comment on its details and added: "It has never crossed the minds of anyone near government."

The Daily Dispatch's London Bureau reports that Sir Leslie Smith, chairman of the British Industry Committee on South Africa, an organisation promoting trade between the two countries, dissociated himself from the Express report.

The report quotes Sir Leslie as saying that the

foreign assets was a powerful weapon and the South African Government knew it would be a last resort.

Sir Leslie said he did say that, but denied the suggestion in the report that the government was "poised" to act against its "hit list".

He said he meant that, in the event of total mandatory sanctions being applied, South Africa's ultimate retaliatory action could be the nationalisation of foreign assets.

The Express report claimed that, on President P. W. Botha's "grab list", would be firms such as Shell, BP and Barclays Bank. Others could include Beechams, Cadbury Schweppes, Hanson Trust, ICI, Rio Tinto Zinc, Rowntree Mackintosh and Babcock International.

Sir Leslie said "I am most disappointed in the Express report, which suggests Mr Botha is about to pounce on these companies if sanctions are introduced."

His own company, British Oxygen, has a reported R375 million investment in South Africa.

Sir Leslie's advice to his company and others was to stay put and not to panic.

Duracell pulling out

DURACELL BATTERIES laid off 55

yesterday — virtually its entire workforce — as its UK parent announced the winding down over the next six months of its SA operation.

A company spokesman made clear the move was not politically motivated.

"There has been no overseas pressure on our UK parent to divest."

The sharp fall in the rand and levying of a 10% import surcharge in October made Duracell a loss-maker.

"Duracell relies entirely on imports and must support large overheads on the back of one product. In short, we

tried to work through the recession but saw no light at the end of the tunnel," the spokesman said.

Company executives are negotiating a distribution deal with a third party.

The spokesman would not be drawn on the extent of the company's losses.

"Duracell's factories in Britain and Belgium have been absorbing, through transfer-pricing, a lot of the South African subsidiary's losses. Some sort of drastic surgery was expected," he said.

The decision to withdraw from SA was taken last week.

Skeleton staff will be maintained to service customers for five months.

Political comment in this issue by Ken Owen. Newsbills by Kevin Davis. Headlines and sub-editing by Michael Allwright. All of 171 Main Street, Johannesburg.

DD 257/86

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SADCC leaders back sanctions

LISBON — The leaders of nine Southern African countries have ended a meeting in Luanda condemning South Africa's "destabilisation" in the region and expressing support for international economic sanctions against Pretoria, according to reports received here.

The group, the Southern Africa Development Co-ordinating Conference (SADCC), stopped short of issuing its own sanctions against South Africa, noting its member states' economic dependence on the country.

After expressing "full support" for sanctions by the Commonwealth — and condemning the British Prime Minister, Mrs Margaret Thatcher's opposition to them — the communique avoided direct comment on any possible future sanctions by the SADCC.

"While SADCC members are vulnerable to international sanctions against South Africa this fact should not serve as a pretext for not imposing sanctions."

The SADCC leaders also agreed to focus group effort over the coming year on creating a regional agricultural policy and boosting regional trade. Earlier programmes have centred on communications and transport. — Sapa-AP

'Sanctions cause misery'

The Star's Foreign News Service

MUNICH — A leading member of the West German Government has said here that it would be "immoral and inhuman" to apply full economic sanctions against South Africa.

Sanctions would lead to a more severe form of apartheid instead of its removal, said Mr Hans Klein, the foreign policy spokesman of the parliamentary faction of Chancellor Helmut Kohl's Christian Democrats, in an interview with a Munich newspaper.

"The 5 million whites would survive a severe economic crisis, it would present problems for the Asians and coloureds, but the 20 million and more blacks would be the chief sufferers", he said.

"Hunger and misery would drive them into a radicalism of despair. Revolution would be the end result".

Mr Klein said he would remain opposed to sanctions even if the visit to South Africa by British Foreign Secretary Sir Geoffrey Howe failed to produce results.

If European Community foreign ministers voted for sanctions it would be an irresponsible step by the organisation, Mr Klein said.

Forget SA, save Aussie

economy.

Hawke told

25/7/85
The Star's Foreign
News Service

CANBERRA — Australian Prime Minister Mr Bob Hawke has been bluntly told by his political opponents to stop trying to destroy the South African economy and start trying to save the Australian economy.

The advice from the Australian opposition parties came after the release of a series of bleak economic indicators which suggest Australia is headed for its worst ever economic crisis.

Inflation figures published yesterday show that the Australian inflation rate is running at more than 8 percent which is five times the average of its major trading partners.

An international assessment of the major Western economies released overnight has dropped Australia from second-ranked economy to equal last.

And international financial markets have given a vote of no confidence in the Australian economic outlook by writing down the value of the Australian dollar to its lowest ever level.

DOMESTIC ISSUES

The value of the Australia dollar has plummeted by nearly 40 percent over the past 18 months and in the past two months the dollar has fallen from 75c against the US dollar to just over 60c.

Political debate has shifted to domestic issues and away from South African affairs.

There have been calls for Mr Hawke to cancel his trip to London next week for the Commonwealth leaders meeting on South Africa. He has confirmed that he will go but indicated he may cut his trip short.

He will be away when critical last-minute decisions have to be taken about the annual Budget due on August 19.

In the last two quarters the Australian economy actually contracted.

The trade problem is now looming as a disaster with the prospect of the US government moving to subsidise its wheat exports causing the Australian dollar to drop further.

Reagans aides hint

at limited sanctions

SMR
25/7/86

The Star Bureau

WASHINGTON — As the United States Congress prepares to enact a punitive sanctions Bill against South Africa, President Reagan and his top aides are hinting that they may still introduce limited sanctions of their own.

Sources in Washington say that if the President does impose sanctions, they are most likely to be in co-ordination with America's Western allies, notably Britain and West Germany.

And the likely time is late September when Britain will report on South Africa to the European Parliament.

If there is no significant progress with reform in South Africa between now and September, there is a strong chance that President Reagan will announce new measures.

Dr Chester Crocker, US Assistant Secretary of State for Africa, travels to London next week and there he is expected to discuss with US allies a co-ordinated plan to put pressure on the Botha Government.

The Americans also want to bring Canada and Japan into the plan — partly to make it effective internationally and partly to ensure that, if American firms are forced to leave SA, their assets will not be picked up at bargain prices by other foreign firms.

Vehement opposition to speech

The new White House stance comes just 48 hours after the President appealed to the Congress and the West to resist the "emotional clamour" for punitive sanctions that would further damage the SA economy.

Mr Reagan's speech has met vehement opposition from members of Congress — significantly including Republican Party leaders.

Yesterday, the Republican majority leader, Senator Robert Dole, urged the President to come up with "some new credible proposal" that would head off radical sanctions proposed by liberals.

The Republicans are looking for a way to avoid a sweeping sanctions Bill introduced in the Senate by Senators Edward Kennedy and Lowell Weicker.

Possible action

Officials say that sanctions ordered by the White House would be designed not to harm the majority of the SA population and could include a ban on landing rights for SA aircraft.

Restrictions on US entry visas for SA citizens and the freezing of US bank accounts held by South Africans have also been mentioned as possible actions the President might take.

There have been reports that the President might ban new US investments — but the Secretary of State, Mr George Shultz, has scorned this idea, saying that the marketplace was speaking for itself and that no new investment was going to South Africa anyway.

Asked whether he would consider new sanctions, President Reagan said yesterday: "We've never closed any doors."

Whites likely to be main target

Kennedy puts forward new boycott plan

WASHINGTON — Spurred on by President Ronald Reagan's bitterly-denounced SA policy speech, the battle for sanctions was formally joined on the Senate floor yesterday when Senator Edward Kennedy introduced a broad array of sanctions proposals chiefly targeted at SA whites.

Angrily rejecting Reagan's anti-sanctions plea, Kennedy said: "It is now up to the Senate to write a new anti-apartheid policy for the future."

The new measures, which Kennedy called "in essence the proposals endorsed by the Eminent Persons' Group", were less severe than the sweeping disinvestment and trade embargo Bill passed by the House of Representatives.

They were designed to develop a consensus position with enough support to make it proof against a presidential veto.

SIMON BARBER

The softening also indicated that Secretary of State George Shultz, in his appearance on Wednesday before the Senate foreign relations committee, had some success in cooling senatorial emotions stirred up by Reagan's Tuesday speech.

It was unclear when the measures, which were tacked as an amendment to a resolution raising the national debt limit, would come to a vote. Senate majority leader Robert Dole said he was anxious to pass the debt measure without the Kennedy amendment, but Kennedy said he would only withdraw it in return for Dole setting a date for a fullscale sanctions debate before Congress went into recess on August 15.

● To Page 2

US Senate targets SA whites

Senator Richard Lugar, chairman of the foreign relations committee, which was yesterday winding up three days of hearings on SA, said he was ready to have his committee vote on sanctions legislation as early as next Tuesday or Thursday. He admitted, however, that even that might be too late.

Lugar said: "The fat may already be in the fire."

In which case, he would be willing to consider Kennedy's proposal, and others, on the Senate floor without prior committee deliberation.

The Kennedy plan, which was co-sponsored by his liberal Republican ally, Senator Lowell Weicker, comprises a list of about 20 measures.

These include ending SA landing rights in the US, denying SA citizens access to US visas through American consulates in SA, and hampering efforts by South Africans to send funds overseas — all of which were suggested by EPG co-chairman Malcom Fraser at a Capitol Hill forum chaired by Kennedy on Monday.

Reagan in new sanctions stance

From NEIL LURSEN
The Argus Foreign Service

WASHINGTON. — As the United States Congress prepares to enact a punitive sanctions Bill against South Africa, President Ronald Reagan and his top officials are hinting that they may still introduce limited sanctions of their own.

Sources here say that if the President imposes sanctions they are most likely to be in co-ordination with America's Western allies, notably Britain and West Germany.

And the likely time is late September when Britain reports on South Africa to the European Parliament.

If there is no significant reform progress in South Africa by then there is a strong chance that Mr Reagan will announce new measures.

Asked whether he would consider new sanctions President Reagan said yesterday: "We've never closed any doors."

Dr Chester Crocker, Assistant Secretary of State for Africa, travels next week to London where he is expected to discuss with US allies a co-ordinated plan to put pressure on Pretoria.

The Americans also want to bring Canada and Japan into the plan — partly to make it effective internationally and partly to ensure that if American firms are forced to quit South Africa their assets will not be picked up at bargain basement prices by other foreign corporations.

Call to resist

The new White House stance comes just 48 hours after the President appealed to the Congress and the West to resist the "emotional clamour" for punitive sanctions that would further damage the SA economy.

Mr Reagan's speech has met vehement opposition in Congress — significantly including leaders of his own Republican Party who are drafting a sanctions measure that may be ready as early as next week.

Yesterday the Republican majority leader, Senator Robert Dole, urged the President to come up with "some new credible proposal" that would head off radical sanctions proposed by liberals.

Senator Dole revived the idea of a special US envoy to South Africa, a plan which its promoters believe will demonstrate to President Botha the intensity of American opposition to apartheid.

Disastrous

The Republicans are looking for a way to head off a sweeping sanctions Bill introduced in the Senate by Senators Edward Kennedy and Lowell Weicker.

Already approved by the House of Representatives the Bill would ban all trade and require US disinvestment from South Africa — a measure the Reagan Administration believes would be disastrous for South Africa and for reform.

Officials say that sanctions ordered by the White House would be designed not to harm the majority of South Africa's population.

Restrictions on US entry visas for SA citizens and the freezing of US bank accounts held by South Africans have also been raised as possible actions the President may take.

The Secretary of State, Mr George Shultz, added to the belief that the Administration had again reversed itself on sanctions by telling an internally-televised news conference that included South Africa that any additional steps would be taken... "in a collaborative way with our allies".

US-SA POLICY

Staying the sanctions drive

US President Ronald Reagan may have avoided an embarrassing fiasco last week when he pulled the plug on black businessman Robert Brown's imminent appointment as ambassador to SA. But the White House is finding it increasingly difficult to deflect the heat over the president's continued opposition to sanctions.

Brown's name was removed from the envoy roster after an 11th-hour background check (see *People*). While US Secretary of State George Shultz searched for a suitable replacement for Brown, Reagan's pointmen on Capitol Hill were fighting an uphill battle to convince Democrats and Republicans alike that the president's "new initiative" on SA was not just a re-hash of "constructive engagement."

The president, scheduled to make public a two-month "rethinking" of US policy in the region as the FM went to press late on Tuesday, was expected to hold the line on sanctions and to call instead for mostly symbolic gestures.

These were expected to include: increased American contact with black opposition leaders, including the banned ANC; rolling back US landing rights for SA Airways; and a threatened cutback in US embassy staff in Pretoria. US weight was also expected to be placed firmly behind the European initiative led by Britain's Sir Geoffrey Howe, who called in on Washington last week, and was due to arrive in SA on Wednesday for talks with President P W Botha (see *World*).

Reagan seems to be counting on Congress not being able to come up with a sanctions Bill this year, and that Margaret Thatcher will hold Europe in line so that Pretoria has about a year to change its policies and achieve stability. But, if Congress *does* pass a

sanctions Bill, he will *not* veto it and Europe will quickly follow suit. The point is that Pretoria's friends have lost patience and have other agendas (such as Angola and Cuban withdrawal) of their own in the region.

The president's gloves-off approach to the thorny South African issue was not expected to cool off the growing sanctions drive in both state and federal legislatures. As an example, the Republican governor in Reagan's home state of California last week abandoned his opposition to full divestiture of the largest public pension fund in the country — the University of California's (UC) pension portfolio. Governor George Deukmejian, a Reagan clone who rarely bucks party policy but is seeking re-election this year, was the second big state Republican governor — New Jersey's Tom Keane was the first — to support divestiture.

Deukmejian's about-face marked the biggest victory for the anti-apartheid campaign to date. The board of regents for the seven-campus UC system immediately voted to unload some \$3.1 billion in SA-related assets. The portfolio-stripping will cost the university system, which is America's largest, some \$122m to implement, but the implications of such a mammoth divestiture for Wall Street were impossible to calculate.

With UC on board, educational institution divestment plans in operation now total close to \$4 billion. These university portfolio packages are part of a pool of pension funds that are a critical source of cash on Wall Street. Nearly 30% of all equity stock in America is held by pensions.

The UC decision provides a one-year grace period for US companies doing business in SA to get out. After the 12-month lag, the portfolio managers will have three

years to divest stock in firms which maintain SA ties.

While the president is having little success keeping his party governors in line, he is in even worse trouble on Capitol Hill. This week, a group of Republican leaders ventured to the White House to urge Reagan to adopt a tougher line. Meanwhile, Democratic Senator Edward Kennedy called together a widely publicised panel comprised of members of the Eminent Persons Group to help heat up the divestment pressure.

The Senate is considering a number of sanctions Bills. One, introduced by Kennedy, is similar to the draconian total-divestment Anti-apartheid Act passed by the House earlier this summer. A second, less severe but still a tough piece of legislation, has been sponsored by the Republicans. While congressional pulse-reading is always difficult, Republican majority leader Robert Dole says the president's stance against sanctions has limited support. Even a presidential veto of a sanctions Bill appears a risky option. Dole said the Congress could probably muster the two-thirds majority needed to override a White House veto.

Unfounded optimism

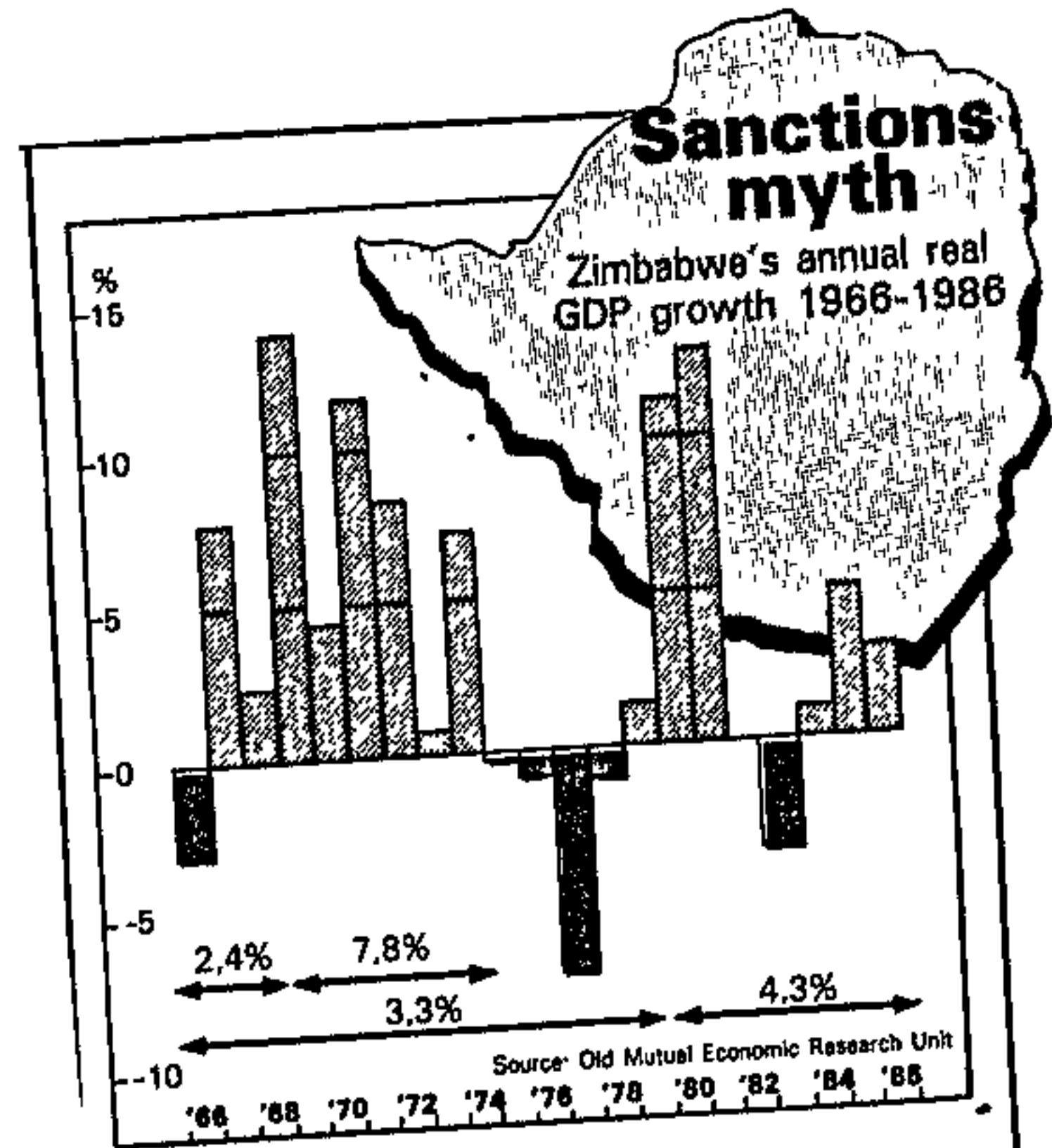
The perception, in some quarters, that economic sanctions would be ineffective — or even beneficial — is "profoundly mistaken," says Old Mutual chief economist Rob Lee. In the latest *Economic Monitor*, published by the Old Mutual Economic Research Unit, he points out: "Whatever the political dynamics, there should be no doubt that sanctions can only result, over the long term, in a reduction in overall living standards of potentially marked severity."

While some sectors and companies could benefit from import protection, any advantage to the community as a whole would be limited and temporary. Moreover, the protection conferred on specific sectors would result in reduced efficiency and higher prices because "protected industries are, by definition, uncompetitive," says Lee.

He believes that ill-founded optimism about the effects of a siege "demonstrates a basic misunderstanding about how the economy works." It is in line with pressure by government on the private sector to invest — at a time when utilisation of existing capital is way below capacity.

He believes that those who use the Rhodesian experience after UDI to substantiate their views are subscribing to a myth. The point is elaborated: "The reality is that Rhodesian economic performance, in terms of job creation and improving living standards over the whole period of UDI, was extremely poor" (see graph).

Growth immediately after UDI was part of a worldwide commodity price boom. Later it succumbed to drastic oil price increases



and the stagnatory effects of sanctions. Only with the lifting of economic siege in 1981 did the economy revive.

OAU may ban SA tourists

Cape Times 28/7/86 280

ADDIS ABABA. — The Organization of African Unity (OAU) yesterday adopted a loosely-worded resolution calling on black Africa to break all air and shipping links with South Africa.

"It's an important victory," said one delegate, who asked not to be identified by name or country. "This proposed action could include banning South African tourists and other such measures."

The OAU council of ministers, which adopted the resolution after an all-night session, also urged African, non-aligned and all "peace-loving" countries to take action against Britain — such as breaking diplomatic ties, sports boycotts and unspecified economic measures.

Such "concrete measures" would force Britain to impose sanctions against South Africa, the ministers said.

The resolution on South Africa does not make it mandatory for the 50 OAU members to heed the call for a break of air and sea links with Pretoria. It "urges all members states who have not yet taken measures for the total isolation of South Africa to do so".

It does not apply to Botswana, Lesotho and Swaziland, the three Southern African countries most dependent on South Africa.

The OAU is also to discuss the possibility of banning overflights by airliners bound from Europe and elsewhere to South Africa. This step could cost European airlines millions of rands.

The withdrawal of landing and refuelling rights would force the airlines to fly to South Africa in a single hop.

British Airways, whose 747s are relatively old, might be forced by such a ban into buying new aircraft.

● Zimbabwe and Zambia meanwhile have called for the expansion of a joint trade committee to examine ways of increasing bilateral trade and the effects of possible sanctions against South Africa on their economies, Ziana news agency reports.

And according to a report in London's Sunday Telegraph, a huge international relief operation and airlift would be needed to help frontline states if Pretoria was "driven into the laager" by punitive sanctions and then retaliated.

The Cape Times's correspondent in London reports that the newspaper's diplomatic correspondent said South Africa could be expected to close sea ports with rail routes and roads to the black states, cutting drastically their imports, exports and food supplies.

About 350 000 migrant black workers would be sent home.

Analysts say relief from the United States, Britain and the rest of the West might be necessary for several years. An airlift much bigger than the Berlin operation of 1948 would be needed to ferry supplies to land-locked areas.

Buyer

During 1984-5, South Africa handled six million tonnes of traffic to and from seven neighbouring countries. More than 2.4 million tonnes of this were South African exports, 1.6 million tonnes were goods sold to Pretoria and the remaining two million were the neighbouring states' overseas trade.

Pretoria is a leading buyer of produce and minerals from the surrounding region, selling in exchange manufactured goods, maize and grain.

Pretoria is Zimbabwe's biggest trade partner while Zambia

uses South Africa's railways, ports and transport services for a quarter of its exports and 35 percent of its imports.

Lesotho had 138 443 people, more than half its work force, employed in South Africa in 1984. Their remittances were worth about 40 percent of its national product.

Mozambique bought 12 percent of its imports from South Africa in 1984.

● In Nairobi, Kenya, the World Methodist Council, attended by delegates from 90 countries, called at the weekend for comprehensive economic sanctions against South Africa "to make possible a less violent resolution of the South African tragedy".

Change

The 500-member council adopted a 10-point resolution listing ~~steps~~ which it said were needed "to bring about a positive change and to establish a free and just society in South Africa".

The council's action was endorsed in a virtually unanimous vote by the 2 500 people attending the 15th World Methodist Conference, a spokesman said.

Some members of the delegation from the Methodist Church of Southern Africa abstained from voting, the spokesman added.

The resolution called for Methodist organizations to pull their funds out of companies or banks with interests in South Africa and to urge their governments to impose sanctions.

It also called for the unconditional release of Mr Nelson Mandela, a lifting of the state of emergency and an immediate end to apartheid.

The delegates are to be addressed today by Bishop Desmond Tutu and the Rev Peter Storey of the Methodist Church in South Africa. — Sapa-Reuters-AP and UPI

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The Natal Mercury, F

Sanctions battle grows after speech denounced

Simon Barber
WASHINGTON—
Spurred on by President Reagan's bitterly denounced policy speech on South Africa, the battle for sanctions was formally joined on the Senate floor yesterday as Sen Edward Kennedy

introduced a broad array of sanctions chiefly aimed at South African whites.
Angrily rejecting Mr Reagan's anti-sanctions plea, Sen Kennedy said: 'It is now up to the Senate to write a new anti-apartheid policy for the future.'
The new measures, which the senator called 'in essence the proposals en-

dorsed by the Eminent Persons Group', were less severe than the sweeping disinvestment and trade embargo Bill passed by the House of Representatives, and were designed to develop a consensus position with enough support to make it proof against a presidential veto.
The softening also indicated that Secretary of State George Shultz, in his

appearance on Wednesday before the Senate Foreign Relations Committee, had had some success in cooling emotions stirred up in the Senate by President Reagan's Tuesday speech.
It was unclear when the measures would come to a vote.
Senate Majority Leader Robert Dole said he was anxious to pass the debt measure without the Ken-

neddy amendment, but Sen Kennedy said he would only withdraw it in return for Mr Dole setting a date for a full-scale sanctions debate before Congress went into recess on August 15.
Sen Richard Lugar, chairman of the Senate Foreign Relations Committee, which on Wednesday was winding up three days of hearings on South Africa, said he was ready to have his committee vote on sanctions legislation as early as next Tuesday or Thursday. He admitted, however, that even that might be too late.
'The fat may already be in the fire,' he said. In which case, he would be willing to consider Sen Kennedy's proposal, and others, on the Senate floor without prior committee deliberation.
The Kennedy plan, which was cosponsored by his liberal Republican ally, Sen Lowell Weicker, comprises a list of about 20 measures.

These include ending South African landing rights in the US, denying SA citizens access to US visas through American consulates in South Africa, and hampering efforts by South Africans to send funds overseas — all of which were suggested by Eminent Persons Group co-chairman Malcolm Fraser at a Capitol Hill forum chaired by Sen Kennedy on Monday.

Norway now set for trade ban

OSLO—Norway's Labour Government now had the parliamentary majority needed to impose a full ban on trade with South Africa, including oil shipments to the country on Norwegian ships, political sources said yesterday.

Labour Government's call for a full trade boycott to protest against Pretoria's apartheid policies.
'We can no longer take Norway's special interests into consideration in light of the painful, deteriorating situation in South Africa,' he said.

The move gives Labour enough votes to approve comprehensive trade sanctions against South Africa

when the proposal is put before Parliament early this autumn, according to political observers.
Prime Minister Gro Harlem Brundtland told reporters yesterday the Government was drafting regulations that would seek to cut all remaining economic ties with South Africa, including crude-oil shipments to the country on Norwegian-registered tankers and ore imports to Nor-

way's ferro alloys industry.
Shipping sources in Oslo estimate that about 30% of South Africa's oil imports are delivered by Norwegian ships.
Conservative Party leaders say that unilateral trade sanctions by Norway can only be effective if backed by similar action in the United States, Britain and West Germany. — (Sapa-Reuter)

There is a ban on certain South African commodity imports, including agricultural and food products, coal, steel and uranium, but excluding strategic minerals.
In addition, the proposal co-opts language from Sen Nancy Kassebaum's Bill, barring loans either to the SA Government or private sector, as well as all new investment in South Africa.
Most of the sanctions would be lifted immediately upon the release of Nelson Mandela

support the minority

University votes ²⁸⁰ for divestment ^{DD 2/7/86}

SEATTLE — University of Washington regents have voted to sell the university's holdings in companies doing business in South Africa, saying recent events had convinced them to divest.

"We're pleased it's finally behind us," one of the regents, Mr Samuel Stroum, said "I think the regents have many (other) important issues to face at the university."

About 35 sign-waving, chanting students celebrated after the 6-3

vote which followed years of demonstrations at the campus. The regents also agreed not to purchase any more stock in companies doing business in South Africa.

"I'm overwhelmed. It's the perfect example of the power of student pressure at the university," said a leader of Students Against Apartheid, Mr Philip Goldman.

In January, the regents voted 7-1 against a similar resolution. — Sapa-AP

R12-m gap in battery market after pullout

Financial Staff

The departure of Duracell Batteries from South Africa has left a R12 million gap in the local battery market which should provide some relief to the remaining companies.

Apart from Everready, which has the major share of the market, National Panasonic is also in the market, which according to Everready's marketing manager, Mr Alf Hicks, has been declining over the last couple of years.

Yesterday, Duracell Batteries, whose parent company is based in Britain, announced plans to close down its operations in South Africa after the low rand exchange rate coupled with the import surcharge had totally eroded the company's viability.

Mr Hicks agreed that

the dependance of the alkaline battery industry on overseas raw materials was exerting a lot of pressure on local companies but added that Everready had done everything to cut down overheads as well as embarking on a local content programme.

"While volumes are marginally down, I would ascribe this largely to the trend towards better performance products. We are confident of the future of the South African battery market and have no intention of pulling out of a market in which we have operated successfully for over 50 years," he said. He added that Everready, which is wholly owned by the UK based Everready group, has not been pressurised by anti-apartheid groups to pull out of South Africa.

N/M 25/7/86 (280)

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R2,5 billion has left S A, says Shultz

JOHANNESBURG—More than \$1 billion (about R2,5 billion) had left South Africa since May last year because of pressure by the marketplace, the United States Secretary of State, Mr George Shultz, said yesterday.

Mr Shultz, speaking from Washington on a satellite link-up to journalists in Johannesburg, Brussels, London, Rome and Ottawa, said the U S had a programme of sanctions already in force but would consider other measures if that was the decision of other nations who had a large sphere of influence in South Africa.

The Secretary of State said President Reagan had given

an unmistakeable message that apartheid was finished and must be replaced.

'There is violence that must be brought under control. The present state of emergency has gone on long enough. We have to look towards negotiation where all the parties at the conference forswear violence,' he said.

If the African National Congress negotiated it must forswear violence and 'do away with those horrible necklace killings', Mr Shultz said.

When asked if he knew that many South African black organisations felt that the Reagan Administration was a friend of apartheid, Mr Shultz replied: 'I have heard it said, but it is a misrepresentation and misleading.'

In answer to a question about a U S package of further sanctions against South Africa, Mr Shultz said that from May 1985 to March this year there 'has been a capital flight of over \$1 billion'.

'There is no new investment. There is disinvestment,' he said.

'The actions of the South African Government and the violence following them is putting people off,' Mr Shultz said, adding that it was this disenchantment by business that had prompted disinvestment.

He added: 'Businesses from the United States and the Western countries should be supported in their attempts to break down apartheid. They are developing employment opportunities for blacks. They are supporting educational programmes. We should be supporting them and not censuring them.'

'The U S has very strongly enforced regulations on supplying arms to South Africa.'

'We have a very strong stand on the sale of computer supplies to the Government and a ban on the sale of Krugerrands,' Mr Shultz said, adding that if any new measures were to be introduced against South Africa they should be done on a 'co-ordinated basis' with other nations.

Mr Shultz said the U S Government had been in contact with the African National Congress (Sapa)

Tricky summit for OAU

Sanctions against South Africa, together with Africa's attempts to pull itself out of a deep economic and ecological crisis, will dominate the Organisation of African Unity summit which starts in Addis Ababa on Sunday.

Superficially, the two issues are unrelated.

Unfortunately for Africa, victory on the sanctions issue will almost certainly mean that much of the money that would have been committed to Africa's recovery will be diverted to either enforcing sanctions or to compensating South Africa's neighbours for the impact sanctions will inevitably have on them and on their people.

Apart from anything else, the campaign for sanctions against South Africa will involve bitter criticism of the three developed countries which will have to make the greatest contribution to Africa's economic recovery: the United States, Great Britain and West Germany.

Next week's summit follows the 1985 OAU session which drafted Africa's Priority Programme for Economic Recovery (APPER) and the special United Nations General Assembly session earlier this year devoted to Africa's economic situation.

While the rich nations promised less money than Africa expected, the circumstances which led to APPER and the special General Assembly session prompted a number of observers to conclude that, at last, there was a glimmer of light at the end

By John D'Oliveira, Editor of
The Star's Africa News Service

of Africa's dark economic tunnel.

However, the tunnel remains a long one.

The most recent study by the World Bank has shown that Africa would need at least \$11 billion in annual "concessional aid" until 1990 if the continent was to have any hope of economic recovery.

The World Bank pointed out that current aid totalled \$8.5 billion annually, leaving a gap of \$2.5 billion.

Because the rich nations did not guarantee to bridge this gap at the special General Assembly session (they promised only to do "everything possible" to help), Africa's leaders in Addis Ababa will still face something of an economic crisis.

However, they will also have to consider at least one proposal that will further drain Africa's already meagre resources and, of course, they will discuss sanctions against South Africa.

Mr Robert Mugabe, the Zimbabwean Prime Minister, has already said that he will propose at the summit the creation of a pan-African army which would be charged — initially — with protecting black states in Southern Africa against South African

destabilisation and aggression.

If the army is to be effective, if it is to be adequately equipped to offer real resistance to the powerful South African Defence Force and if it is to become operational within a reasonable time, it will cost billions of dollars.

This is money which Africa can ill afford and, already, the Reagan Administration has made clear its opposition to the proposed force.

The OAU summit could coincide with a European Economic Community decision to impose sanctions on South Africa and it will certainly strengthen the determination of most Commonwealth nations to apply their own sanctions.

So the OAU must consider how its member states in Southern Africa can be helped to survive various sanctions packages.

The South African Government has already warned the world that the imposition of further punitive sanctions would force South Africa to send home workers from neighbouring states and to curtail, or even end, access to the South African infrastructure.

Even if South Africa does not retaliate against her neighbours as a result of sanctions, Southern Africa will be hard hit by any further deterioration in the South African economy.

It is conceivable that tougher economic sanctions, greater international isolation and increased activity by the African National Congress, the Pan Africanist Congress and the South West African People's Organisation, will provoke increased South African aid to Unita rebels in Angola, renewed military aid to the Mozambique National Resistance (MNR) and possible aid to dissidents in both Zambia and Zimbabwe.

The future in Southern Africa is almost impossible to predict.

However, there are a few near certainties. The most important of these is that the situation will become more tense, and thus more expensive, for the countries in the region.

There is only one source for the massive additional aid that will be required — the developed countries of the West — and the money available for all forms of aid is not infinite.

Ultimately and inevitably, the greater the economic pressure that Africa can persuade the West to apply to South Africa, the less money sub-Saharan Africa will have for its economic recovery and the longer that recovery will take.

The Star Friday July 25 1986

Ford's SA future depends on change

By Jeremy Sinek

DETROIT — In future there could be real constraints placed on Ford's ability to do business in South Africa. That is the view of Mr Lindsey Halstead, Ford's US vice-president with responsibility for the company's South African interests.

Speaking to a group of South African journalists in Detroit, Mr Halstead said: "Despite some very positive actions in South Africa that we would not have conceived of three years ago, the gap between what people want to see happen, and expect to see happen, is wider rather than narrower."

He said there had to be substantially more change. "A year ago, if asked whether Nelson Mandela should be released, I would have said 'no'. Today, I think it's an absolute prerequisite."

Of Ford's continuing presence in South Africa, he said he believed the country was better off for Ford being there than if it were not.

Although from a business point of view, Ford had achieved its objectives since the Sancor merger, the political outlook had become less favourable, and damage done to consumer confidence was having a direct bearing on whether people buy cars.

Mr William Broderick, a director of Ford's Governmental Relations staff, said the US Chamber of Commerce in South Africa had outlined very specific points that needed to be addressed.

"How it gets resolved in some kind of political compromise is a job for South Africans to work out, not for the American people to dictate, even though they think they know what the answers ought to be."

"We don't, but we certainly know the process doesn't begin with the kind of negative actions we've seen so far from the Government," he said.

SA violence must stop — Shultz

JOHANNESBURG — The violence in South Africa had to stop if negotiation were to take place, the United States Secretary of State, Mr George Shultz, said yesterday.

Mr Shultz, speaking from Washington on a satellite link-up to journalists in Johannesburg, Brussels, London, Rome and Ottawa, said the US had a programme of sanctions already in force but would consider other measures if that was the decision of other nations which had a large sphere of influence in South Africa.

He said President Ronald Reagan had given an unmistakable message on Tuesday that apartheid was finished and must be replaced.

"There is violence that must be brought under control. The present state of emergency has gone on long enough. We have to look towards negotiation where all the parties at the conference forswear violence," he said.

If the African National Congress negotiated it must forswear violence and "do away with those horrible necklace killings," Mr Shultz said.

He said the ANC's "armed and violent action" was militating against a negotiated settlement to the South African problem.

The US Government had been in contact with the ANC in a third country, not the United States — and the contact is ongoing.

The US was aware of the risks involved in the release of Nelson Mandela but "we think the risks are worth it in respect of Nelson Mandela."

When asked if he knew that many South African black organisations felt that the Reagan administration was a friend of apartheid, Mr Shultz replied: "I have heard it said, but it is a misrepresentation and misleading."

In answer to a question about a US package of further sanctions against South Africa, Mr Shultz said that from May 1985 to March this year there had been a capital flight of one billion dollars.

"There is no new investment. There is disinvestment."

"The actions of the South African Government and the violence following them is putting people off." It was this disenchantment by business that had prompted disinvestment.

He added: "Businesses from the United States and the Western countries should be supported in their attempts to break down apartheid. They are developing employment opportunities for blacks. They are supporting educational programmes. We should be supporting them and not censuring them."

● It is reported from Washington that President Reagan indicated yesterday that new, limited sanctions might be ordered against South Africa.

President Reagan, on a campaign trip in Columbia, South Carolina, did not elaborate, but his spokesman, Mr Larry Speakes, said the administration might take additional steps if the South African Government refused to move away from apartheid.

President Reagan said he might consider new sanctions in concert with allies, said: "We haven't closed any doors."

Mr Speakes said President Reagan had always stressed that he was opposed to "punitive, economic sanctions".

"There are other sanctions that are not punitive economic sanctions," Mr Speakes said. "Such steps might include denial of landing rights in the United States for South African planes." — Sapa-AP.

UK-SA-COMMONWEALTH ROW

Embroidering the Queen

Buckingham Palace denials failed to cool speculation in Britain this week that the Queen intervened in the row between Premier Margaret Thatcher and the rest of the Commonwealth over sanctions against SA.

The Commonwealth Games in Edinburgh — which Prince Philip opened and the Queen will close — was rapidly turning into a debacle. The number of flags missing from the stadium numbered 25 as the *FM* went to press. And while Zambia remained alone in its threat to quit the 49-nation club altogether (as in 1966 over Rhodesia), fears that others might do the same commanded large, if unsubstantiated, headlines.

What the Queen said to Thatcher at their recent weekly meetings is a secret. But by common consent the acknowledged frankness of these meetings made unthinkable that, as Queen of Great Britain, 17 other countries and titular Head of the Commonwealth, she would not have expressed some concern over developments.

The modern Commonwealth is a product of the Queen's 34-year reign and her commitment to the "family of nations" has always successfully overridden inter-government political squabbles. And since the Eminent Persons Group (EPG) report on SA, the Queen has had several meetings with Commonwealth Secretary General Shridath Ramphal and representatives of member states.

Ramphal was being blamed in some quarters for inspiring the rash of "constitutional clash" stories which appeared in the UK press last week. Others, however, attributed them to Deputy Prime Minister Lord White-law, linking him to division within the Cabinet over Thatcher's seemingly intractable stance against comprehensive or punitive sanctions against SA. Naturally both claims were denied. The rightwing *Sunday Times*, quoting "unimpeachable sources," attracted most of Buckingham Palace's wrath.

Under sensational headlines — "Queen dismayed by 'uncaring' Thatcher" and "The African Queen at odds with No 10" — it claimed the Commonwealth-South African issue was but one of a series of differences between the sovereign and the prime minister. And the equally conservative *Sunday Telegraph* only added credence to the matter by saying the Queen, determined to avoid a constitutional crisis, was making it clear to Commonwealth leaders she was not taking sides against Thatcher — worried though she might be about the club's unity.

Peregrine Worsthorne, *Sunday Telegraph* editor, went further in a signed leader which concluded. "It is not Mrs Thatcher who should be warned not to take risks with the

Commonwealth. It is the Queen who should be warned not to take risks with the Crown. God save the Queen from her new friends" — a reference to "her beloved Commonwealth leaders, some of whom disgust the British public not one jot less than President (P W) Botha."

So has the Queen at least influenced the situation? Ramphal has moderated his position towards the outcome of the Commonwealth mini-summit next month to consider the EPG report. He now believes "there is a point between comprehensive sanctions and mere gestures at which Commonwealth leaders can meet." (The snider of his critics also point out that if the Commonwealth disintegrates so, too, does Ramphal's \$80 000 a year job and his position on the international stage.)

And last week Sir Geoffrey Howe, Foreign Secretary, said in parliament that if his European Economic Community (EEC) mission to SA this week failed, "I would regard agreement on further measures (against SA) as likely to be necessary."

The following day Thatcher — who has



Queen Elizabeth ... seems to have influenced the situation

been reminded that the Commonwealth's total support for her during the Falklands War was mobilised by Ramphal — followed that statement up. Answering questions in parliament, she repeated there was nothing automatic about the further steps outlined in the Commonwealth Nassau Accord (which launched the EPG) or the EEC's communique at The Hague summit. They were there to be considered as a contingency if negotiations collapsed.

But in a shift of emphasis from her previous denunciations of "immoral" trade sanctions, Thatcher said: "We have faithfully carried out the Commonwealth accord and will also faithfully carry out the EEC

statement. It is important, as we have made clear, that any action which is taken should be considered not only by the Commonwealth and the EEC, but by all the western industrialised countries."

The strands that were pulled together in Washington, London and Tokyo were likely to emerge this week. President Ronald Reagan, after talks with Howe, was delivering a new statement on US policy towards SA. And fresh from a meeting of EEC foreign ministers, Howe was due to land in SA with his message for President Botha.

STANCHIA

Another bid?

The possibility of a new takeover bid for Standard Chartered Bank (Stancha), following its escape from the clutches of Lloyds last week, is not being ruled out in London.

As the *FM* went to press, the Stancha board was meeting to plan future strategy. Its first decision was expected to be to invite the three biggest investors — who came to the rescue — to join the board: Hong Kong shipowner Sir Y K Pao (14.9%), Australian tycoon Robert Holmes à Court (who upped his stake to over 8% at the end of last week), and Malaysia's Tan Sri Khoo Peck Tuat (5%) (*FM* July 18). The other development was the departure of Stancha's finance director Stuart Tarrant, who was reported to have changed his mind in the final stages of the bid battle and sided with a link with Lloyds.

Other plans under immediate discussion by Stancha include a listing on the Tokyo Stock Exchange and the local incorporation of its Hong Kong business and Californian subsidiary, Union Bank, which has just turned in half-year pre-tax profits up 15% to \$24.6m. Any decision about the 39% holding in Stanbic is expected to be deferred. Stancha CE Michael McWilliam was talking last week about reducing the stake to the 20%-25% range — and Liberty Life, with its 1.5% of Stancha, has first option of any disposal. He emphasised, however, that with the financial rand so weak, Stancha is in no hurry.

Meanwhile, speculation centres on the intentions of the troika who, with nearly 28%, have it in their power to hand Stancha over to a new bidder virtually on a plate. Holmes à Court picked up another million shares, lifting the price off its post-bid lows to 744p. Brokers close to Holmes à Court say the Australian still thinks Stancha (with a net asset worth of just over 1 000p) is underval-

24/7/8

Zimbabwe MPs clash over SA sanctions

The Star's Africa
News Service

HARARE — Zimbabweans, who opposed sanctions against South Africa were being disloyal and were reneging on their citizenship, Parliament was told yesterday during a heated debate.

Information Minister Dr Nathan Shamuyarira and the Minister of Justice, Dr Eddison Zvobgo, lashed out at members of Mr Ian Smith's Conservative Alliance who warned that sanctions would ruin Zimbabwe.

Dr Zvobgo accused them of acting as agents of Pretoria.

Dr Shamuyarira said it was crucial that all members of Parliament supported the Prime Minister, Mr Robert Mugabe, in his call for sanctions. Those who did not would be reneging on their citizenship.

A deputy minister, Mr Alexio Mudzingwa, said even if sanctions meant mass unemployment, the country was prepared to carry the burden.

A Conservative Alliance member, Mr Des Butler, said sanctions were tantamount to a declaration of economic war.

"Do we need or wish for war? Zimbabwe should be pragmatic," he said.

Battery company to close

By Michael Chester

Duracell Batteries, whose parent company is based in Britain, today announced plans to close down its operations in South Africa.

Redundancy notices will start going out to the labour force of between 65 and 80 employees tomorrow. The closure is likely to take six months to complete.

General manager Mr John Klette said:

"Our business is entirely dependent on imported products from Europe.

"The dramatic continuing fall in the rand, coupled with the import surcharge, has totally eroded our viability.

"We see no prospect of these circumstances improving in the foreseeable future."

Shultz reopens door to sanctions

Natal Mercury

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Simon Barber

WASHINGTON—Appearing before a deeply hostile Senate Foreign Relations Committee, Secretary of State George Shultz yesterday reopened the door to sanctions against South Africa which President Reagan slammed shut on Tuesday.

At the same time he painted a detailed and nightmarish picture of the South African economy, hoping to convince Congress that disinvestment legislation was now unnecessary because Pretoria was inflicting sanctions on itself more devastating than any that could be imposed by foreign governments.

He confirmed that he was ready to meet ANC president Oliver Tambo, whose organisation he described in far less critical terms than the President used in his policy speech.

In carefully worded testimony, Mr Shultz made it clear that the U S would be prepared to fall in behind the EEC and the Commonwealth if they decided to take further measures against Pretoria — so long as those measures were carefully targeted to avoid hurting black South Africans and neighbouring states.

The international consultations we have begun and our own review process, as well as our gauging of S A Government intentions, will all come to a conclusion in September, when further exchanges with our key allies will cap the process of co-ordination between us, he told the committee.

He noted that the allies were discussing a range of options.

But he remained opposed to new economic pressure because S A was already under siege by self-imposed economic sanctions.

Painting that mess in graphic detail, Mr Shultz noted that nearly 200 corporations are in various stages of disengagement from the S A economy, and that capital flight, about \$1 billion between September 1985 and March of this year, was accelerating.

Eroding

The rand showed 'no sign of recovery', S A's reserves were now the equivalent of one month's imports, 95% of its 1986 debt service payments had had to be re-scheduled, more than 40 000 whites had lost their jobs between March 1985 and March this year, and in spite of negative real interest rates, real borrowing had fallen and rates of investment are so low that they cannot cover the depreciation of plant and equipment.

Current developments, Mr Shultz concluded grimly, are in fact eroding the capacity of any future S A government to address the country's problems (and) are looting S A of the patrimony on which its reconstruction in the post-apartheid era must rest.

16 US companies pull out

Economics Reporter

US CORPORATE disinvestment from SA operations remains active, but the pace has dropped off slightly from that of last year, says a US research group.

Washington-based Investor Responsibility Research Centre (IRRC) research analyst Alison Cooper says 16 US companies have pulled out of SA so far this year. In 1985, 39 companies sold or shut down operations.

The latest disinvestments leave 257 US companies with some investment still in SA.

Cooper said the largest employers to leave this year were General Electric, with 700 workers, and VF Corporation, with 900. General Electric sold its subsidiary to management in April for an undisclosed amount; VF sold its 51% inter-

est in Berkshire International to local investors for R1m in January.

Other US companies to disinvest this year were: Ashland Oil, Cooper Industries, Eaton Corporation, GTE, Kidder Peabody, MacMillan, PennWalt, Phillips Petroleum, Manpower, WR Stamler, Applied Power, Stanley Works, CBS and Bell & Howell.

Cooper said the US Commerce Department had estimated American corporate investment in SA at \$1,3bn at the end of 1985, down from a peak of \$2,6bn in 1981.

In Johannesburg, US Information Agency director Harvey Liefert could not confirm the IRRC numbers, but said they were probably accurate.

Shultz favours common approach

US reopens door to SA sanctions

SIMON BARBER and
HAMISH McINDOE

APPEARING before a deeply hostile US Senate foreign relations committee, Secretary of State George Shultz yesterday reopened the door to sanctions against SA which President Ronald Reagan slammed shut on Tuesday.

But in SA, British Foreign Secretary Sir Geoffrey Howe emerged from his first round of "peace mission" talks with President P W Botha to warn that outsiders had to proceed with caution if they wanted to successfully press for change.

Howe urged the free world to seize the opportunity to nudge SA towards peace and reconciliation.

However, Shultz painted a detailed and nightmarish picture of the SA economy, hoping to convince Congress that disinvestment legislation was now unnecessary because Pretoria was inflicting sanctions on itself more devastating than those that could be imposed by foreign governments.

He confirmed that he was ready to meet African National Congress (ANC) president Oliver Tambo, whose organisation he described in far less critical terms than Reagan used in his controversial policy speech.

In carefully worded testimony, Shultz made it clear that the US would be prepared to fall in behind the European Community (EC) and the Commonwealth if they decided to take further measures against Pretoria — as long as those measures were carefully targeted to avoid hurting black South Africans and neighbouring states.

Shultz said: "We have our own ideas and are prepared to join our allies in formulating a common approach."

And he indicated a willingness to accept a landing rights ban.

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US reopens sanctions door

Shultz noted that "nearly 200 corporations are in various stages of disengagement from SA" and that capital flight, "about \$1bn between September 1985 and this March", was accelerating.

The rand showed "no sign of recovery", SA's reserves were now the equivalent of one month's imports, 95% of its 1986 debt service payments had had to be rescheduled, more than 40 000 whites had lost their jobs between March 1985 and this March, and despite negative real interest rates, real borrowing had fallen and "rates of investment are so low that they cannot cover the depreciation of plant and equipment".

Shultz predicted higher levels of unemployment as SA failed to meet the 5% growth rate needed to accommodate its 250 000 new job-seekers each year. And

he foresaw deepening recession as the "siege economy increases the size and cost of government at the expense of productive economic activity and the tax bases".

After day-long talks in Pretoria, Howe confirmed he had delivered the EC's mandate to Botha.

He said he wanted to make it clear at the outset he regarded yesterday's exchanges with the SA Government as confidential, and skirted questions on the specific contents of his talks.

Detailing his approach to the talks, he said he was seeking acceptance for the case for dialogue and to help nurture the seeds of reconciliation so that they could take root and flourish.

OAU talks on sanctions

SANCTIONS against South Africa, together with Africa's attempts to pull itself out of a deep economic and ecological crisis, will dominate the Organisation for African Unity summit which starts in Addis Ababa on Sunday. Superficially, the two issues are unrelated.

Unfortunately for Africa, victory on the sanctions issue will almost certainly mean that much of the money that would have been committed to Africa's recovery will be diverted to

either enforcing sanctions or to compensating South Africa's neighbours for the impact sanctions will inevitably have on them and on their people.

Campaign

Apart from anything else, the campaign for sanctions against South Africa will involve bitter criticism of the three developed countries which will have to make the greatest contribution to Africa's economic recovery: the United States, Great Britain

and West Germany.

Next week's summit follows the 1985 OAU session which drafted Africa's Priority Programme for Economic Recovery (APPER) and the special United Nations General Assembly Session earlier this year devoted to Africa's economic situation.

While the rich nations promised less money than Africa expected, the circumstances which led to APPER and the special General Assembly Session promp-

ted a number of observers to conclude that, at last, there was a glimmer of light at the end of Africa's dark economic tunnel.

However, the tunnel remains a long one.

Long one

The most recent study by the World Bank has shown that Africa would need at least 11 billion United States dollars in annual "Concessionary Aid" until 1990 if the continent was to have any hope of economic recovery.

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Nafcoc meets Sir Geoff

A DELEGATION from Nafcoc led by its president, Dr Sam Motsunyane, met British Foreign Secretary, Sir Geoffrey Howe, yesterday in Pretoria.

Nafcoc told him it would like to see an urgent reversal of the trend towards repression in South Africa to a creation of greater freedom for all.

Nafcoc told Sir Geoffrey this could only come about if:

- Nelson Mandela and all political prisoners were released;
- The ANC and PAC were unbanned; and
- The Government began serious negotiations to formulate a new constitution.

Nafcoc told Sir Geoffrey that the South African Government was aware of these demands from all major black organisations in the country but was apparently reluctant to accede to them.

Nafcoc told Sir Geoffrey they believed the intention of sanctions was to expose the white community to the "profound suffering which blacks had to bear for a long time.

"Sanctions are seen by many blacks as the last peaceful option which can be applied to bring about the ultimate dismantlement of the apartheid system in the country," said Nafcoc.

"Against this background, Nafcoc's policy has been based on conditional investment which implied that investment in the country had to have a moral responsibility and take account of upgrading skills as well as improving the general level of living of blacks."

Nafcoc informed Sir Geoffrey that its policy on foreign investment was likely to change dramatically at its summit meeting in October if the Government of South Africa was not seen to be taking bold strides towards imple-

Shultz pleads with US Congress on SA

WASHINGTON — The US Secretary of State, Mr George Shultz, pleaded yesterday not to bind President Ronald Reagan's administration in a "strait-jacket of rigid legislation" aimed at punishing the South African Government.

Mr Shultz told the Senate foreign relations committee that a bill passed by the House of Representatives calling for complete US disinvestment from South Africa amounted to "a declaration of economic war" that would "end our capacity to have any positive influence on the struggle for justice and human rights in Southern Africa".

"Other legislation, although less extreme, would similarly weaken our ability to have a positive effect on what happens in South Africa," Mr Shultz said.

Mr Shultz's statement came a day after President Ronald Reagan delivered a speech on US policy towards South Africa. In the address, President Reagan denounced apartheid but refused to seek sanctions against South Africa.

Asked about President Reagan's reaction to criticism of his speech, White House spokesman Mr Larry Speakes said: "The President usually takes everything in stride."

"We know there's a lot of emotion on the issue," Mr Speakes said. "We know there are a lot of people who have strong feelings about it, a lot of members of Congress. They will vote their convictions. Whether or not we changed any minds remains to be seen."

Mr Shultz said he and President Reagan shared a sense of out-

rage at the situation in South Africa and were prepared to take action, with US allies, "to change the mix of our pressures — positive and negative — to meet the rapidly changing course of events in South Africa and to play an essential supporting role in advancing South Africans toward the objective of a decent, democratic, prosperous and civilised society for all who live there."

Mr Shultz did not spell out what steps the administration might be prepared to take.

"This is not a situation in which we can afford to be locked in a strait-jacket of rigid legislation, no matter how well intended or carefully drafted they are, to anticipate events that may or may not occur," he said.

"We feel strongly that the way to proceed is not

to take actions that assuage our indignation but aggravate the currently deteriorating situation in South Africa," he said.

He called on the South African Government to establish "a time-table for the elimination of all apartheid laws," to release all political prisoners, including Nelson Mandela, to arrange for the "unbanning of black political movements" and to end repressive measures, especially the current state of emergency.

He also urged black South Africans "to avoid the easy descent into violence, terrorism and extremism" and to "demonstrate by their actions that they understand the need for compromise."

Mr Shultz was expected to undergo tough questioning later in the hearing.

Foreign threats will send us to laager, says Pik

PRETORIA — South Africa would be obliged to "withdraw into the laager... if foreign intervention and threats continue," the Minister of Foreign Affairs, Mr. Pik Botha, said.

This would be the only way "to maintain the values which the West claims to uphold".

In a statement welcoming the United States President, Mr Ronald Reagan's latest policy statement on South Africa, Mr Botha said the government accepted Mr Reagan's "sincere desire" for a constitution which would give all communities a say in governing the country.

"The South African Government welcomes President Reagan's stand that the government is under no compulsion to negotiate the future of the country with any organisation which proposes a communist regime and which uses terrorism to bring this about.

"The government also welcomes President Reagan's condemnation of the deeds of terror committed in South Africa by Russian-armed elements of the ANC.

"President Reagan's exposition of the suffering which will be felt by the countries of Southern Africa if economic punitive measures are implemented against South Africa is, broadly speaking, correct. But his figures do not reflect the total extent of the catastrophic consequences.

"It is encouraging that President Reagan acknowledges the dramatic changes brought about under the leadership of President Bo-

tha," Mr Botha said.

The government had repeatedly invited "the leaders of all communities" to negotiate a peaceful solution to South Africa's problems.

Negotiations could only take place in a "climate where violence and intimidation are rejected".

"It is therefore regrettable that President Reagan condemned the measures taken by the South African Government to protect black citizens against violence and intimidation," Mr Botha said.

The Afrikaanse Handelsinstituut (AHI) also welcomed President Reagan's statement, saying it had been marked by a "balanced approach".

In a statement, the president of the AHI, Mr Christie Kuun, said Mr Reagan's awareness of the problems of Southern Africa, and South Africa in particular, gave his speech a "particularly responsible perspective of which all South Africans should take note".

The fact that Mr Reagan was harming the political future of his party with his standpoint should be of encouragement and support to all parties in South Africa who were making an honest attempt to find a meaningful solution to the country's problems.

Mr Reagan's explicit standpoint that South Africa had to find its own solution, was welcomed, Mr Kuun said.

The leader of the Conservative Party, Dr Andries Treurnicht, said President Reagan had confirmed that South Africa need not be

blackmailed by threats of economic sanctions.

Dr Treurnicht said in a news release that the United States Government knew South Africa could survive economically without America.

"It is to be welcomed that America recognises South Africa's right to solve its own constitutional problems," he said.

The United Democratic Front said President Reagan was buying time for the present government.

In an unsigned statement to Sapa in Johannesburg yesterday the UDF also said Mr Reagan "pretends... to be highly critical of Pretoria and... his desperate attempt at staving off sanctions does not come as a surprise to us at all".

The UDF added: "After his support (even with weapons of death) for Unita in Angola and the Contras in Nicaragua, how can President Reagan attempt to convince us that he stands for peaceful change in South Africa?"

The chairman of the United Nations Anti-apartheid Committee lambasted President Reagan's speech, saying it could have been written by the white-led Pretoria government.

"I condemn it unreservedly," General Joseph Garba of Nigeria told reporters attending the Organisation of African Unity's foreign ministers' meeting in Addis Ababa.

The Norwegian Prime Minister, Mrs Gro Harlem Brundtland, said she was disappointed President Reagan did not call for economic sanctions against South Africa.

Reagan on South Africa

WASHINGTON - This is the full text of President Reagan's speech on South African policy, delivered at the White House.

I would like to express my appreciation to Leonard Marks, the World Affairs Council, and the Foreign Policy Association, for helping bring together this group today.

For more than a year now, the world's attention has been focused upon South Africa — the deepening political crisis there, the widening cycle of violence. Today, I would like to outline American policy toward that troubled republic and toward the region of which it is a part — a region of vital importance to the West.

The root cause of South Africa's disorder is apartheid — that rigid system of racial segregation, wherein black people have been treated as third-class citizens in a nation they helped to build.

America's view of apartheid has been, and remains, clear. Apartheid is morally wrong and politically unacceptable. The United States cannot maintain cordial relations with a government whose power rests upon the denial of rights to a majority of its people, based upon race.

If South Africa wishes to belong to the family of Western nations, an end to apartheid is a precondition. Americans, I believe, are united in this conviction.

Second, apartheid must be dismantled. Time is running out for the moderates of all races in South Africa.

But if we Americans are agreed upon the goal, a free and multiracial South Africa associated with free nations and the West, there is deep disagreement about how to reach it.

First, a little history. For a quarter century now, the American government has been separating itself from the South African government. In 1962, President Kennedy imposed an embargo upon military sales. Last September, I issued an executive order, further restricting US dealings with the Pretoria government. For the past 18 months, the marketplace has been sending unmistakable signals of its own. US bank lending to South Africa has been virtually halted. No significant new investment has come in. Some Western businessmen have packed up and gone home.

Now, we have reached a critical venture. Many in Congress and some in Europe are clamoring for sweeping sanctions against South Africa. The Prime Minister of Great Britain has denounced punitive sanctions as "immoral" and "utterly repugnant." Let me tell you why we believe Mrs. Thatcher is right.

The primary victims of an economic boycott of South Africa would be the very people we seek to help. Most of the workers who would lose jobs because of sanctions would be black workers.

We do not believe the way to help the people of South Africa is to cripple the economy upon which they and their families depend for survival.

Alan Paton, South Africa's great writer, for years the conscience of his country, has declared himself emphatically "I am totally opposed to disinvestment, he says. "It is primarily for a moral reason those who will pay most grievously for disinvestment will be the black workers of South Africa. I take very seriously the teachings of the gospels, in particular the parables about giving drink to the thirsty and food to the hungry ... I will not help to cause any such suffering to any black person." Nor will we.

Looking at a map, southern Africa is a single economic unit tied together by rails and roads. Zaire, in its southern mining region, depends upon South Africa for three-fourths of her food and petroleum. More than half the electric power that drives the capital of Mozambique comes from South Africa. Over one third of the exports from Zambia and 65 percent of the exports of Zimbabwe leave the continent through South African ports.

The mines of South Africa employ 13 000 workers from Swaziland, 19 000 from Botswana, 50 000 from Mozambique, and 110 000 from the tiny, land-locked country of Lesotho. Shut down those productive mines with sanctions, and you have forced black mineworkers out of their jobs and forced their families back in their home countries into destitution. I don't believe the American people want to do something like that. As one African leader remarked recently: southern Africa is like a zebra. If the white parts are injured, the black parts will die too.

Western nations have poured billions of foreign aid and investment loans into southern Africa. Does it make sense to aid these countries with one hand, and with the other, to smash the industrial engine upon which their future depends?

Wherever blacks seek equal opportunity, higher wages, better working conditions, their strongest allies are the American, British, French, German, and Dutch businessmen who bring to South Africa ideas of social justice formed in their own countries.

If disinvestment is mandated, these progressive Western forces will depart and South African proprietors will inherit, at fire sale prices, their farms and factories, plants and mines. How would this end apartheid?

Our own experience teaches us that racial progress comes swiftest and easiest, not during economic depression, but in times of prosperity and growth.

Our own history teaches us that capitalism is the natural enemy of such feudal institutions as apartheid.

Nevertheless, we share the outrage Americans have come to feel.

Night after night, week after week, television has brought us reports of violence by South African security forces, bringing injury and death to peaceful demonstrators and innocent bystanders.

More recently, we read of violent attacks by blacks against blacks. Then, there is the calcu-

lated terror by elements of the African National Congress: the mining of roads, the bombings of public places, designed to bring about further repression, the imposition of martial law, eventually creating the conditions for racial war.

The most common method of terror is the so-called "necklace." In this barbaric way of reprisal, a tyre is filled with kerosene or gasoline, placed around the neck of an alleged "collaborator," and ignited. The victim may be a black policeman, a teacher, a soldier, a civil servant; it makes no difference. The atrocity is designed to terrorise blacks into ending all racial cooperation — and to polarise South Africa as a prelude to a final, climatic struggle for power.

In defending their society and people, the South African government has a right and responsibility to maintain order in the face of terrorists. But by its tactics, the government is only accelerating the descent into blood-letting. Moderates are being trapped between the intimidation of radical youths and counter-gangs of vigilantes.

And the government's state of emergency went beyond the law of necessity. It, too, went outside the law by sweeping up thousands of students, civic leaders, church leaders and labour leaders, thereby contributing to further radicalisation. Such repressive measures will bring South Africa neither peace nor security.

It is a tragedy that most Americans only see or read about the dead and injured in South Africa — from terrorism, violence, and repression. For behind the terrible television pictures lies another truth: South Africa is a complex and diverse society in a state of transition. More and more South Africans have come to recognise that change is essential for survival. The realisation has come hard and late — but the realisation has finally come to Pretoria that apartheid belongs to the past.

In recent years, there has been dramatic change. Black workers have been permitted to unionise, bargain collectively, and build the strongest free trade union movement in all Africa. The infamous pass laws have been ended, as have many of the laws denying blacks the right to live, work, and own property in South Africa's cities.

Citizenship, wrongly stripped away, has been restored to nearly six million blacks. Segregation in universities and public facilities is being set aside. Social apartheid laws prohibiting interracial sex and marriage have been struck down. Indeed, it is because President Botha has presided over these reforms that extremists have denounced him as a traitor.

We must remember, as the British historian Paul Johnson reminds us, that South Africa is an African country as well as a Western country.

And, reviewing the history of that continent in the quarter century since independence, historian Johnson does not see South Africa as a failure: "only in South

Africa," he writes, "have the real incomes of blacks risen very substantially... in mining, black wages have tripled in real terms in the last decade ... South Africa is the only African country to produce a large black middle class. Almost certainly, there are now more black women professionals in South Africa than in the whole of the rest of Africa put together."

Despite apartheid, tens of thousands of black Africans migrate into South Africa from neighbouring countries to escape poverty and take advantage of the opportunities in the economy that produces nearly a third of the income in all of sub-Saharan Africa.

But South Africa cannot shift the blame for these problems onto neighbouring states — especially when those neighbours take steps to stop guerrilla actions from being mounted from their own territory.

If this rising hostility in southern Africa — between Pretoria and the

Front-Line states — explodes, the Soviet Union will be the main beneficiary. And the critical ocean corridor of South Africa, and the strategic minerals of the region would be at risk.

Thus, it would be historic folly for the United States and the West — out of anger and frustration — to write South Africa off.

Ultimately, however, the fate of South Africa will be decided there, not here. We Americans stand ready to help, whether South Africa emerges democratic, free, or takes a course leading to a downward spiral of poverty and repression will finally be their choice, not ours.

The key to the future lies with the South African government. As I urge Western nations to maintain communication and involvement with South Africa, I urge both not to retreat in the larger, not to cut contact with the West.

Americans and South Africans have never been enemies — and understand the app-

frica

hension and fear and concern of all your people. But an end to apartheid does not necessarily mean an end to the social, economic, and physical security of the white people in this country they love and have sacrificed so much to build.

To the black, "coloured," and Asian peoples of South Africa, too long treated as second- and third-class subjects, I can only say:

In your hopes for freedom, social justice, and self-determination, you have a friend and ally in the United States. Maintain your hopes for peace and reconciliation and we will do our part to keep that road open.

We understand that behind the rage and resentment in the townships is the memory of real injustices inflicted upon generations of South Africans. Those to whom evil is done, the poet wrote, often do evil in return.

But, if the people of sub-South Africa are to have a future — in a free country where the rights

of all are respected — the desire for retribution will have to be set aside. Otherwise, the future will be lost in a bloody quarrel over the past.

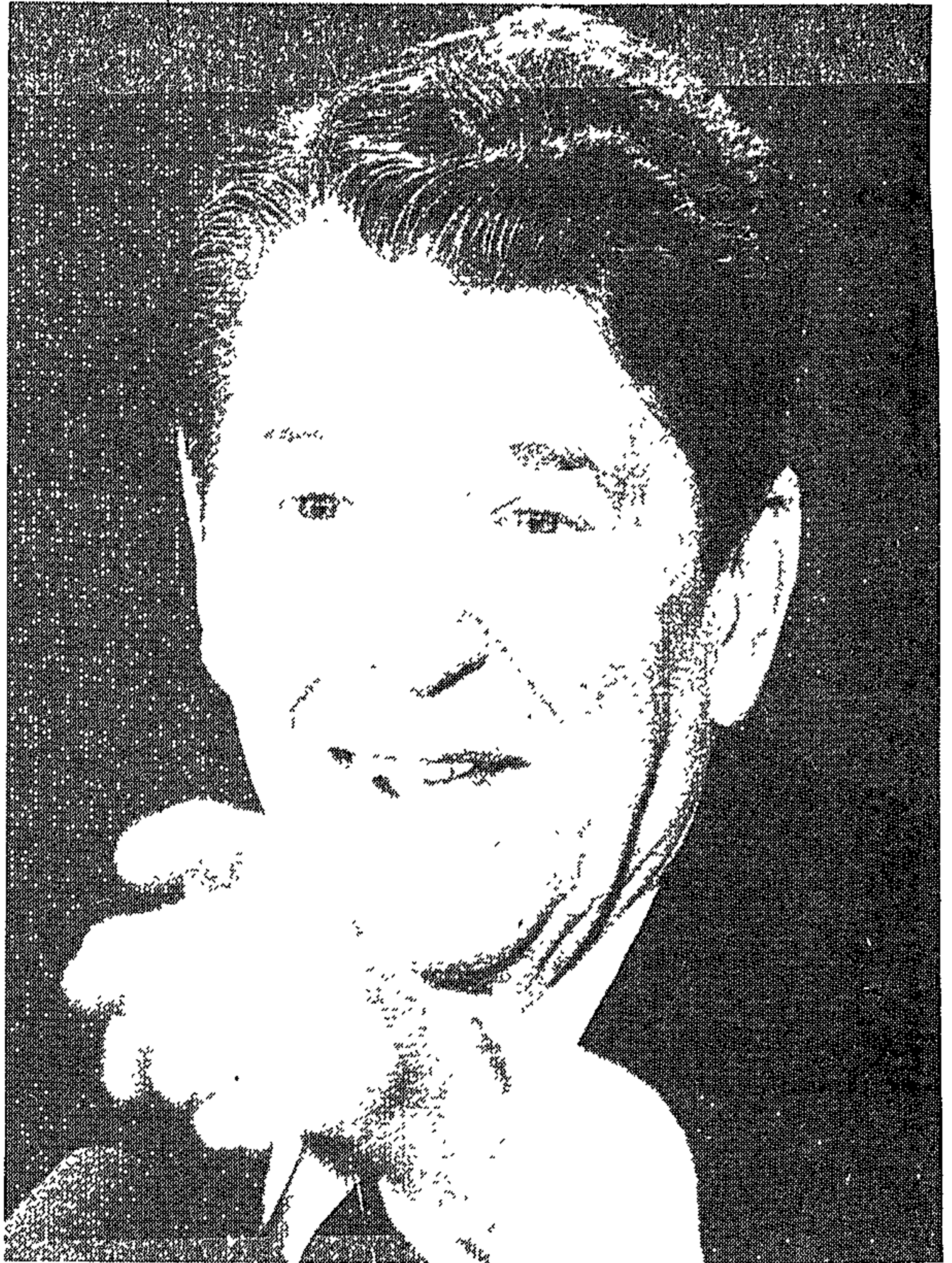
It would be an act of arrogance to insist that uniquely American ideas and institutions, rooted in our own history and traditions, be transplanted to South African soil. Solutions to South Africa's political crisis must come from South Africans themselves. Black and white, "coloured" and Asian, they have their own traditions. But let me outline what we believe are necessary components of progress toward political peace.

First, a timetable for elimination of apartheid laws should be set.

Second, all political prisoners should be released.

Third, Nelson Mandela should be released to participate in the country's political process.

Fourth, black political movements should be unbanned — DDC



Congress dismayed

WASHINGTON— President Reagan's failure to announce new measures to help end apartheid in South Africa has dismayed many in Congress and moved the Senate closer to passage of a tough sanctions bill.

Mr Reagan, striking a defiant note in reviewing his policy towards South Africa, dashed hopes for a new direction by reiterating his strong opposition to economic sanctions and calling for more, not less, Western business investment in South Africa.

"I urge the Congress and the countries of Western Europe to resist this emotional clamour for economic sanctions," Mr Reagan said. "We must stay and work ... not cut and run."

Mr Reagan's uncompromising stand shocked and angered

many members of Congress and they predicted the Republican-led Senate would soon pass a tougher sanctions bill than had previously been thought possible.

"There's not one single new item on the table as a result of that speech," said Senator Lowell Weicker, a moderate Republican from Connecticut and co-sponsor of two sanctions bills with Democratic Senator Edward Kennedy of Massachusetts.

"There's very strong support for the toughest of sanctions," Mr Weicker told reporters. "I predict that whatever bill passes this Congress will be ... tough and ... will stand up to a veto override."

Mr Reagan can veto any piece of legislation that is sent to him by Congress. Both the House, which passed a

tough sanctions bill last month, and the Senate would then have to muster a two-thirds vote to override that veto.

"The President's proposals offer only more aid and comfort to apartheid," Mr Kennedy said. "Leadership on South Africa is now passing to Congress ... and I hope we will have broad bipartisan support for comprehensive economic sanctions."

Mr Weicker said he expected a first vote on a sanctions package to occur in the Senate before mid-August.

He said the Bill probably would be a combination of several alternatives currently pending in the Senate, including the one passed by the House last month that would virtually sever all US trade and investment with Pretoria. —Sapa-RNS

Thatcher moots talks with Botha

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LONDON — The British Prime Minister, Mrs Margaret Thatcher, yesterday indicated she was willing to meet President P. W. Botha if it would help bring an end to apartheid and solve the crisis in South Africa.

Mrs Thatcher, speaking as the Foreign Secretary, Sir Geoffrey Howe, was preparing to leave for Southern Africa on the second stage of his peace mission yesterday, told the House of Commons she did not exclude the possibility of a meeting with Mr Botha.

Sir Geoffrey is representing the European Community (EC) in an attempt to get Pretoria to hold talks with black leaders without having to resort to economic sanctions.

Mrs Thatcher also urged leaders of the banned African National Congress to agree to meet Sir Geoffrey, saying: "If they don't...they will cast doubt on their commitment to solve the problem by peaceful means."

Although the ANC leader, Mr Oliver Tambo, recently met a senior Foreign Office official in London, ANC leaders have said they see no point in talking to Sir Geoffrey on his present mission unless Britain drops its opposition to sanctions.

However, it was reported from Lusaka last night that Mr Tambo had agreed to hold talks with Sir Geoffrey after his visit.

During his visit Sir Geoffrey is due to meet Mr Botha, and Mrs Thatcher told Parliament he may need to go to the region again later.

She also referred to the Common-

wealth mini-summit early next month.

Sir Geoffrey's mission followed a meeting of EC leaders which decided to suspend a decision on sanctions against South Africa until the chances of a negotiated settlement were exhausted.

Western diplomats said Mrs Thatcher could go to Pretoria for two reasons — either as a last ditch attempt if Sir Geoffrey's mission fails or in order to capitalise on any breakthrough in his efforts to persuade Mr Botha to negotiate with the ANC.

Mrs Thatcher met Mr Botha two years ago at Chequers, her country residence in the Buckinghamshire countryside west of London.

Diplomats said the two had got on well and Mr Botha had been hoping to meet her again in the context of the present crisis.

Meanwhile, Mrs Thatcher yesterday had a regular weekly audience with Queen Elizabeth as a public row raged over reports that the two were deeply divided on the sanctions issue.

Earlier Mrs Thatcher had refused to answer questions over her relationship with the Queen during a stormy question time in the House of Commons.

According to British press reports the Queen is deeply concerned over the divisive effect Mrs Thatcher's continuing opposition to economic sanctions is having on the Commonwealth. — Sapa-RNS

Earlier reports page 13

FBI backs US leader

JOHANNESBURG

The "note of realism" in President Reagan's policy speech on South Africa last night has been welcomed by the Federated Chamber of Industries.

Its president, Mr John Wilson, commented: "The FCI welcomes the note of realism which President Reagan has injected, that neither punitive economic sanctions, nor a retreat into isolation, will assist South Africa develop a new, just and stable society with an economic, political and cultural system open to all."

● Bishop Desmond Tutu said Mr Reagan's speech was "nauseating" — and the West "can go to hell".

He was being interviewed by a British television company minutes after Mr Reagan spoke in Washington.

He said the State President, Mr P.W. Botha, "must be feeling very thrilled that he has got such a wonderful public relations officer in the White House."

"He couldn't have done worse if he had written the speech himself."

● A Daily Dispatch correspondent reports from Cape Town that Mr Reagan's rejection last night of all-out sanctions against South Africa was described by the Leader of the Opposition in the House of Assembly, Mr Colin Eglin, as "logical and sound" but "lacking in urgency".

Mr Eglin, who is also the chief Opposition spokesman on foreign affairs, said Mr Reagan's speech, which was shown on nationwide TV, was a re-affirmation of America's previously stated views on sanctions.

"Mr Reagan dealt with a highly emotional issue in a remarkably unemotional manner," said Mr Eglin.

● It is reported from Durban that Mr Pat Poovalingham, Solidarity MP for Reservoir Hills in the House of Delegates, said President Reagan had given a clear message to those demanding sanctions against South Africa that "burning the house down will not help those

Also speaking in Durban last night, the Chairman of the Ministers' Council in the House of Delegates, Mr Amichand Rajbansi, said President Reagan's policy statement should be an eye-opener to those unjustifiably clamouring for sanctions against South Africa.

He said Mr Reagan's recognition of the South African Government's "massive move" away from apartheid was a message of great hope for those who stood behind President P.W. Botha in his reform initiatives.

● Reports from Washington said backers of economic sanctions against South Africa said they had strong bipartisan support despite President Reagan's plea that no action be taken and his threat to veto punitive legislation.

And they said that in refusing to consider a tough sanctions policy, Mr Reagan made the US Government a defender of South Africa's apartheid system.

"Today, President Reagan declared the United States and Great Britain co-guarantors of apartheid," Democratic Representative William Gray, one of the leading House supporters of tough sanctions, said in the text of a televised response to Mr Reagan's address.

Democratic Senator Edward Kennedy said Mr Reagan had given "hope and sustenance to the forces of apartheid".

"I predict that the president will hear the American people on this issue and see the wisdom of reversing his position and hopefully sign this legislation," he said.

Civil rights leader Jesse Jackson called Mr Reagan's speech an apologetic step backward. — Sapa-AP

Reagan No to sanctions

WASHINGTON — President Ronald Reagan yesterday rejected what he called the emotional clamour for sanctions against South Africa and called for deeper Western involvement to bring an end to apartheid.

Rebuffing Congress and some of America's Western allies, President Reagan said in a major speech on US policy on South Africa: "We must stay and work, not cut and run."

The speech in which President Reagan vigorously defended his stance towards the South African Government but also urged it to set a timetable for dismantling apartheid fell well short of demands in Congress for tough US sanctions.

He also appeared to reject the widespread and growing movement in the United States for "disinvestment".

"If post apartheid South Africa is to remain the economic locomotive of Southern Africa its strong and developed economy must not be repelled. Therefore I urge the Congress — and the countries of Western Europe — to resist this emotional clamour for punitive sanctions," he told invited guests in the White House East Room.

President Reagan's speech contained neither any shift in US policy nor any major new initiatives to pressure Pretoria into abandoning apartheid.

This administration is not only against broad economic sanctions and against apartheid, we are for a new South Africa — to achieve that we need — not a Western withdrawal — but deeper involvement by the Western business community as agents of change and progress and growth," he said.

At the same time President Reagan urged the State Department to release political prisoners including Nelson Mandela.

He called on Mr Botha to lift the ban on black political movements and establish a process for negotiations between his government and the black majority.

President Reagan did not as expected make overtures for closer US ties with the ANC and other black groups but a senior administration official said the United States was ready to sit down with them.

"If we think they (Botha's government) should meet with them, certainly we should be ready to meet with them," the official said.

President Reagan lashed out at elements of the ANC calling them Soviet armed guerrillas who practised calculated terror designed to bring about conditions for racial war.

He condemned the "necklace method of killing as a barbaric way of reprisal" designed to terrorize blacks into ending all racial co-operation.

He said Moscow was aware of the strategic stakes in South Africa and the Soviet Union would be the main beneficiary if hostility between Pretoria and the frontline states exploded.

"Thus it would be a historic act of folly for the United States and the West — out of

anguish and frustration and anger — to write off South Africa," President Reagan said.

Too often in the past we Americans — acting out of anger and frustration and impatience — have turned our backs on flawed regimes only to see disaster follow.

President Reagan praised the Botha government for what he called the dramatic change in recent years.

"But by Western standards South Africa still falls short terribly short on the scales of economic and social justice."

Apartheid was the root cause of South Africa's disorder and America's view remained that it was morally wrong and unacceptable.

But he said sanctions were not the way to press for reform.

Quoting from Alan Paton — for years the conscience of his country — President Reagan said the way to help the people of South Africa was not to cripple the economy on which they and their families depended for survival.

Outlining the dependence of Southern African states on the South African economy, President Reagan said: "Western states have poured billions of foreign aid and investment loans into Southern Africa. Does it make sense to aid these countries with one hand and with the other to smash the industrial engine upon which their future depends?"

"If Congress imposes sanctions it would destroy America's flexibility, discard our diplomatic leverage and deepen the crisis. To make a difference Americans — who are a force for decency and progress in the world — must remain involved."

The House of Representatives voted for a strong sanctions bill last month and the Senate began hearings yesterday on an identical bill and three milder sanctions measures.

Congressional sources including members of President Reagan's Republican Party, predicted enactment of some form of sanctions legislation in the absence of strong new measures by the president.

President Reagan said he agreed with the British Prime Minister Mrs Margaret Thatcher who is under severe political fire for her own policies towards South Africa that sanctions were "immoral and utterly repugnant".

He said the key to the future lay with the South African Government. As I urge Western nations to maintain communication and involvement in South Africa I urge Mr Botha not to retreat into the larger not to cut off contact with the West.

The administration official who briefed reporters said South Africa was receiving a signal from the market place that the atmosphere was not conducive to growth and stability.

— Sapa RNS

Reaction page 9

Congress anger at Reagan speech

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WASHINGTON. — President Ronald Reagan, firmly refusing to give ground on his opposition to sanctions against South Africa, yesterday set the stage for a divisive and potentially damaging battle with Congress on the issue.

His failure to announce new measures against the SA Government brought condemnation from members of his own Republican Party as well as opposition Democrats.

Many members of Congress were shocked and angered by Mr Reagan's stand and some predicted the Republican-led Senate now would pass tougher sanctions legislation than had seemed likely before his speech.

The House of Representatives already has approved a comprehensive trade ban on South Africa.

Sanctions against self

But Secretary of State Mr George Shultz, appearing before a deeply hostile Senate Foreign Relations Committee, yesterday reopened the door to sanctions against South Africa — which President Reagan slammed shut in Tuesday's policy speech.

Simon Barber reports that at the same time Mr Shultz painted a nightmarish picture of the South African economy, hoping to convince Congress that disinvestment legislation was unnecessary because Pretoria was inflicting sanctions on itself more devastating than any that could be imposed by foreign governments.

He confirmed that he was ready to meet ANC president Mr Oliver Tambo, whose organization he described in far less critical terms than Mr Reagan used in his policy speech.

He also flatly denied a damaging report in the New York Times that US intelligence had provided intercepts of ANC communications to its South African counterparts.

In carefully worded testimony, Mr Shultz made it clear that the US would be prepared to fall in behind the EEC and the Commonwealth if they decided to take further measures against Pretoria — so long as those measures were carefully targeted to avoid hurting black South Africans and neighbouring states.

"The international consultations we have begun and our own review process, as well as our gauging of SA Government intentions, will all come to a conclusion in a few days."

Further exchanges with our key allies will cap the process of co-ordination between us," he told the committee.

Mr Shultz also indicated a willingness to consider a landing-rights ban.

Earlier the Republican chairman of the Foreign Relations Committee, Senator Richard Lugar, said he would move to draft new sanctions this week.

Mr Lugar, Republican-Indiana, had appealed to Mr Reagan in an Oval Office meeting on Monday not to abandon the idea of sanctions that go beyond the limited penalties he signed into law last September.

Obviously irritated that Mr Reagan ruled them out, Mr Lugar fuelled the Senate drive on Tuesday for sanctions that could include a trade embargo.

Mr Lugar said he was considering such sanctions as a freeze on the US bank accounts of South African citizens, a ban on landing rights for South African Airways and a denial of visas for white South African businessmen and others to visit the United States.

Senator Lowell Weicker, Republican-Connecticut, and Senator Edward Kennedy, Democrat-Massachusetts, have called for passage of a bill in the House of Representatives banning all trade with South Africa except strategic minerals and requiring American firms to pull out.

They told Mr Lugar they could support his limited sanctions, saying prompt action was vital to give blacks hope and help avert a bloody civil war.

Representative William Gray, Democrat-Pennsylvania, said Mr Reagan, by joining British Prime Minister Mrs Margaret Thatcher in opposing new sanctions, "protects Pretoria from the one weapon it fears most."

"How can sanctions hurt black South Africans when apartheid is killing them?" Mr Gray asked. "Killings, detentions, people disappearing. A modern-day holocaust is unfolding before our very eyes."

● Full text of Mr Reagan's speech, page 4

● Reagan speech condemned

US Senate closer to tough sanctions Bill

WASHINGTON — President Ronald Reagan's failure on Tuesday to announce new measures to help end apartheid in SA has dismayed many in Congress and moved the Senate closer to a tough sanctions Bill.

Reagan dashed hopes for a new direction by reiterating his strong opposition to economic sanctions and calling for more, not less, Western business investment in SA.

Reagan's uncompromising stand shocked and angered many members of Congress and they predicted the Republican-led Senate would soon pass a tougher sanctions Bill than had previously been thought possible.

Moderate Republican Senator Lowell Weicker, co-sponsor of two sanctions Bills with Democratic Senator Edward Kennedy, said: "There's strong support for the toughest of sanctions. I predict that whatever Bill passes this Congress it will be tough and will stand up to a veto."

Many Republicans, including Senate Majority Leader Robert Dole and Foreign Relations committee chairman Richard Lugar, had hoped Reagan would unveil enough new measures to enable them to stave off Democratic calls for tougher action.

In SA, the office of President P W Botha yesterday refused to comment on Reagan's programme for peaceful change.

That programme included: Setting a timetable for the scrapping of apartheid laws, releasing all political prisoners, unbanning black political movements and dialogue between Government and its opponents for

political system based on consensus.

However, the SA Federated Chamber of Industries (FCI) associated itself with Reagan's call for an explicit timetable for meaningful political dialogue.

And it was reported in Cape Town that Foreign Minister Pik Botha had indicated SA would favour a summit meeting with the American government.

Botha said the SA Government stood for the same ideals as the American people and misunderstandings about how to achieve this "should be discussed at the highest level".

Observers last night believed that amounted to a thinly veiled request for a meeting between P W Botha and Reagan.

It came shortly after British Prime Minister Margaret Thatcher said she would be prepared to meet P W Botha if it would help to find a solution for SA's problems.

The United Democratic Front said Reagan was trying to buy time for the SA government while Progressive Federal Party leader Colin Eglin described Reagan's speech as "lacking urgency".

The African National Congress said Reagan's speech contained nothing new and that it was likely to ignore it.

□ Finance, Trade and Industries deputy minister Kent Durr told business executives in Johannesburg yesterday he was "heartened" by Reagan's speech and that it would provide "great encouragement to reform in SA". — Sapa-Reuters, Own Correspondents.

Mobil gives reasons for staying

US firm defies pull-out campaign

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Political Staff

Cape Town

Mobil Oil has given the reasons why it will not withdraw from South Africa — a decision which is a major blow against the disinvestment campaign.

The company, one of the largest United States investors in South Africa, was one of the original 12 companies which signed the Sullivan Code for nonracial employment practices.

Mobil Oil Southern Africa chairman Mr Georges Racine has said: "We intend to stay in South Africa and be part of the process of change."

In a letter accompanying the company's latest social report, Mr Racine wrote: "These are traumatic times for all large multinational corporations. Some have chosen to quit South Africa rather than stay. But Mobil will not walk away from the problems."

"A new challenge faces us as South Africa enters one of the most testing periods in its history. We intend to play our part in meeting this challenge."

"This is why Mobil has established a R40 million foundation that will be devoted primarily to the upliftment of black education, but also assist small business and agricultural development."

Mr Racine said the company was committed to maintaining its business operations in South Africa.

Survival

"We are aware of the calls that are being made for companies such as ours to disinvest from South Africa."

"Our reply ... is that economic power and growth is vital to the black communities and business survival."

Investment through jobs and training provided that power, he said. A well-educated and well-trained labour force could provide the ultimate means to change the system.

"Walking away from South Africa and its problems may make some people feel good. But we cannot accept that we should walk away from an active role that promotes change — and thereby surrender to those who are trying to hold back the process of change, and those who are trying to push us into a future of violence and disorder."

Congress hears of consequences of sanctions Shultz warns against harming SA economy

By Neil Lurssen
The Star Bureau

WASHINGTON — The US Secretary of State, Mr George Shultz, has presented a grim picture of the South African economy, describing it as a "bad situation, getting worse".

Testifying before a Senate committee in defence of President Ronald Reagan's South Africa policy, Mr Shultz warned the Congress of the consequences of further damaging the South African economy with sanctions.

"Current developments are in fact eroding the capacity of 'any' future South African government to address the country's problems. They are causing South Africa's economic base to deteriorate," he said.

"Skilled manpower is fleeing the country. Domestically generated capital is bleeding away.

"These developments are looting South Africa of the patrimony on which the reconstruction of its post-apartheid era must rest.

Less confidence

"They should be of concern to all who hope to see a prosperous, democratic South Africa emerge from the miseries of apartheid. They should be of as much concern to South African blacks as to whites," the Secretary of State said.

Expanding on his view that formal sanctions were irrelevant because the international market was speaking for itself, Mr Shultz said that foreign capital, technology and expertise were pulling out. Currency controls, import controls and import substitution policies could not replace them.

The index of SA business con-



Mr George Shultz . . .
"skilled manpower is fleeing the country".

fidence now stood at only three-fourths of where it was in 1980, and gross fixed capital formation fell by 40 percent last year — and was continuing to decline.

"Over the past year, the book value of American investment in South Africa has fallen by about a third," Mr Shultz said.

"Investment from other countries is falling comparably, and voluntary disinvestment is accelerating."

Nearly 200 corporations were in various stages of disengagement.

Noting the depreciation of the commercial rand to less than 40 US cents from \$1.28 in 1980, Mr Shultz said the SA currency showed no sign of recovery in spite of the Government's frequent and heavy intervention in exchange markets.

"Capital flight between September 1985 and March 1986

was about \$1 billion, equivalent to more than a month of imports, but sweeping exchange controls have not staunched the outflow, which seems to be accelerating.

"There is no lending from abroad. In the past SA foreign exchange reserves have been sufficient to cover five or six months of imports — now they barely cover one month.

"Ninety-five percent of this year's debt service payments have had to be rescheduled."

Mr Shultz said the prime rate was being held artificially low at 14 percent, a negative interest rate in respect of the the inflation rate.

This should stimulate borrowing and investment, but real borrowing had fallen by five percent.

"Rates of investment are now so low that they cannot cover the depreciation of plant and equipment."

The Secretary of State warned that the turn toward a siege economy only increased size and cost of government at the expense of the productive economic activity and the tax base.

Leaders arrested

"Three-fifths of employed Afrikaners and one-fifth of English-speaking whites already work for the SA government or its agencies. Military call-ups under the state of emergency are diverting additional resources out of the private sector.

"The recent arrest of labour leaders have brought chaos to labour-management relations, adding further to the economic woes."

Mr Shultz said that for the first time since the National

Party came to power, white unemployment had become a serious problem — with 40 000 whites losing their jobs between March 1985 and March 1986.

"There are over 250 000 new job-seekers in South Africa every year. The economy needs a real growth rate of five percent just to keep unemployment at current levels.

"With no growth in prospect, the country cannot create jobs for either blacks or whites," he warned.

Adding to the pressure were costly social and economic problems that cried out to be addressed — the need for millions of new housing units, improved public health, funding for black education.

Human tragedy

To its credit, the South African Government was trying to increase funding in those areas — but the state of emergency was putting additional burdens on the budget, as were the Government's military adventures in the region.

Mr Shultz said the path to prosperity for all in South Africa and the region could be opened — but only if the SA Government ended its policies and actions that put it at odds with all its neighbours.

"We need to understand clearly that the human tragedy in South Africa is occurring in the economic hub of a region that includes a dozen states with some 150 million people.

"The damage inflicted on South Africa by the market place, by political measures of governments and above all by South Africans themselves is rippling across and dragging down an entire region," the Secretary of State said.

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Profile

BRITISH FOREIGN SECRETARY Sir Geoffrey Howe is the most high-powered Western envoy to visit South Africa since former British Prime Minister Harold Macmillan (now Lord Stockton) delivered his famous winds-of-change speech in 1960 publicly dissociating Britain from South Africa's policies. Sir Geoffrey is in South Africa as chairman of the Council of Ministers of the 12 Common Market nations. He is also the personal envoy of British Prime Minister Margaret Thatcher and his mission enjoys the personal backing of President Ronald Reagan following their unscheduled meeting last Friday. He will be speaking for more than 550-million people in the Western world. London Bureau Chief **John Battersby** gives this profile of the man who met President Botha yesterday at a critical juncture in South Africa's history.

SIR GEOFFREY HOWE's bland statement last week that further measures 'are likely to be necessary' if his peace mission fails was not the material headlines are usually made of.

But coming from this ultra-cautious Welsh solicitor with a known contempt for political rhetoric it caught almost every headline in Fleet Street. Some proclaimed confidently 'Major shift in British policy' and 'Howe calls for sanctions'.

But the words had been uttered at the Prime Minister's side in the British Parliament and — on close study — did not differ substantially from what Mrs Thatcher herself had said immediately following the EC summit in The Hague last month.

It was, rather, the totality of Sir Geoffrey's speech in the House of Commons that signalled a shift in Mrs Thatcher's dogged resistance to anything looking like economic sanctions.

It was a triumph, too, for the politics of understatement. Sir Geoffrey made it clear that the message he would take to President P W Botha when they met yesterday was: Agree to the release of Nelson Mandela and the lifting of the ban on the African National Congress (ANC) to facilitate black/white negotiations or face the inevitability of further limited economic signals from the 12 European nations.

In many ways Sir Geoffrey is an unlikely carrier of ultimatums to anyone — let alone the iron-fisted Afrikaner leader. His message to President Botha, it is thought, would be delivered in a quiet, matter-of-fact way without the slightest trace of a threat but backed up with firmness and precision.

There is at least an element of truth in the public caricature of what has become known here as 'mission impossible' being undertaken by a reluctant but politically ambitious Sir Geoffrey doing the political bidding of Mrs Thatcher. Cartoonists have had a field day in recent weeks lampooning the timid and ineffectual Sir Geoffrey being rebuffed by President Botha and cast adrift by a ruthless Iron Lady.

The mission and the way it has come about represents everything the timid and fastidious Foreign Secretary desires in public life. It is rushed, risky and exposed to the full glare of the public spotlight. Sir Geoffrey's obvious reluctance gave way to his better judgement when it became plain that Mrs Thatcher was bent on the mission going ahead. His differences with her are about style and tactics rather than substance.

LONDON BUREAU

Although Sir Geoffrey is more prepared to make minor concessions to the sanctions lobby in the interests of unity — both in the Commonwealth and the EC — he has no fundamental difference with Mrs Thatcher over the impracticability and undesirability of economic sanctions.

Political commentator Hugo Young calls Sir Geoffrey — somewhat unkindly — the 'apostle of ineffectual inertia'. 'He utterly mistrusts dramatic interventions, is totally satisfied by the slow accumulation of minor advances. 'He sees economic sanctions as far too sensational to offer the slightest chance of success'.

But although Sir Geoffrey is widely seen as a plodder whose hallmark is greyness rather than any political flair he has shown hidden talents as an effective persuader. Commentator Bruce Anderson believes he might be one of the few Cabinet ministers who has found secret to handling the Iron Lady.

'Sir Geoffrey is formidably effective at getting his own way with the Prime Minister. 'She flings the crockery at him he just blinks, resumes his suede-shoe delivery, and wears her down. 'But in this case reluctant acquiescence is not enough. 'Her inconvenient honesty (about sanctions) has been most unhelpful — indeed, it has virtually sabotaged Sir Geoffrey's efforts'.

Although Sir Geoffrey, 59, unsuccessfully challenged Mrs Thatcher for the Tory leadership in 1975 he has been a loyal and effective colleague ever since he threw in his weight behind her and was rewarded with becoming the first Chancellor of the Exchequer in the Thatcher Cabinet in 1979. He played a pivotal role in pioneering Thatcherite economic policies and paved the way for the massive privatisation programme.

His involvement in economics and his period as interim chairman of the International Monetary Fund Interim Committee convinced him that economic interests are paramount in the conduct of foreign relations — another reason he would never opt for the sanctions road.

Sir Geoffrey has gained the reputation as a boring speaker.

But he is a hard worker with a seemingly insatiable appetite for paper work and his cautious and low-profile approach to politics has made him a favourite with the mandarins at the British Foreign Office.



Sir Geoffrey Howe

He is extraordinarily even-tempered and patient to the point of pathology (it is said that he has the ability to bore people into diplomatic settlements).

His only lasting diplomatic triumph was his handling of the complex and delicate negotiations over the future status of Hong Kong.

He has had banana-skins too. They include him being caught napping over the US invasion of Granada in 1983 and being bullied by the banning of trade unions at the Government's GCHQ listening-post at Cheltenham — with disastrous political consequences.

But — to the surprise of most commentators — the gentle Sir Geoffrey has survived the hurly-burly of politics to become a serious contender for the Tory leadership. If Mrs Thatcher were to step down tomorrow Sir Geoffrey would be the most likely compromise choice.

While he sees himself attracting the votes of the Right his affable manner would appeal to all sections of the party while other candidates were drawing a more factional following.

In recent months Howe-watchers have noticed that Sir Geoffrey has been cultivating a gradual and studied detachment from Mrs Thatcher.

He knows that his South Africa mission will be crucial to his political fortunes.

While he is enough of a realist to know that he is unlikely to come back from South Africa with the first prize he knows that even if he comes back with small concessions — or the promise of greater ones — his standing in the Government would move ahead of his political rivals.

In recent weeks Sir Geoffrey has displayed his unmatched ability to absorb ruthless political punishment — from cutting cartoons and headlines to a public tongue-lashing from Zambia's President Kenneth Kaunda and rebuffs from both President Botha and the ANC leadership. But gentle Geoffrey may yet surprise his eager critics.

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Cutback threat to coalminers 'irresponsible'

JOHANNESBURG. — The Chamber of Mine's threat to retrench thousands of mineworkers because of the sanctions campaign is an irresponsible reaction, the National Union of Mineworkers said in a statement today.

"Instead of addressing themselves to the real problem facing the coal industry and the country they seem to be using the sanctions campaign to legitimise retrenchments."

The NUM said some of the reasons foreign coal exporters were stopping South African coal imports was that the coal mining industry was "a hotbed of worker exploitation on a massive scale ... which foreign coal-importing countries find totally unacceptable by any standards." — Sapa.

Calls go out for clarity on sanctions rift

LONDON — Buckingham Palace and the Prime Minister's office are under heavy pressure to make statements on press reports of a constitutional crisis between Queen Elizabeth and Mrs Margaret Thatcher over British policy towards South Africa.

The unconfirmed reports say the Queen, who is head of the 49-nation Commonwealth, is deeply concerned over Mrs Thatcher's continuing opposition to economic sanctions against Pretoria.

The row deepened at the weekend when The Sunday Times newspaper quoted "unimpeachable sources" at the palace as saying the

Queen was not only critical of Mrs Thatcher's South African policy but also of her "uncaring" approach to domestic politics.

Yesterday parliamentarians and newspaper editorials called on Buckingham Palace and Mrs Thatcher's office in Downing Street to issue statements clarifying the issue, which dominated the domestic press for the second day running.

Both Downing Street and Buckingham Palace have denied the report but there have been calls for more detailed statements to defuse a row that some commentators feel is getting out of control. — Sapa-RNS

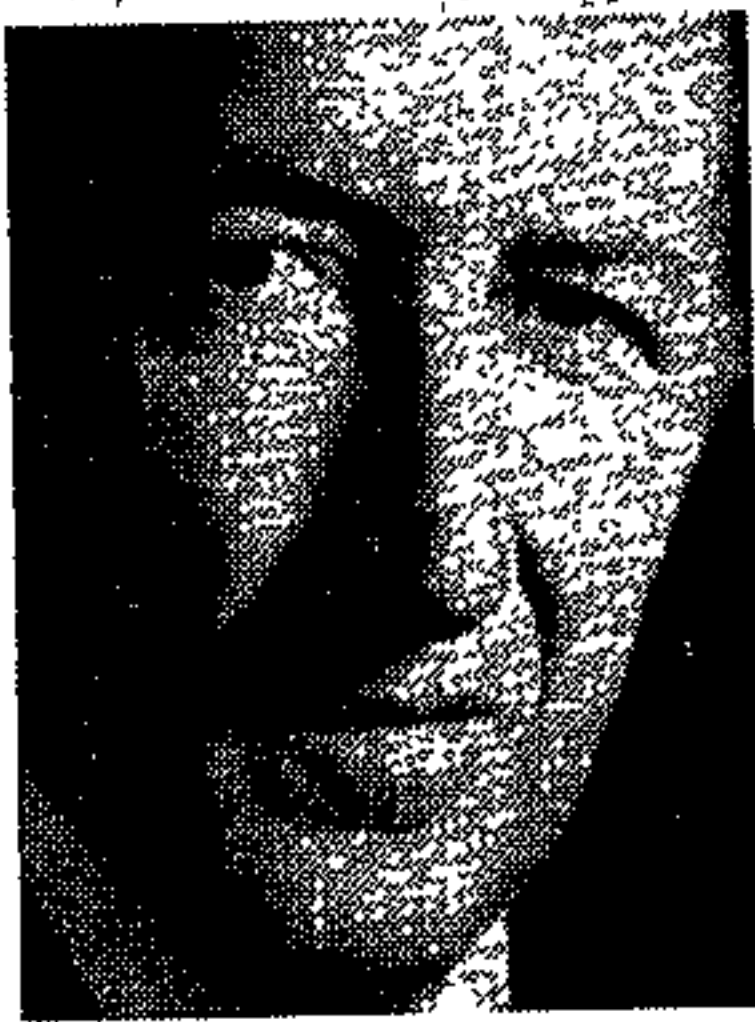
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State of siege in SA, says Swart

DURBAN — The country was being forced into a state of siege because the government had thrown in the towel over sanctions, the Natal leader of the Progressive Federal Party, Mr Ray Swart, said.

Addressing about 150 people at a report-back meeting in Durban, Mr Swart said this was the only interpretation he could place on the "extraordinary" circumstances which saw the government defiantly challenging the world to invoke sanctions in a fit of pique as they believed they were not being given due credit for the reforms they had implemented.

"Not only is this the height of political folly, but a breach of faith with South Africans of various political persuasions who have been in the forefront in the fight against sanctions," he said.



MR SWART

"While the motives of those who advocate sanctions are varied and sometimes far from pure, the threat which they pose cannot be lightly cast aside."

Mr Swart said the serious problems facing the country could only be properly addressed once the government grasped "the bottom line" — how to accommodate political aspirations of all South Africans.

"It is inevitable that the government will sooner or later have to sit at the negotiating table. The sooner they did so the better for South Africa," Mr Swart said.

FCI backs US leader

JOHANNESBURG — The "note of realism" in President Reagan's policy speech on South Africa last night has been welcomed by the Federated Chamber of Industries.

Its president, Mr John Wilson, commented: "The FCI welcomes the note of realism which President Reagan has injected, that neither punitive economic sanctions, nor a retreat into isolation, will assist South Africa develop a new, just and stable society with an economic, political and cultural system open to all."

● Bishop Desmond Tutu said Mr Reagan's speech was "nauseating" — and the West "can go to hell".

He was being interviewed by a British television company minutes after Mr Reagan spoke in Washington.

He said the State President, Mr P. W. Botha, "must be feeling very thrilled that he has got such a wonderful public relations officer in the White House."

"He couldn't have done worse if he had written the speech himself."

● A Daily Dispatch correspondent reports from Cape Town that Mr Reagan's rejection last night of all-out sanctions against South Africa was described by the Leader of the Opposition in the House of Assembly, Mr Colin Eglin, as "logical and sound" but "lacking in urgency".

Mr Eglin, who is also the chief Opposition spokesman on foreign affairs, said Mr Reagan's speech, which was shown on nationwide TV, was a re-affirmation of America's previously stated views on sanctions.

"Mr Reagan dealt with a highly emotional issue in a remarkably unemotional manner," said Mr Eglin.

● It is reported from Durban that Mr Pat Poolvalingham, Solidarity MP for Reservoir Hills in the House of Delegates, said President Reagan had given a clear message to those demanding sanctions against South Africa that "burning the house down will not help those imprisoned inside".

Also speaking in Durban last night, the Chairman of the Ministers' Council in the House of Delegates, Mr Amichand Rajbansi, said President Reagan's policy statement should be an eye-opener to those unjustifiably clamouring for sanctions against South Africa.

He said Mr Reagan's recognition of the South African Government's "massive move" away from apartheid was a message of great hope for those who stood behind President P. W. Botha in his reform initiatives.

● Reports from Washington said backers of economic sanctions against South Africa said they had strong bipartisan support despite President Reagan's plea that no action be taken and his threat to veto punitive legislation.

And they said that in refusing to consider a tough sanctions policy, Mr Reagan made the US Government a defender of South Africa's apartheid system.

"Today, President Reagan declared the United States and Great Britain co-guarantors of apartheid," Democratic Representative William Gray, one of the leading House supporters of tough sanctions, said in the text of a televised response to Mr Reagan's address.

Democratic Senator Edward Kennedy said Mr Reagan had given "hope and sustenance to the forces of apartheid".

"I predict that the president will hear the American people on this issue and see the wisdom of reversing his position and hopefully sign this legislation," he said.

Civil rights leader Jesse Jackson called Mr Reagan's speech an apologetic step backward. — Sapa-AP

Sanctions could hurt SA's bank subsidiaries

THE subsidiaries of three SA banks could be jeopardised if Britain goes ahead with its threat of tighter financial sanctions and denies facilities to SA banks operating in London.

At least one local parent of these subsidiaries — which include Nedbank, Trust Bank and Volkskas — believes the possible effect of tighter financial sanctions on SA's ability to repay its foreign debt may delay or even discourage harsh decisions by the British government this week.

Details

There have been scant details of what the tightened measures would entail, but some bankers feel they would not extend to a financial trade facilitation block which would cut off SA's ability not only to be paid, but also to pay for traded goods.

Although financial sanctions already exist in that no new loans are being made to the SA government — especially by US banks — the threatened denial of infrastructural facilities could have a dire effect on the foreign branches or subsidiaries

LESLEY LAMBERT

of SA banks, most of which have been set up to facilitate international trade.

TRUST BANK

Trust Bank is intensifying activities in its London and Hong Kong offices to support growing corporate business.

The offices have a combined asset base of about R200m, most of which has been created in the two countries for local corporate clients.

On the other hand, the debt moratorium curtailed Nedbank's international operations considerably and Volkskas' London office is very small.

Trust's international operations GM Helmut Bahrs says whatever the extent of sanctions on the physical movement of goods to and from SA, the chances of financial facilitation of trade being affected are remote.

"Unless there is a specific provision saying SA subsidiaries or branches will be denied the infrastructural ability to conduct business, or that international payment for transactions will no longer be ac-

commodated, it is unthinkable that it would happen.

"Furthermore, our off-shore operations are completely outside the debt freeze and the authorities in the countries we operate in have given us no indication that they intend to stop doing business with us and, indeed, they are unlikely to do so.

Sanctions

"The international banks' decisions to provide inter-bank finance or facilities are based on commercial considerations, not decree."

The threat of financial sanctions emerged from the UK Parliament late last week when a government minister hinted strongly that the tightening of financial sanctions was being discussed within government and in bilateral exchanges with the Reagan administration.

It has since been suggested further measures could include a ban on new investment and new commercial bank loans, the ending of Britain's double taxation agreement with SA, and the denial of facilities to SA banks operating abroad.

Reagan speech still unsettled

SIMON BARBER

WASHINGTON — The final version of President Ronald Reagan's speech on SA, scheduled for delivery this evening, was still unsettled yesterday as the White House and the State Department continued to jockey over possible punitive measures.

The situation was complicated by the discovery that Robert Brown, the black public relations man Reagan had hoped to name ambassador to SA, was unsuitable because of his ties to an exiled Nigerian official accused of multi-million-dollar embezzlement.

The State Department presented Reagan with a list of options last Friday understood to include:

- ☐ Ending SAA's landing rights;
- ☐ Reducing staff levels at the US embassy, Pretoria;
- ☐ Broadening contacts with black the opposition, including the ANC;
- ☐ Co-ordinating a common front with Britain and West Germany to pressure Pretoria to the negotiating table.

It was not clear which of these suggestions Reagan would select, particularly since the man in charge of the speech preparation was White House communications director Patrick Buchanan, who is staunchly opposed to any form of sanctions.

Black hate for Britain warning

LONDON — Britain is becoming hated by black South Africans because of its opposition to full economic sanctions as a way of ending apartheid, Britain's top trade unionist warned here upon returning from Johannesburg yesterday.

"We are beginning to be hated by these people," the general secretary of the British Trades Union Congress, Mr Norman Willis, told reporters.

Mr Willis said that he and 11 other visiting labour leaders were surrounded by 100 armed troops and kept under guard for half an hour while visiting a black township outside Johannesburg.

The TUC leader, accompanied by British Transport Workers' Union leader Mr Ron Todd, said they had been deeply moved by people who came out of their homes to urge the trade unionists to press for economic sanctions.

"They may be poor but they are not stupid," Mr Willis said. "They told us: 'We have lived like this for long enough.'"

The British Prime Minister, Mrs Margaret Thatcher, opposes full economic sanctions against Pretoria, arguing that they will not work and will cost British jobs.

Britain is the largest foreign investor in South Africa. — Sapa-RNS

By Michael Morris
The Star Bureau

Most difficult part begins for Sir Geoffrey

LONDON — Sir Geoffrey Howe

bears the demands and the hopes of the West as he flies to South Africa today on the third phase of the European Community peace mission, determined to preserve diplomacy as an option for defusing the crisis.

The British Foreign Secretary leaves on the most difficult leg of his trip knowing the odds are against him, but believing his task is not impossible.

In Brussels yesterday he warned EC Ministers of the disadvantages of sanctions, while reiterating the view that if diplomacy fails to generate tangible progress, additional measures could be considered.

With three more countries pulling out of the Commonwealth Games yesterday and with tension growing in Britain over a reported rift between the

Queen and Mrs Thatcher, partly it is suggested, over her stance on South Africa, Sir Geoffrey is under pressure to gain the advantage in the next two weeks, ahead of the mini-Commonwealth summit.

Diplomatic activity continues at a high pitch on the eve of his departure for Johannesburg. Latest reports in Britain sug-

gest that Nelson Mandela will refuse talks and that the South African Government is becoming increasingly unco-operative.

Despite the obvious difficulties he faces, Sir Geoffrey hopes that President P. W. Botha takes note of the support his mission has had from the United States, Europe and, to a lesser extent, Japan.

The message is that South

Africa's major trading partners want Pretoria to release Mandela and unban the ANC as a prelude to negotiations and the dismantling of apartheid.

South Africa will be cautioned that failure to meet at least some of the key demands will almost certainly lead to additional economic pressure.

Sir Geoffrey will also emphasise that failure of the EC mis-

sion will undermine the West's pursuit of diplomacy, rather than sanctions as the most effective way to bring about dialogue.

The Foreign Secretary will probably remain in Southern Africa until July 29, the date of his second meeting with President Botha.

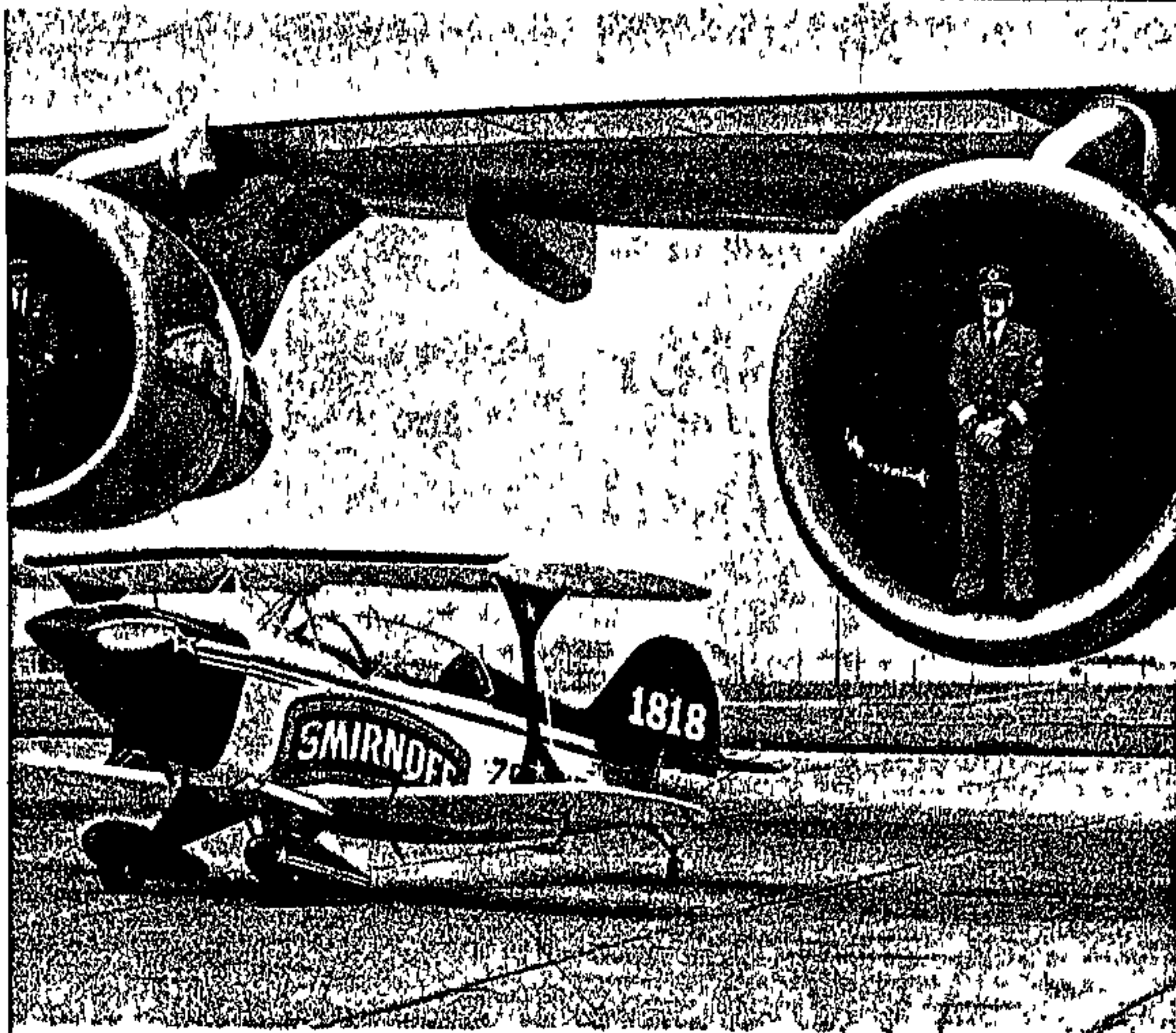
There is a strong likelihood he will return to at least some of the frontline states for further talks before his second meeting with the South African President.

World ban for Cowley

11 Mercury 280

22/7/86

pts to reveal their skills in Pitts Specials



all shapes and sizes, but (from left) Dennis Spence, and Mark Esterhuizen are flying both the big and the Boeing pilots with South

African Airways and will give a display of their skills on Saturday at the Virginia Aviation Day in Pitts Specials, one of which is seen here dwarfed under the massive jet engines of a Boeing 747.

cream war ban cks Natal club

Forge

ade this week against ur Pietermaritzburg from the game for 18, been involved in an el room.

ere a plate and a saucer. An account for R1 048 as initially levied for the damage which the four players agreed to meet. Since then a revised figure of R440 is the assessment.

'My club is now in a particularly difficult position because June 30 was the closing date for transfers and we cannot recruit any new players to help us through the 1986 season losing four leading players a vital blow to our playing strength.

The players had to miss Saturday's match against Argyle and this Sunday we have a cup match against Stella, who are the league leaders. We badly need the four back in our

Millard could strike more gold

By Jack Ramsay
Racing Editor

TRAINER Terrance Millard, whose runners filled the first three places in the Rothmans July Handicap, must have a great chance of taking the major share of the stake money in the R250 000 Game Gold Cup at Greyville on August 2.

At the final acceptance stage yesterday he left Occult, Mighty Mandarin and Hawkins in this event. Occult and Mighty Mandarin are joint favourites in the betting.

Terrance Millard has already broken just about every record in South African racing, but if Occult

wins he will add yet another to his list that may never be equalled.

That is to win the Republic Day Handicap, the Rothmans July Handicap and the Game Gold Cup with the same horse in the same year for the second time.

Succession

He became the first trainer to win the three races with the same horse two years ago when he was successful with Devon Air.

If he wins the Gold Cup he will also be the first trainer to win the race four years in succession.

His has won the last three Gold Cups with Hawkins,

Devon Air and Voodoo Charm.

Champion jockey Felix Coetzee's decision to ride Occult in South Africa's premier long distance race, has caused a major betting change.

Originally Mighty Mandarin was the ruling favourite. Now Occult's odds have been cut by half and he is now joint favourite.

The full betting is 5-2 Occult, Mighty Mandarin 5-1 Village Deep 7-1 Voodoo Charm 10-1 Hawkins 14-1 Noble Clover, Freetown 20-1 Supreme, Sovereign Charm 25-1 and upwards the others.

● Full field and jockeys on P6

London Bureau

AS THE Commonwealth Games fell apart by the hour yesterday, it was learned that South African-born swimmer Annette Cowley had been banned from all international swimming for a full year.

So far, 27 Asian, African and Caribbean countries have pulled out of the Games because of Britain's refusal to agree to economic sanctions against South Africa.

Yesterday the Seychelles became the latest country to join the boycott.

A third of the 3 151 competitors are out of the Games and more are considering joining the boycott.

The shock news for Annette Cowley was confirmed last night as lawyers in London ended the first day of a High Court battle to have her original disqualification from the England team for the Commonwealth Games reversed.

The announcement that 19 year old Annette was banned from all international swimming was made in Vancouver by Mr Allan Harvey, secretary of Fina, the controlling body of world swimming.

Mr Harvey said Fina had been asked 'some time back' by the Commonwealth Games Management Committee for a ruling on Miss Cowley's status.

He said 'The rules are relatively simple. A swimmer moving from one country or national association to another must reside in his or her new country for at least 12 months before being eligible to swim for the new country.'

Final decision

'This applies to cases of dual nationality or naturalisation such as Miss Cowley's. It means she must not in any circumstances be allowed to swim for England in any international event, which obviously includes the Commonwealth Games and the World Championships in Madrid in August.'

'This is our formal decision based on the Fina rules and the rules must be obeyed.'

'If Miss Cowley is conducting a High Court appeal on any other basis in London, it has nothing to do with Fina. I simply state that our decision is final, and according to our clearly written constitution, Miss Cowley cannot swim in Edinburgh.'

In Edinburgh, Commonwealth Games sources said they hoped the Fina ruling would bring a quick end to the added problem Miss Cowley's fight had meant for the Games.

He said that, as a matter of law, he could not comment on Annette's High Court action, but the Fina ruling meant Annette should leave the Games village without further delay. Any competitor who now swam against Annette would be subject to discipline, he said.

A spokesman for the English Amateur Swimming Association said 'We have not yet been given formal news of the Fina decision. We have only heard the decision unofficially. We are aware that they were investigating her status. We cannot comment further until we have official news.'

It is not known whether the Fina announcement means Annette's High Court action will be aborted. The indications are that her counsel will continue to fight for her, claiming that she is 'domiciled' in England and therefore meets Fina's rules and those of the Commonwealth Games.

Annette did not attend the court hearing yesterday but continued her training in the Games village in Edinburgh and declined to comment.

The Judge, Vice-Chancellor Sir Nicholas Browne-Wilkinson, was told by Mr Edward Nugee, counsel for Annette, that she had decided to make her home in England before she was 18.

'Miss Cowley is a British citizen. Her mother was born and brought up in England, but she was born in South Africa,' he said.

'Before she was 18 she determined to make her home in England. She obtained a British passport as soon as she reached the age of 18 in January, 1985.'

Studying

'She left South Africa in the same month and has since not returned there.'

'Since leaving South Africa (until May this year) she has been studying at the University of Texas.'

A sworn statement read to the Court by Mr David Dixon, secretary of the Commonwealth Games Federation, explained that Annette had been disqualified from swimming the 100m and 200m freestyle for England because she

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A sworn statement read to the Court by Mr David Dixon, secretary of the Commonwealth Games Federation, explained that Annette had been disqualified from swimming the 100 m and 200 m freestyle for England because she had failed residential qualifications.

Mr Dixon said the officers of the CGF had noted Miss Cowley's family connections with Britain and the fact that she had arrived in England only in May.

She would be in England for 60 days or so (before returning to Texas).

The Judge commented: 'She is just here for the Commonwealth Games.'

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Coal mining jobs at stake

JOHANNESBURG. — International economic sanctions against SA are already beginning to hit the country's vital coal industry, curbing exports and putting thousands of jobs for blacks at stake, mine owners said.

"The implications of the Danish Parliament's ban on coal imports from SA are now being felt," the Chamber of Mines, said in a statement.

"There has been a dramatic fall off in exports to France and an increasing reticence by other foreign buyers to take SA coal."

If calls for total economic sanctions in the European Parliament were successful and the Far East followed suit, the jobs of more than a third of the industry's 110 000 workers and the livelihood of their dependents could be threatened.

Collieries are preparing plans to sack employees in the near future because of substantially reduced export sales this year after a period of high growth, the chamber said.

Shipments of coal, SA's most valuable export after gold, rose 6m tons last year to 44m tons.

Revenue from coal exports in 1985 topped \$3 billion (\$1,2 billion)

"It is expected that all categories of workers will be affected by the regrettable but unavoidable retrenchment programmes being forced upon the coal companies by the sanctions campaign," the chamber said.

Unless otherwise stated, all financial news in this issue was compiled by Gordon Kling and sub-edited by Godfrey Heynes.

Reagan:

Reagan.

We must stay and work

Cape Times
23/7/86

(B3A)
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WASHINGTON. — President Ronald Reagan yesterday rejected what he called the emotional clamour for punitive sanctions against South Africa and called for deeper Western involvement to bring about reform and an end to apartheid.

Rebuffing Congress and some of America's Western allies, President Reagan said in a major speech on US policy in South Africa: "We must stay and work, not cut and run."

The speech, in which he vigorously defended his stance towards the South African Government but also urged it to

set a timetable for dismantling apartheid, fell well short of demands in Congress for tough US sanctions.

He also appeared to reject the widespread and growing movement for disinvestment.

"If post-apartheid South Africa is to remain the economic locomotive of Southern

Africa, its strong and developed economy must not be crippled. Therefore I urge the Congress — and the countries of Western Europe — to resist this emotional clamour for punitive sanctions," he told invited guests in the White House East Room.

President Reagan's speech contained neither any shift in US policy nor any new initiatives to force the abandonment of apartheid.

"This administration is not only against broad economic sanctions and against apartheid; we are for a new South Africa... to achieve that we need not a Western withdrawal but deeper involvement by the Western business community..." he said.

At the same time President Reagan urged the State President, Mr P W Botha, to release political prisoners, including Mr Nelson Mandela.

He called on Mr Botha to lift the ban on black political movements and to establish a process for negotiation.

President Reagan did not, as expected, make overtures for closer US ties with the ANC and other black groups, but a senior administration official said the United States was ready to sit down with them, although President Reagan lashed out at elements of the ANC, calling them Soviet-armed guerillas.

He said the Soviet Union would be the main beneficiary if hostility between Pretoria and the frontline states

'Falls short'

"Thus, it would be an historic act of folly for the United States and the West... to write off South Africa," he said.

He praised the Botha government for what he called the dramatic change in recent years but said "by Western standards, South Africa still falls... terribly short on the scales of economic and social justice".

The House voted for a strong sanctions bill last month and the Senate opened hearings yesterday on an identical bill and three milder sanctions measures.

Congressional sources, including members of President Reagan's Republican party, predicted enactment of some form of sanctions legislation in the absence of strong new measures by the president.

Pres Reagan stands firm on sanctions

WASHINGTON—President Reagan said yesterday he was outraged by South Africa's system of apartheid but pledged that the United States would remain diplomatically and politically involved with Pretoria.

'We must stay and work, not cut and run,' he said in remarks prepared for delivery to invited guests in the White House.

Mr Reagan's speech contained neither a shift in U S policy nor major new pressures on South Africa in spite of a clamour from Congress for a tougher stance.

He called on President Botha to set a timetable for the elimination of apartheid laws and renewed his Administration's call for the release of all political prisoners, especially Nelson Mandela.

He urged Pretoria to lift its ban on black political movements and to open a dialogue with its opponents.

Mr Reagan condemned punitive sanctions as harmful to South African blacks themselves and urged Congress and Western Europe 'to resist this emotional clamour' for them.

He said he agreed with British Prime Minister Mrs Margaret Thatcher that punitive economic sanctions were 'immoral' and utterly repugnant.

'Southern Africa is like a zebra — if the white parts are injured, the black parts will die, too,' he said.

Mr Reagan also described apartheid as the root cause of South Africa's disorder.

Although he announced no major new initiatives to pressure Pretoria into reform, notably absent from his speech was the description of U S policy towards South Africa as 'constructive engagement'.

Deeper involvement

The key to the future lies with the South African Government. As I urge Western nations to maintain communication and involvement in South Africa, I urge Mr Botha not to retreat into the laager, not to cut off contact with the West,' he said.

'We are determined to remain involved, diplomatically and economically, with all the states of southern Africa that wish constructive relations with the United States.'

Mr Reagan said that to achieve a new South Africa 'we need not a Western withdrawal but deeper involvement by the Western business community as agents of change and progress and growth'.

Mr Reagan has apparently rejected calls from Congress and European allies for stronger action and now almost certainly faces the prospect of Congressionally imposed sanctions on South Africa.

Contrary to expectations, he neither extended his limited sanctions, imposed last year and due to expire on September 9, nor made overtures to specific black opposition groups in South Africa for closer ties with the United States, offering instead a vigorous defence of his policies.

He referred to the activities of some elements of the ANC as calculated terror and called them Soviet-armed guerillas. — (Sapa-Reuter)

● See Editorial Opinion

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Wednesday, July 23, 1986

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Sanctions delay 'could cost West its S A assets'

WASHINGTON—Former Australian prime minister, Mr Malcolm Fraser, told a forum on South Africa that the refusal of Britain and the United States to impose sanctions had encouraged Pretoria's 'intransigence and made it more sure and more determined to follow its own path'.

And he warned that delay in taking action on sanctions could mean the loss of Western assets in South Africa because the black majority could ultimately nationalise all Western interests.

Mr Fraser is co-chairman of the Eminent Persons Group.

He said South Africa had no intention of allowing the black majority to achieve significant political rights.

Pretoria's intransigence had killed the EPG's attempt to arrange negotiations between black leaders and the Government, he said.

He also said he and Gen Olusegun Obasanjo, former Nigerian president and EPG co-chairman, had been refused a meeting with President Reagan but would meet the U S Secretary of State, Mr George Shultz, today.

Gen Obasanjo said there were only two things the South African Government was afraid of — the internal unrest and the imposition of sanctions.

Mr Fraser said that before deciding their next moves, South Africa's black leaders were awaiting possible changes in the U S position and European Community and Commonwealth meetings on sanctions.

'After this, if there isn't substantial support then it will certainly be far too late' and black leaders would probably opt for 'full-scale guerilla war'. — (Sapa-AP)

● See also Page 23

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• World News • World News •

FRASER ON SANCTIONS

WASHINGTON — The former Australian Prime Minister, Mr Malcolm Fraser, told a forum on South Africa that the refusal of Britain and the United States to impose sanctions had encouraged Pretoria's "intransigence and made it more sure and more determined to follow its own path."

Mr Fraser is a co-chairman of the so-called Enminent Persons' Group sent by the Commonwealth to report on South Africa and to try to mediate for a solution for the country.

Sapa-Reuter

Mr Fraser said South Africa had no intention of allowing the black majority to achieve significant political rights.

Mr Fraser said Pretoria's intransigence had killed the EPG's attempt to arrange negotiations between black leaders and the Government on behalf of the 49 Commonwealth nations, a group of former British colonies.

He also said that President Reagan had not granted their request for a meeting.

Instead, he said he and General Olusegun Obasanjo, former Nigerian President and EPG co-chairman, would meet the US Secretary of State, Mr George Shultz, today.

Gen Obasanjo said: "If nothing is done to bring peaceful change there will be a descent into greater violence."

He said there were only two things the South African Govern-

ment was afraid of — "the internal unrest and the imposition of sanctions".

Mr Fraser said that before deciding their next moves, South Africa's black leaders were awaiting possible changes in the United States position and European Community and Commonwealth meetings on sanctions.

"After those periods are gone, if there isn't substantial support then it will certainly be far too late" for peaceful change, he said, and black leaders would likely opt for a "move to a full-scale guerilla war".

The United States House of Representatives has passed a Bill that would sever virtually all American trade and investment ties with South Africa and the Senate is likely to pass some form of sanctions legislation in the next few weeks.

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Hawke urges sanctions

CANBERRA. — Australian Prime Minister Mr Bob Hawke has written to several world leaders urging them to support strong sanctions against South Africa, a spokesman for his office said yesterday.

Mr Hawke recently sent the letter to six other Commonwealth leaders who will meet early next month in London to consider a range of sanctions against South Africa, the spokesman said.

President Ronald Reagan, Japanese Prime Minister Mr Yasuhiro Nakasone and European Commission president Mr Jacques Delors were also sent the letter, he said.

In it Mr Hawke proposed no new initiatives but stressed that the South African problem was too serious to

ignore.

Australia has opposed the boycott of next week's Commonwealth Games but urged Britain to reconsider its position on sanctions.

Mr Hawke said in a radio interview yesterday that he did not believe the Commonwealth would fall apart over Britain's refusal to agree to sanctions.

The Eminent Persons Group appointed at last year's Commonwealth meeting in Nassau failed to generate dialogue between the parties in South Africa, Mr Hawke said.

The Commonwealth now had to look at sanctions as a second option.

British Prime Minister Mrs Margaret Thatcher was under pressure in Britain and in her own party to fall into line, he said. — Sapa-Reuter

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Old Mutual economist warns . . .

Sanctions would restrict SA economic growth

CAH Trunk
23/7/86
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By GORDON KLING
Financial Editor

BE WARNED. The implications of sanctions on the SA economy should not be taken lightly, said the Old Mutual economic research unit in its latest economic monitor released last night.

The unit, headed by chief economist Rob Lee, debunked an attitude in some quarters "that sanctions are not something to be too perturbed about, and even that our economy could benefit from the imposition of meaningful and effective sanctions."

Myth

That view was "profoundly mistaken", the unit believed.

Regardless of political dynamics, there could be no doubt that in the long term a reduction in overall living standards of potentially marked severity would occur.

The unit described the belief that the Rhodesian economy did well out of sanctions as a myth. Its economic performance during UDI was in reality "extremely poor".

Lee told a briefing for the release of the report that Rhodesia at least benefited from new industries which were in the process of being established. SA, on the other hand, already had surplus manufacturing capacity.

An uneasy picture of low growth, high infla-

tion, and a volatile rand continued in the past quarter and was expected for the rest of the year.

The 3% increase in GDP for the year projected in the first quarter had been revised downwards by 1%, but expectations of higher short-term interest rates had been moved forward to the first half of next year.

Another cut in the Bank rate appeared likely in the interim.

Lee sketched a scenario of improved growth in the major Western economies in the next six months.

This was not particularly good news for SA, however, since a negative international outlook would probably distract attention from the sub-continent, reduce the threat of sanctions, and possibly boost gold.

Demands

The report said it was clear that demands being made on the economy from within and without would severely restrict scope for non-inflationary growth.

"At the same time it must also be taken into account that the need for some growth is becoming imperative, and in the absence of effective disciplines on these demands an outcome which includes an even higher level of inflation (in years to come) seems to be the most likely alternative," the report said.

Lee expected the au-

thorities to announce further stimulatory measures in the next few months, and noted that government overspending on Budget figures had already pumped far more into the economy than the stimulatory package unwrapped last June.

In a special focus in the report on SA's government Budget deficits and their financing, the unit favoured, to a degree, theories advanced by UCT's Professor Brian Kantor, among others, that they could be greater in current circumstances.

Deficit

There were grounds for arguing that policy on the deficit had been unduly conservative, "although in the context of an overall policy that has been highly inflationary, it is just as well that one important aspect of policy has not been!"

● Sanlam used its economic survey, released earlier yesterday, to appeal for faster growth and an easing of the tax burden on individuals.

Its assessment of the outlook was similar to that of the Old Mutual's unit, with expectations of an inflation rate fluctuating between 17% and 18% in the next few months, before a marked decline towards the year-end.

It too expected a cut in bank rate to place downward pressure on short-term interest rates.

Jaguar may swap franchise

HAMISH McINDOE

MOTOR industry sources believe British luxury car-maker Jaguar is looking to end its franchise agreement with Leyland (SA).

The Jaguar franchise may be handled by Lindsay Saker Porsche.

This was confirmed by Porsche importers LSM Distributors, whose MD Christoph Köpke told *Business Day* yesterday: "We are negotiating with Jaguar but there is nothing final yet."

The move is thought to follow the retrenchment last month of Jaguar's local sales and marketing director, Arne Pitlo.

Doubts at Jaguar over the future of its

franchise resulted in the car-maker's SA regional manager Alan Wemyss flying to SA last week to clarify the situation with Leyland executives.

But a Leyland spokesman stressed "Jaguar representatives regularly visit SA to keep abreast of trading conditions".

He stressed the franchise agreement with Jaguar was still being covered through its trading arm, Associated Automotive Distributors (AAD), which also handles Land Rover and Unipart spares and accessories.

5/18/22/7/18

Yale team wants action against Pretoria

NEW HAVEN (Connecticut) — A Yale University group just back from South Africa has recommended that Washington take economic and diplomatic action against Pretoria.

But the group is split on whether Yale should disinvest its \$400 million (R1 000 million) in South Africa-related stock.

Former Secretary of State Cyrus Vance, who led the fact-finding tour, told a news conference the group agreed Washington should withdraw its ambassador to South Africa.

He said there was unanimous agreement that economic sanctions had the best chance of making an impact on the South African Government.

But he added: "We recognise that even the imposition of broadly based international sanctions may not have the desired effect of bringing the parties to the negotiating table."

AIR BOYCOTT

Other recommendations were an air boycott, a cutback on visas granted to South Africans, and continued restrictions on the issue of credit to Pretoria.

The 10-strong Yale group, which included administrators, trustees, faculty and students, saw three open universities and a dozen US firms in South Africa from June 23 to July 2.

On disinvestment, Mr Vance said: "The sale of Yale stock in US companies doing business in South Africa will not affect the South African Government a whit."

He said Pretoria seemed to have lost control of its security forces.

"In our discussions with black leaders, we gained the strong impression that in a long-term sense they believe the tide has turned and time is now on their side," Mr

SANCTIONS
August 1986.

Thatcher, Howe rift over S A

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1/28/86

Safe and sound



London Bureau

BRITISH Prime Minister Margaret Thatcher's firm stand against sanctions for South Africa has apparently led to a serious rift between her and Foreign Secretary Sir Geoffrey Howe

Westminster was abuzz with rumours last night that Mrs Thatcher and Sir Geoffrey were in open conflict following his proposal, on his return from southern Africa, that Britain should make some concessions to the Commonwealth on sanctions.

A Downing Street spokesman would neither confirm nor deny that Sir Geoffrey had formally recommended sanctions at yesterday's meeting of the British Cabinet.

The row between Sir Geoffrey and Mrs Thatcher appeared to centre on the mooted ban on air links being advocated by the Foreign Office, but which Mrs Thatcher strongly opposes.

Sources close to Mrs Thatcher indicated that she had not conceded anything on the sanctions issue and did not regard the unity of the Commonwealth as sacrosanct.

'Dignified'

'The Commonwealth is almost irrelevant when it comes to sanctions. We are not in the business of sanctions and nobody — apart from some in the media — takes the break up of the Commonwealth seriously,' a Downing Street source said.

A Foreign Office spokesman dissociated Sir Geoffrey from these remarks but endorsed other comments attributed to a spokesman for Mrs Thatcher.

It is understood that consensus was reached in the Cabinet on a vote of thanks for Sir Geoffrey for the 'dignified and persuasive way' in which he had put the case to Mr Botha for a peaceful solution in South Africa.

BBC television reported last night that several of Mrs Thatcher's Ministers were expressing private reservations about her stand and losing patience with her dogged rejection of even limited measures.

But a Foreign Office spokesman denied that Sir Geoffrey was about to resign as Foreign Secretary.

The Cabinet did, however, express 'deep dismay' at President Botha's 'dis-courteous' speech and rededicated itself to the quest of peaceful negotiated settlement in South Africa.

It is understood that Mrs Thatcher has been encouraged to go for broke on her stand against sanctions by a mid-week opinion poll.

The surprise poll reflected a dramatic leap forward for the Tories bringing them to within one point of the Labour Party after trailing six or seven points behind for months.

It has been interpreted by some analysts as electoral support for her tough stand against the Commonwealth in trying to bludgeon Britain into tougher sanctions against South Africa.

Sapa-Reuter reports that while Mrs Thatcher gained Cabinet approval for her stand against sanctions, she also set herself up for a potentially destructive meeting with Commonwealth leaders this weekend.

She sent the Commonwealth a clear message she was prepared to fight against sanctions when senior Commonwealth leaders meet in London on Sunday.

At a three day meeting starting on Sunday, Mrs Thatcher faces six other Commonwealth heads of

TURN TO PAGE 2

The Natal Mercury, Friday, August 1, 1986

Thatcher, Howe rift over S A

FROM PAGE 1

government who want comprehensive sanctions, and want them now.

But Mrs Thatcher is holding the line, arguing that Sir Geoffrey's mandate from the 12-nation European Community would last until the end of September and that his mission was not over.

Government sources here were still hoping that holding off sanctions would give the South African Government time to make some concessions, noting that Mr Botha could be waiting for the National Party meeting

in mid-August to announce that he was prepared to go some way toward helping Mrs Thatcher present a better case.

Simon Barber reports from Washington that Senate opponents of sanctions began a rear-guard action yesterday aimed at delaying passage of legislation at least until after Congress's month-long summer recess which begins August 15.

Using complex parliamentary procedure, allies of conservative North Carolina Senator Jesse Helms blocked the Senate Foreign Relations Committee from

completing work on a sanctions package.

At the same time, Senate Majority Leader Robert Dole threatened to recess the Senate for the day if Senator Edward Kennedy tried to tack a sanctions Bill on to pending legislation raising the federal debt ceiling.

Senator Dole, who is apparently trying to buy time for the Administration to complete its consultations with European allies on a co-ordinated sanctions strategy, refused to budge.

Before being forced to rise, the committee rejected, on a 97 partyline vote, ed, on a 97 partyline vote, retallated.

the House of Representatives Bill calling for total divestment of US business from South Africa and a trade embargo on all South African exports save strategic minerals.

The Australian Prime Minister, Mr Bob Hawke, yesterday virtually ruled out unilateral sanctions by Australia against South Africa in spite of what he described as Pretoria's 'pre-historic thinking'.

Meanwhile Britain has warned black front-line states that if economic sanctions were imposed against South Africa 'they should not expect help if Pretoria retaliated.'

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THE LOCAL OPTION

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Sanctions proofing has become a major issue among microcomputer buyers and local production programmes have assumed a new importance.

One such venture is Psion Computers — recently acquired by ICL, one of the country's largest computer companies.

The merger will push ICL's turnover from an estimated R165m to more than R178m. ICL will use its resources to strengthen Psion's manufacturing programme and, says Psion MD Doug Gardener: "We have plans to launch more products and systems which will continue to show the computer industry here and

overseas the depth of design and manufacturing ingenuity that exists in SA."

Another plus is that the new Psion/ICL organisation will maintain close links with Psion UK, a major software house. Psion's market penetration will also be increased.

The companies first joined forces on local micro production last year and about 300 of the machines are being sold each month. Psion sales manager John Marshall says about 2 000 of the Psion micros have already been sold. He estimates the IBM-compatible PC market to be about 24 000 units a year.

SANCTIONS AND JOBS **Coalface quandary**

Two issues are raised by the Chamber of Mines announcement last week that collieries have started to draw up contingency plans to retrench workers because of the impact of the sanctions campaign on coal exports.

The first concerns the accuracy of the chamber's claims. The second arises from the National Union of Mineworkers' (NUM) threat to strike if the mining houses cut jobs.

The NUM supports disinvestment as a means of ending apartheid, as its general secretary, Cyril Ramaphosa, made clear at the recent conference of the British National Union of Mineworkers'. On the face of it, therefore, the NUM wants to have its cake and eat it. Clearly, the NUM cannot call for sanctions and, once they're imposed, refuse to take the consequences.

According to the chamber, the implications of the Danish parliament's ban on coal imports from SA are now being felt. It also says there has been a dramatic fall-off in exports to France and an increasing reluctance by other foreign buyers to take South African coal. The position will worsen if the European Parliament imposes sanctions, and the possibility that Far Eastern countries will follow suit cannot be excluded.

The chamber says that if this occurs, the employment of up to 35% of the coal industry's 110 000 employees of all races could be jeopardised. It also says individual coal companies are in the process of determining the basis on which redundancy programmes will be instituted.

However, three mining houses deny that they intend to retrench. Gencor director of mining, Steve Ellis, has said the company is not planning any retrenchments. A Gold Fields spokesman says his company also has no such plans at present. Rand Mines says its coal division is overstaffed by 200, but that it will be looking to place the employees elsewhere.

JCI, on the other hand — which is holding a meeting to consider the matter later this week — says it is possible that there could be a reduction in the numbers employed. Dave Rankin, MD of Amcoal — SA's biggest coal producer — refuses to comment at this stage. Anglovaal says the issue does not really affect it as it has only two collieries, neither of

which are chamber members.

Aside from these considerations, the chamber's claims of declines in coal exports are questioned. Says David Russel of J D Anderson: "SA exported 3,634m tons of coal in April. If you annualise that figure, it comes to 43,6m tons. Last year — which was regarded as a very good year — we exported 44,259m tons. Most of our export steam coal comes from open-cast mines, which pride themselves on not being labour intensive. That does not require you to lay off 35% of the labour force."

Peter Sowerby, director of Safbroker, says Denmark and France are the only countries which have imposed coal sanctions. He says, however, that the Denmark embargo only comes into effect later this year and that the Danes have been importing "madly" in expectation of the deadline. France has said it will not make any new contracts, but the existing ones are in place and exports this year have been steady. It remains to be seen if the contracts are renewed. Says Sowerby: "Sanctions are something the chamber has to consider seriously, but I doubt whether it has to implement retrenchments at this stage."

Ramaphosa's reaction to criticism of the NUM's contradictory stance has been to blame the chamber and government. He says: "Our members don't want to lose their jobs, but they are prepared to make sacrifices for the ultimate aim of liberation."

"The chamber is not addressing the question properly. It needs to look at why people are calling for sanctions. The reason is because apartheid must be completely eradicated and because wages and working conditions in the coal mining industry are appalling. If sanctions are implemented and jobs are lost, it will be the fault of the mining industry and government and we will be compelled to take action against the parties that are perpetuating the status quo."

It could be that the chamber's statement was designed to alarm — and possibly deliberately timed to coincide with British Foreign Secretary, Sir Geoffrey Howe's peace mission. From the comments of analysts, however, it appears that it may have been over hasty in talking about retrenchments now. Ramaphosa's response, on the other hand, indicates that the NUM is playing a dangerous game and one that could cause it to lose some of its members. Perhaps the best that can be said about the whole issue is that it is a remarkable illustration of how desperate South Africans have become about sanctions and political change. ■

FOREIGN EXCHANGE

Sensing sanctions

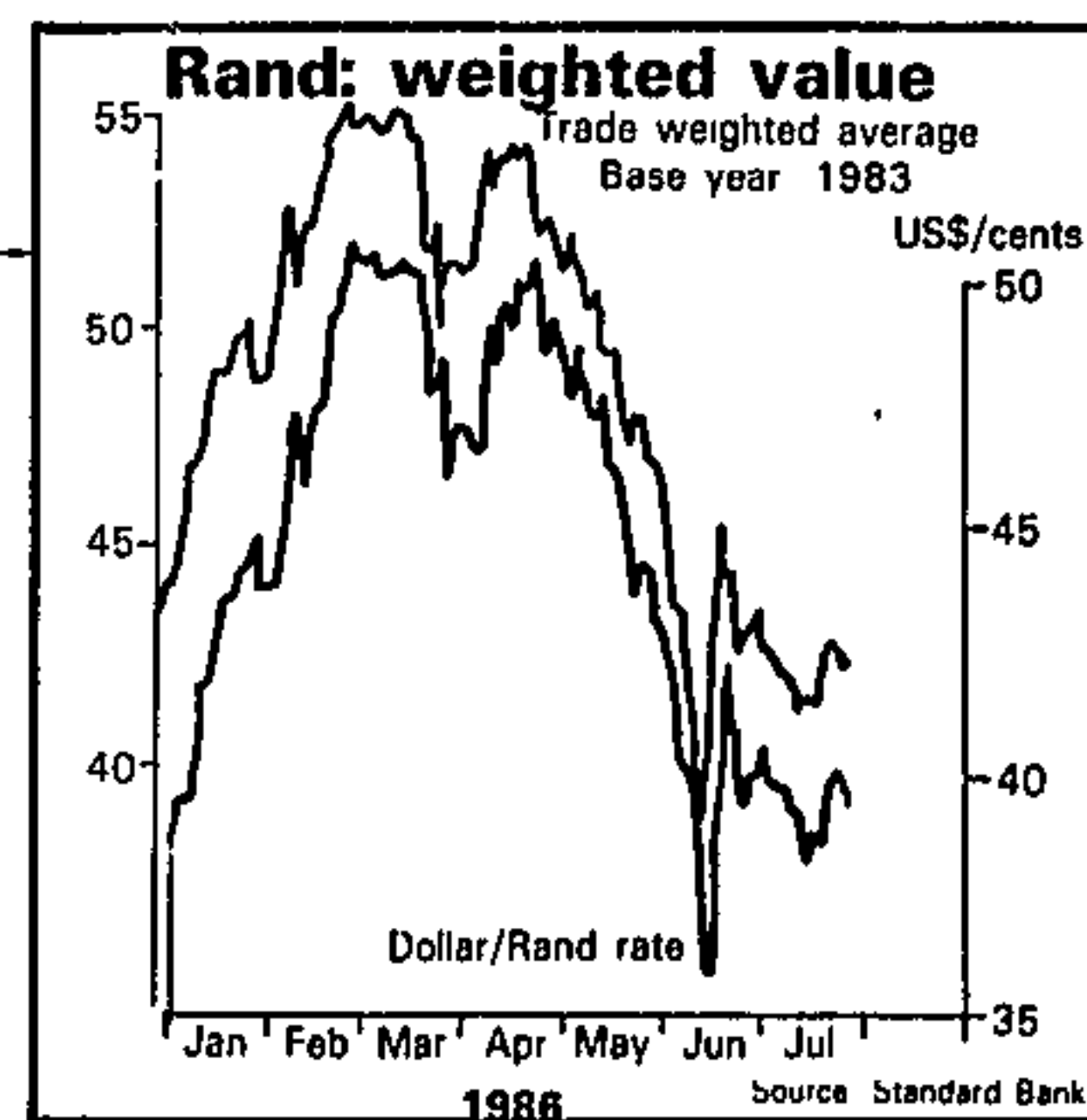
Under renewed pressure, the rand has been unable to maintain a foothold above US40c "despite," Barclays says, "fairly aggressive Reserve Bank support and an extremely pro-SA speech by President Reagan." (Standard Bank says Friday's low of US38,67c activated Reserve Bank intervention).

Pressure over the week (the underlying weakness is well known) is partly attributed to month-end dollar demand, which coincided with a bearish dollar trend. Over the week ending Tuesday, the rand fell from 62,22 yen to Y61,36 and DM84,78 to DM83,5. At press time on Tuesday, £1 could be bought for R3,75 (R3,77 last Tuesday).

Citibank feels "the US40c level is a strong resistance and demand for dollars at that level for both importer and debt repayment (outside the net) saw the rand fall back."

Interestingly, dealers report that Reagan's policy speech had no impact on the rand, reflecting growing expectation that both the US and UK governments will eventually have to impose some economic pressure against SA. Their strong stand against sanc-

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tions is looking increasingly untenable, especially as they are unlikely to get significant concessions from Pretoria.

None of the banks is optimistic. Says Standard: "While adverse political issues continue to dominate the news, the currency is unlikely to stage any sustained recovery." Citibank says that given the precarious state of sanction negotiations, market participants are very cautious. "Unless something dramatic occurs to change prospects, we anticipate a trading range of US38c-US40c."

The Australian central bank intervened in the forex market for the first time in three years on Monday as the A\$ plunged to US57,15c. After the Bank acted (introducing other measures as well, including a rise in the rediscount rate) it recovered to US63,4c. An Aussie dollar is now R1,55, after falling to R1,38 on March 3. It was R1,98 when the forex market closed on August 27 last year. ■

Commonwealth officials hope to avert split over SA

BUDAY. (45) 280/1/8/86

LONDON — Commonwealth officials hope a traditional spirit of compromise will avert a threatened split in the organisation over economic sanctions against SA.

The issue has raised passions in the 49-nation grouping, pitting Britain against all other members in its refusal to agree to full-scale sanctions to make Pretoria drop apartheid.

With SA refusing to make the concessions which would have let Britain hold out for continued negotiations, a compromise on measures falling short of all-out sanctions now looks possible at a three-day Commonwealth "mini-summit" opening in London on Sunday.

If so, the Commonwealth will have weathered, at least for the time being, the most serious crisis it has faced since it began to take shape nearly 40 years ago.

Zambia's President Kenneth Kaunda has said several times he will consider leaving the Commonwealth if British Prime Minister Margaret Thatcher refuses to agree to sanctions.

While no other Commonwealth leader has gone so far, the Organisation of African Unity, meeting in Addis Ababa, this week suggested voluntary reprisals against Britain for its opposition to sanctions.

A warning shot came this month when 26 nations boycotted the Commonwealth Games in Edinburgh over SA, and six others failed to take part without citing a reason.

The mini-summit, grouping leaders of Australia, the Bahamas, Britain, Canada, India, Zambia and Zimbabwe, will consider a report on SA by the Commonwealth Eminent Persons' Group, which concluded that sanctions are the only way to prevent racial strife in SA.

While Thatcher now seems unlikely to be able to hold out against some kind of economic pressure against Pretoria, she could still be at variance with her Commonwealth partners over the timing.

British officials have made clear she is committed to a three-month mandate entrusted in June by the European Community (EC) to British Foreign Secretary Sir Geoffrey Howe to try to persuade SA to agree to key reforms.

But diplomatic sources say Commonwealth leaders would be reluctant to postpone action until the EC considers, in September, the results of Howe's efforts.



● THATCHER



● KAUNDA

The EC has warned that if SA does not unban the ANC and release its leader Nelson Mandela from prison, it will consider banning new investments and imports of SA coal, iron, steel and gold coins.

Complicating the issue still further is the stance of the US, where President Ronald Reagan is under heavy

domestic pressure to agree to tougher sanctions.

A resolution before the US Senate proposes a series of measures differing from both the EC and Commonwealth lists.

Commonwealth Secretary-General Sir Shridath Ramphal says some people doubt whether Britain really wants to end apartheid and establish majority rule in SA.

Ramphal also believes there is room for compromise. "There is a point between comprehensive sanctions and mere gestures at which Commonwealth leaders can meet," he said recently.

His remarks have been bolstered by the reported reluctance of some African countries to join in comprehensive sanctions because of the adverse knock-on effect on their own economies.

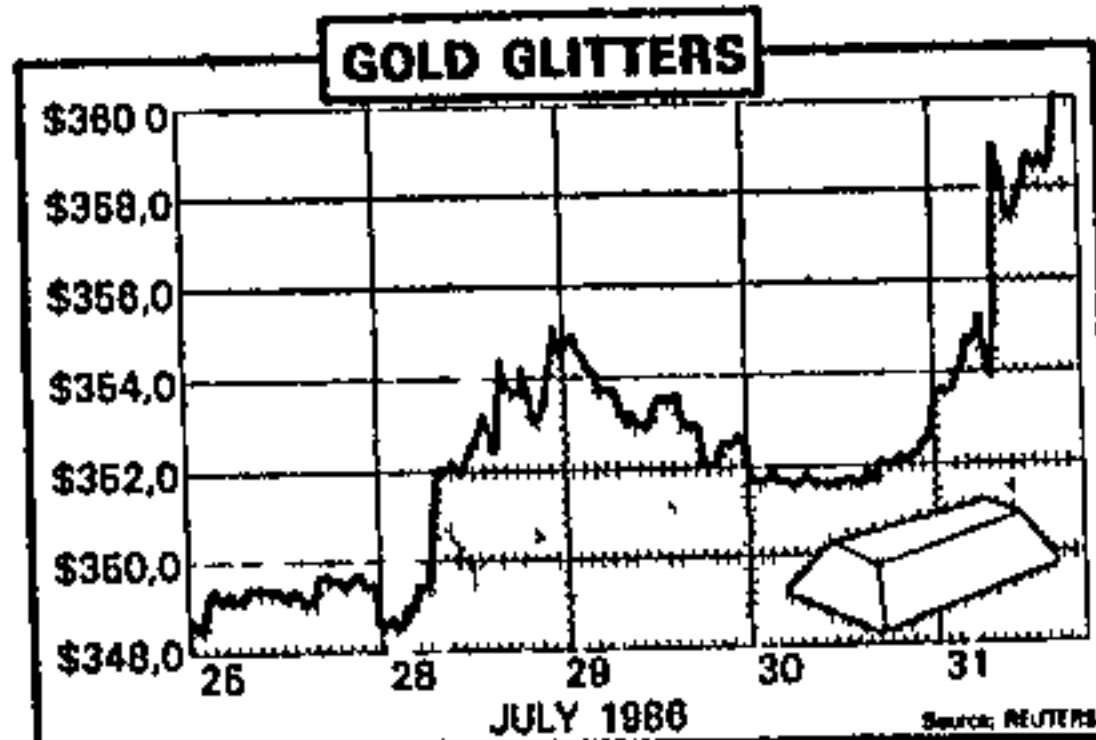
The crisis has aroused hostile feelings among some British politicians and commentators towards the Commonwealth, which has been denounced by some as an outdated club held together only by a common colonial heritage and use of the English language. — Sapa-Reuter.

Golds at record level

MERVYN HARRIS

THE GOLD price rise to the \$360 level sent gold and other mining shares racing to record levels on Diagonal Street yesterday.

The JSE all gold index surged 44,3 points — one of its biggest-ever, single-day rises — to hit a new peak of 1 386,2. With the industrial and platinum indices also hitting new highs, the JSE overall



index was swept 25,8 points higher at a record 1 613,1.

On the back of the higher gold price and amid speculation of a further cut in Bank rate, the bull run in the capital market continued, with yields approaching levels last seen a year ago.

RSA 13% 2005 stock closed at 15,49%, sharply down from yesterday's close of 15,85%. Escom 11% 2009 stock closed at 15,75% (16,29%).

The gold price take-off started at the London morning fixing and continued in New York where follow-through buying lifted it \$9 to \$361.

Reports suggested German, Swiss and Chinese dealers were major buyers on renewed concern over the weak dollar.

Gold was also boosted by short covering on confirmation of big Japanese pur-

● To Page 2 ➡

Hong Kong bans Kruger imports

HONG KONG — The government of Hong Kong is banning the import of gold coins minted in SA.

It said yesterday the ban would apply from August 8.

A spokesman said the ban was imposed after careful consideration of all relevant factors and similar actions taken by other countries. It offered no further justification.

A number of other countries, including the US, have moved to block trading in SA gold coins.

The ban applies to all SA gold coins, including Krugerrands and the new Protea.

Violators of the ban will face a fine of

up to HK\$500 000 and two years in jail.

The government said it was not banning dealing in SA gold coins or imports of such coins from third countries.

Hong Kong is the biggest gold dealing centre in Asia. Until last year when the Canadian Maple Leaf gold coin became popular locally, it was probably the world's foremost market for Krugerrands.

In 1985, Hong Kong imported HK\$447m worth of SA gold coins, representing 55% of its total imports of gold coins.

In 1984, imports were worth HK\$1,11bn — 93% of all gold coins entering Hong Kong. — AP-DJ.

Importers act to beat sanctions

ALAN SENDZUL

SMALLER South African importers have been accelerating import orders to weather the uncertainty of supply disruptions which might occur from sanctions.

Over a wide range of industrial sectors there seems to be a bunching of import orders, which has contributed to the weaker exchange rate over the June month-end.

Barclays Bank, however, did not confirm a marked increase in volumes on the foreign exchange market over the past few weeks, saying it would be difficult to distinguish between changes in normal month-end commitments and those in response to increasing pessimism over supply blockades.

A senior dealer said: "We have not seen the proportions which could suggest large-scale stockpiling as a protection against sanctions."

But another bank's international division felt exporters had been precipitating sales abroad which could have eased undue pressure on the rand.

Radem Laboratories, a company specialising in medical supplies, said it had been increasing stocks, although this would only constitute a breather from supply distortions.

Sanctions 'would hit SA more than UK'

BU 280
DA 11886

Own Correspondent

LONDON — A report by Britain's union-backed Labour Research Department indicates that economic sanctions would hurt SA more than the UK because of the balance of trade between the two countries.

"The UK has substantial trade with South Africa, but the links are of much more importance to the South African side," says the report, "Profiting from Apartheid", which lists 281 UK firms with associates and subsidiaries in SA.

In the first 10 months of 1985, it says, Britain was the third largest market for SA-identified exports, taking 10.7% of the total (excluding exports of gold which accounted for 45% of total exports in the 10 months to October 1985).

Only the US (15%) and Japan (13.9%) imported more.

Britain is SA's largest market for fruit and vegetables, taking 30% of SA's total crop. Apples, grapes and oranges are the biggest individual sellers.

The UK is the third largest supplier to SA (figures for the first 10 months of 1985), providing 11.7% of all imports. This puts Britain behind West Germany, with 16.8% of the market, and the US, with 12.9%.

The UK's major exports are manufactured goods, amounting to 16% of SA's imported machinery and electrical equipment, compared with the 28% share taken by similar German goods.

The UK provides fewer vehicles than Germany and Japan, but SA's imports of UK chemicals, at 19%, are only slightly less than the proportion from the US.

Report by 30 major UK firms opposes sanctions against SA

London Bureau

OPPOSITION to economic sanctions against South Africa has come from more than 30 major British companies trading with that country.

SA 'would be hurt the most'

London Bureau

A REPORT by Britain's union-backed Labour Research Department yesterday indicated that economic sanctions would hurt South Africa more than Britain because of the balance of trade links between the two countries.

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Companies with interests in other parts of Africa were reluctant to be associated with any document that supported continued investment in South Africa.

The report estimates total British investments in South Africa at £6 billion (about R24 billion) and says 120 000 British jobs depend on trade there.

The association says: 'While opinion is not unanimous in support of the present Government's current unwillingness to embark upon significant political reform, and it is not inconceivable that increased international pressure and dialogue could play a role in support of those pressing for change.'

Reluctant

Bicsa, formed earlier this year by the Confederation of British Industry (CBI) and the U K-South Africa Trade Association, argues that the imposition of punitive measures could make the South African Government 'even more resistant to change'.

But the equivocal language of the report illustrates the problems the Association had in reaching agreement on what to say.

Details

Britain: no help if SA retaliates

11/8/86
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LONDON — Britain warned the Frontline states yesterday that if economic sanctions were imposed against South Africa they should not expect help if Pretoria retaliated.

Soon after the Prime Minister, Mrs Margaret Thatcher, won support from the cabinet for her hardline opposition to sanctions, the Foreign Office Minister of State, Baroness Young, warned countries such as Zambia and Zimbabwe that they should not expect British economic aid if President P.W. Botha's government turned on them.

Both countries have been in the forefront of Commonwealth calls for economic sanctions.

Earlier Mrs Thatcher sent the Commonwealth a clear message that she was prepared to fight against sanctions when seven senior Commonwealth leaders meet in London on Sunday.

Senior Thatcher aides, speaking after the cabinet endorsed her opposition to economic measures, described the Commonwealth states as "irrelevant" as far as sanctions were concerned.

Diplomats had expected Mrs Thatcher and her colleagues to reluctantly accept the assessment by the Foreign Secretary, Sir Geoffrey Howe, that sanctions were inevitable following Pretoria's rejection of his European Community shuttle mission to Southern Africa.

They said Britain was now on a collision course with the Commonwealth, including the Frontline states bordering South Africa.

Although Mrs Thatcher's aides stressed that the cabinet's decision

political sources said the no-sanctions stance had disappointed Sir Geoffrey who had said in Pretoria that some form of economic measures were inevitable.

Both the Prime Minister's Office and Sir Geoffrey issued strong denials that he had resigned or had offered to.

Referring to the effect that "tough action" on South Africa could have on black Southern African states, Baroness Young said: "We are examining the possibility for further assistance but clearly the United Kingdom is not in a position to off-set the effect of sanctions on Frontline states and the importance of that is that it underlines the importance of seeking a solution through dialogue and not through confrontation."

The United States Assistant Secretary of State for African Affairs, Dr Chester Crocker, held talks in London yesterday with Sir Geoffrey.

● The former Australian Prime Minister, Mr Malcolm Fraser, said in a speech in London that the West's refusal to impose sanctions on Pretoria would antagonise the black majority and lead to drawn-out guerrilla warfare.

He said extremist black leaders would emerge to do battle against Pretoria and eventually set up a pro-Soviet Marxist government.

Editorial opinion P12

strategic location

South Africa occupies a peculiarly important strategic location, commanding the sea routes between the Indian and Atlantic oceans. It remains, and must remain, a priority for British and Alliance policy that, whatever future system of government it chooses for itself, South Africa should remain firmly outside the Soviet sphere of influence and should continue to be allied, if possible more closely, to the defence interests of North America and Western Europe.

Strategic minerals

South Africa constitutes the principal non-Soviet supplier of a number of vital industrial and strategic minerals, including metals in the platinum group and chromium and manganese ores. While temporary shortages of these minerals as a result of all-out sanctions against the present government might be ameliorated by recycling, substitution and resort to stockpiles, the United Kingdom and other Western countries have a longer-term interest in avoiding the danger of greater dependence on supplies from the Soviet Union and her allies.

This is accordingly an additional incentive for the West to cultivate the emergence of a stable system of government in South Africa which is not under the dominance of the Soviet Union.

Gold

Although a halt in the supply of South African gold would undoubtedly have effects on the speculative market the enormous Western holdings of gold would ensure that there would be no risk of dependence on Soviet and other suppliers of gold for vital industrial purposes. Indeed, South Africa's own dependence on gold exports — which provide 40 to 50 per cent of the country's foreign exchange earnings — is an important bargaining card in the hands of the industrialised nations.

Colonial legacy

There continue to be very close family ties between many English speaking whites and people in the United Kingdom, and this close relationship cannot and should not be ignored by HM Government. Considerations for the safety and future well-being of the English-speaking community therefore are and should remain a proper concern of HM Government.

The United Kingdom nonetheless faces the possibility of a problem on a scale numerically similar to that experienced by the Government of the French Republic in accommodating white refugees from Algeria in the late 1950s and early 1960s.

UK responsibility

Despite the United Kingdom's subsequent good record in the process of

pendence, the means by which the white minority in South Africa obtained exclusive control over the government and economy of what is now the Republic of South Africa were largely facilitated by the inadequacy of the legislation adopted by our own Parliament, and the development of apartheid as a legal system was made possible by the British Parliament's release of its responsibilities for the non-white population in 1909.

The re-establishment of the rights of the non-white majority in South Africa must therefore remain a primary concern of the British Government and Parliament. Although the United Kingdom Government has no residual legal powers in the matter, one cannot deny our continuing responsibility to try to ensure that this post-colonial aberration is resolved according to the moral and political criteria to which all the main political parties in the United Kingdom subscribe.

Commonwealth

The coherence of the Commonwealth can be re-established only by the renewed confidence of its black African members that the United Kingdom will opt for a united Commonwealth approach to the problem of South Africa.

Although during much of their time in South Africa the EPG undoubtedly believed they were achieving progress, nonetheless from the point of view of the British Government their report when it was published represented a significant setback to its policy of negotiation and mediation, far from pointing the way towards a negotiated settlement, the report has effectively buttressed the view of those who believe that a negotiated settlement could be achieved only with the support of more effective external measures.

The outcome of the Commonwealth mission has been, in effect, greatly to increase support outside South Africa for the imposition of further sanctions against South Africa, and at the same time further to polarise and harden attitudes within the South African political community towards further attempts at external mediation.

Howe mission

If Sir Geoffrey Howe returns from Pretoria empty-handed — or at least armed with specific proposals insufficient to satisfy the demands of those campaigning for comprehensive sanctions —

The British Parliament's foreign affairs committee has published a report on sanctions which will make an important contribution towards the intensifying debate on what further economic sanctions Britain should impose on South Africa. JOHN BATTERSBY, of our London Bureau, has sent this selection of quotes from the all-party committee's report.

pressure on HM Government to join in the imposition of at least some further negative measures is going to be intense.

Purpose of sanctions

Though in recent months ministers, including the prime minister, have sometimes given the impression that there is now a debate about the principle of economic sanctions it is clear that the real argument is about whether more punitive measures would achieve the policy objectives which HM Government share with most others.

A decision to adopt "comprehensive, mandatory sanctions, therefore total sanctions" as a means of softening up

African debts. In the view of Mr Len Abrahamse, chairman of Syfrets, this decision was "far more serious" than any officially imposed sanctions and had "placed a serious constraint on the situation." Not only did the American banks' decision have serious consequences for general business confidence in the South African economy, it also appears to have prompted more overt moves on the part of President Botha to accelerate the process of dismantling the vestiges of legalised apartheid. To that extent the actions of the banks may be regarded as a pointer towards the possible effects of more prolonged and sustained financial sanctions against the Republic.

Effect on SA economy

The imposition of further sanctions on the economy of South Africa will clearly have an impact on direct relationship to the severity of the level of sanctions imposed. Although it is obviously impossible to predict the precise impact of different levels of sanctions imposed, there is no doubt that the effects of total withdrawal of international trade would be in the long term to produce a significant downturn in the economy and significant further unemployment.

In the short term, however, some witnesses seem to believe that wider sanctions would produce "a temporary boom in the economy of South Africa", which is "already quite highly geared towards a siege economy."

Effect on SA Govt

If sanctions are intended to produce a relatively speedy political response from the South African Government, the most significant effects will be those indirectly on the government rather than directly on the economy.

It is impossible to estimate the effect in political, as well as economic, terms of the imposition of much wider sanctions. Although it would undoubtedly have negative effects on the economy in the long term, it might survive in the short term for rather longer than sometimes thought. Mr Abrahamse for in-

stance, has made the point that a total freeze on investments could well lead to a ban on the repatriation of profits from foreign companies' subsidiaries in South Africa, which could in itself lead to an improvement in the balance of payments situation and an increase in the availability of funds for domestic reinvestment.

Pressure on the South African Government from its domestic business community might therefore be muted as a result. Nevertheless, it is clear that this relief could be only temporary, and that after a while the sanctions would be likely to bite very hard, and no South African government would be able to ignore their effect in the framing of its policies.

Marshall Plan

Given the potential value of positive (as opposed to negative) measures, we would not discount the idea that a "Marshall Plan" approach should be offered to the South African Government as a condition for the ending of apartheid and the acceptance of the main political demands of the European Community and the Commonwealth.

In our view, therefore, the South African Government should, if time is available, be offered the chance to agree to negotiations towards a political settlement in return for the promise of a substantial injection of finance and technical support from the major industrial powers, where possible, direct to the black community, both to stimulate the economy and to deal with the social and educational problems which have resulted from the implementation of apartheid.

This policy would, however, involve a very substantial commitment of public funds from the United Kingdom and other Western industrialised countries and should only be pursued if the South African Government is prepared to accept the inevitability of rapid progress towards majority rule.

Majority rule

The onus is very much on the South African Government, and the white community in general, to take the steps necessary to ensure as peaceful a transition as possible to democratic rule.

It is very significant that in public statements about possible constitutional negotiations President Botha's government has consistently referred to the "sharing of power" and has rejected the idea of a "transfer of power" to a majority government.

It is our fear that this

attitude of the South African Government, which probably reflects the views of the majority of the white community, will present a serious impediment to the negotiation of a new constitution for South Africa. This fear was very much reinforced by the evidence given to us by Mr Len Abrahamse. As an Anglicised representative of the Afrikaner community, Mr Abrahamse might have been expected to endorse the necessity of a majority rule constitution. However, when asked whether "the white business community accepts the inevitability of black majority rule?" Mr Abrahamse replied:

"If you were to put it to the vote in South Africa today you would get a strong resonant 'no', they would not accept it. That does not mean it would not come in the passing of time but there would be no voluntary capitulation. In the minds of most white South Africans the sharing of power is not synonymous with an abdication of power."

If Mr Abrahamse is correct, the chances of a negotiated transfer to genuine democratic government are slim indeed.

The way ahead

The policy decisions to be taken by HM Government are therefore to a very large extent dependent on the actions of President Reagan. If he finds it impossible to take the minimum steps demanded by the Commonwealth and most other foreign governments — to release political prisoners, to "unban" the ANC and other organisations, and to begin the process of negotiating a new constitution — it will prove increasingly difficult for HM Government to continue to resist the wider ranging economic measures supported by the Commonwealth and EC governments.

Carrot and stick

One approach which we have identified is to use the "carrot" of positive measures, and the prospect of substantial outside help in reversing South Africa's economic decline, in return for achieving real political progress. Another approach is to use the "stick" of further negative pressures on the South African economy in an attempt to coerce the South African Government.

We cannot be sure whether either will work. Things may have gone too far already. But we note the heavy international pressure on the UK to endorse the second, or negative, approach, even though its impact cannot be accurately forecast and may, in the view of some of our witnesses be potentially counterproductive.

Failing a positive and early response by the South African Government to any alternative strategy, it is nevertheless likely that the industrialised countries, including the UK, will feel compelled to follow this course.

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Sanctions: British point of view



MR LEN ABRAHAMSE.

No UK aid for states hurt by sanctions

LONDON. — Britain warned "frontline" states yesterday that if economic sanctions were imposed against South Africa, they should not expect help if Pretoria retaliated.

Soon after the Prime Minister, Mrs Margaret Thatcher, won support from the cabinet for her opposition to sanctions, the Foreign Office Minister of State, Baroness Young, warned countries such as Zambia and Zimbabwe that they should not expect British economic aid if the South African Government turned on them.

Both countries have been in the forefront of Commonwealth calls for economic sanctions as a way to end apartheid.

Earlier Mrs Thatcher sent the Commonwealth a clear message that she is prepared to fight against sanctions when seven senior Commonwealth leaders meet in London on Sunday.

Senior Thatcher aides, speaking after the cabinet endorsed her opposition to economic measures, described the Commonwealth states as "irrelevant" as far as sanctions went.

Collision

Diplomats had expected Mrs Thatcher and her colleagues reluctantly to accept the assessment by the Foreign Secretary, Sir Geoffrey Howe, that sanctions were inevitable following Mr Botha's rejection of his European Community mission's proposals.

They said Britain was now on a collision course with the Commonwealth, including the frontline states bordering South Africa.

Although Mrs Thatcher's aides stressed that the cabinet's decision was unanimous, political sources said the no-

sanctions stance had disappointed Sir Geoffrey, who had said in Pretoria that some form of economic measures were inevitable.

The sources said there was a considerable gulf between Sir Geoffrey and Mrs Thatcher over the issue, but both the Prime Minister's office and Sir Geoffrey himself issued strong denials that he had resigned, or even offered to

'Fanciful'

Sir Geoffrey told the BBC that reports in London financial circles that he had quit or was intending to were "fanciful and fantastic".

Ian Hobbs reports that heated and passionate argument on the sanctions debate filled whole pages in Britain's major newspapers on Wednesday as the media again gave blanket coverage to South African issues.

As more conservative newspapers usually sympathetic to Pretoria turned hostile, a theme in leading articles was that Mr Botha had stoked antagonism by publicly spurning Sir Geoffrey's proposals.

Even the "bible" of capitalism, the Financial Times, said diplomacy had proved fruitless and called for the first time for mandatory sanctions.

If there were to be sanctions, such as a ban on direct air links and new investment, they should be made mandatory through the United Nations Security Council as the only practical way of achieving near-universal observance, said

the Financial Times.

The Times said the "public brusqueness" of Mr Botha's rejection of Sir Geoffrey's call for Mr Nelson Mandela's release had been "ill-judged by any standard. It will make it difficult for him to make that particular (and crucial) concession in future. If nothing else, normal political caution should have induced Mr Botha not to slam the door so firmly in Sir Geoffrey's face".

But The Times said Mr Botha "felt confident enough to pull the plug" on Sir Geoffrey's mission "precisely because the real prospect of sanctions is already uniting white South Africa".

But The Times said the hardships brought by sanctions could force frontline states into even closer economic dependency on South Africa — or bankruptcy from which the rest of the world would be asked to rescue them.

Abyss

The South African Government would be "far less hesitant in deploying its resources of control and suppression", The Times said.

The Daily Mail said Sir Geoffrey had their respect for trying, with disregard for his own reputation, to "edge South Africa back from the abyss" in the face of black and white insults. "But the embattled Boers, blinded by their own stubborn pride, are beyond reason," said the Daily Mail.

● In Canberra the Australian Prime Minister, Mr Bob Hawke, yesterday virtually ruled out unilateral Australian sanctions against South Africa, despite what he described as Pretoria's "pre-historic thinking".

"I would not see it as wise for Australia to go in any sense beyond what the Commonwealth was doing," Mr Hawke said. — Sapa-Reuter and Own Correspondent

AND NOW FOR SOMETHING
COMPLETELY DIFFERENT

MINOLTA
V-2000

Don't expect help, Frontline states warned

Cabinet supports Thatcher on SA

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● THATCHER



● HOWE

LONDON — British Prime Minister Margaret Thatcher dug in yesterday for a head-on confrontation with the Commonwealth over sanctions amid signs of a rift between her and Foreign Secretary Sir Geoffrey Howe.

Britain has meanwhile warned Frontline states that if sanctions are imposed, they should not expect help in the event of Pretoria retaliation.

Soon after Thatcher won support yesterday from the cabinet for her hardline opposition to sanctions, Foreign Office Minister of State Baroness Young warned such countries as Zambia and Zimbabwe they should not expect British economic aid if President P W Botha's

JOHN BATTERSBY

government turned on them.

The Foreign Office and Thatcher's Downing Street office were putting sharply contrasting interpretations on yesterday's crucial cabinet meeting to prepare strategy for the seven-nation Commonwealth summit in London on Sunday.

But a Foreign Office spokesman denied Sir Geoffrey was about to resign as Foreign Secretary.

The cabinet, after voicing deep dismay over Botha's "discourteous" speech, reaffirmed its quest for a negotiated settlement in SA.

Thatcher is thought to have been encouraged to go for broke on her stand

against sanctions by a mid-week opinion poll.

The poll reflected a dramatic leap forward for the Tories, bringing them to within one point of the Labour Party after trailing for months by six or seven points.

The poll has been interpreted by some analysts as electoral support for her tough stand against Commonwealth efforts to bludgeon Britain into tougher sanctions.

Westminster was abuzz with rumours last night that Thatcher and Sir Geoffrey were in open conflict after his proposal that Britain should make some conces-

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Gold...

Thatcher refuses to budge

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sions to the Commonwealth on more wide-ranging sanctions.

BBC television reported that several of her ministers had private reservations about her stand and were losing patience with her dogged rejection of even limited measures.

A Downing Street spokesman would neither confirm nor deny that Sir Geoffrey had formally recommended sanctions to the cabinet.

Sources close to Thatcher said she had not conceded anything on the sanctions issue and did not regard the unity of the Commonwealth as sacrosanct.

"The Commonwealth is almost irrelevant when it comes to sanctions.

"We are not in the business of sanctions and nobody — apart from some in the media — takes the break-up of the Commonwealth seriously," a Downing

Street source said.

A Foreign Office spokesman dissociated Sir Geoffrey from these remarks, but endorsed other comments attributed to a Thatcher spokesman.

It is believed cabinet consensus was reached on a vote of thanks for Sir Geoffrey for the dignified and persuasive way in which he had put the case to Botha for a peaceful solution in SA.

Baroness Young, deputy Foreign Secretary, made a bland statement about Sir Geoffrey's mission in the House of Lords yesterday, shedding little new light on his ill-fated mission.

She said Sir Geoffrey's personal standing had in no way been affected by the behaviour of the SA government.

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It is amazing what wonderful altruists everybody has become. It is remarkable that in South Africa, the most vehement in their concern for blacks have been whites

BISHOP DESMOND TUTU

IN 1976, out of a growing and deepening apprehension about the mood in Soweto, one of increasing anger and bitterness and frustration, I wrote an open letter to then-Prime Minister BJ Vorster. In it I warned him that unless something was done, and done rapidly, to remove the causes of black anger, I was fearful of what was likely to erupt, because black people were growing increasingly resistive under their oppressive yoke of apartheid.

For young people, it was represented in the insensitive determination to enforce Afrikaans as a medium of instruction in their inferior schools in a system of education that had been designed by its author, Dr Verwoerd, for inferiority.

My letter was dismissed contemptuously by Vorster as a propaganda ploy somehow engineered by the Progressive Federal Party. He did not think I could, as a black person, have the intelligence to know the grievances of my own people or the ability, if I did, to compose a letter to express those grievances.

I refer to this first effort to show that for over 10 years I have attempted to alert the authorities in this land to the dangers to which their misguided and iniquitous policies were exposing our beloved country.

In that 1976 letter, I referred to some of the minimum conditions necessary to allow blacks to feel that their plight was being taken seriously. I have made many public statements urging the government to act decisively and to give blacks hope.

In 1980, on my initiative, some of the leaders of the South African Council of Churches and of member churches went to see PW Botha, who was then Prime Minister, and his senior cabinet colleagues. We were trying to make them understand that unrest would be endemic in South Africa unless its root cause was removed — and that root cause was apartheid.

We declared then that we knew that politics was the art of the possible and did not want to suggest they do anything to erode their support among their constituency.

And we put forward four actions which, if they were carried out, would be a dramatic demonstration of the government's intention to effect real political change leading to political power sharing. Remember, this was in 1980, six years ago. We said:

- Declare a commitment to a common citizenship for all South Africans in an undivided South Africa.

- Abolish the pass laws (even a phased abolition to avoid chaos), detention without trial, and arbitrary banning.

- Stop all forced population removals immediately.

- Establish a uniform educational system.

These were not wild, radical demands and if the government had implemented them, we would have been saved a great deal of anguish, bloodshed, and loss of property and an increase in bitterness, hatred, and anger. We were criticised in the black community for going to the government.

These were much of the same conditions in my 1976 letter to Vorster. But do you know what happened? They were ignored.

In fact, we later discovered that the government had dealt dishonourably with us, for while we were discussing with them in good faith, they were employing the Christian League as a front organisation in their nefarious efforts to subvert, malign, and discredit the SACC. Actually, the government



Bishop Desmond Tutu ... a call for punitive economic sanctions

intensified its efforts to undermine the Council of Churches and me personally by getting its sycophantic SABC and others of its media lackpittle supporters to denigrate and vilify us.

That ended up with the government's being embarrassed, and the SACC and I received global vindication by the award of the Nobel Peace Prize. And the government was thoroughly hoist by its own petard, because our member churches and overseas supporters rallied to our support in an unprecedented way.

In 1984, far from heeding our calls for negotiation leading to power sharing, the government introduced a constitution that was the climax of the policies of exclusion to which blacks had been subjected since 1910. Seventy-three percent of the population was excluded from any participation in this monumental hoax designed to hoodwink the international community into believing that apartheid was being reformed.

Apartheid is not reformable. It must be destroyed before it destroys our country. That constitution was meant to entrench white minority rule with the co-opted help of so-called coloureds and Indians, collaborators of their own and our oppression and exploitation. The people have rejected it unequivocally.

Despite all this, I tried again last year to see the State President to talk with him as one South African to a fellow South African, as one grandfather to another, as one Christian to another. I hoped that he would act as only he could, the one white South African who would have gone down in history as having presided over the dissolution of apartheid and the emergence of a new, more equitable, just, nonracial, and truly democratic South Africa. He turned me down.

Little or nothing in South Africa has changed without pressure from the international communities. The sports policy changed only as a result of the sports boycott, which I have supported and continue to do so, as a non-violent method to bring about change.

I have called on the international community to exert pressure on the government — political, diplomatic, but above all economic pressure — to persuade it to go to the

negotiating table with the authentic representatives of all sections of our society, and I have said for blacks this would mean those in jail or in exile. I have said this unrepentant times.

I have been accused of advocating sanctions and I said I have not yet called for sanctions. I have said each country should surely decide for itself the nature of economic pressure it wishes to apply.

Most Western countries have rejected economic sanctions because, we are told, they would hurt blacks most of all. I hope that those who use this argument will drop it quietly and stop being so hypocritical. It is amazing how solicitous for blacks and such wonderful altruists everybody has become. It is remarkable that in South Africa, the most vehement in their concern for blacks have been whites.

Few blacks have repudiated me for my stance. This is very odd. They are not stupid. They know whether they are going to suffer and they would reject out of hand one who wanted to bring that suffering on them. And yet, in the black community, my standing is very high.

And, even more remarkably, two recent surveys have shown that over 70 percent of blacks support sanctions of some sort. Blacks have carried out consumer boycotts. They have staged massive stayaways to make a political statement.

Nothing that Botha has said has made me believe that he and his government are serious about dismantling apartheid.

I have no hope for change from this government unless it is forced. We face a catastrophe in this land, and only the application of pressure by the international community can save us.

Our children are dying. Our land is burning and bleeding and so I call on the international community to apply punitive sanctions against this government to help us establish a new South Africa, nonracial, democratic, participatory, and just. This is a nonviolent strategy.

There is still a great deal of goodwill in our country between the races. Let us not be so wanton in destroying it. We can live together as one people, one family, black and white together.

Extracted from a longer article which appeared in the Washington-based BUSINESS AND SOCIETY REVIEW

Can you name any overseas campaigner for divestment who is prepared to face black workers and tell them he supports their losing their jobs?

CHIEF MANGOSUTHU BUTHELEZI

WHY does a black South African oppose divestment?

The answer is really quite simple. The majority of black South Africans don't want divestment.

They see investment as a strategy for liberation. They know that jobs will give them economic and political muscle. Without a means for survival — because blacks in South Africa are cash-dependent — their grinding poverty and degradation will continue unabated.

They are aware of this, too. Divestment will not help the struggle for liberation, it will hinder it.

An average black wage earner, working for a company dependent on foreign investment or the ripple effects of healthy international trade, will not appreciate that — following a divestment squeeze — he has lost his job for his own good, because activists in the United States and elsewhere say so.

Can you name any overseas campaigner for divestment who is prepared to face black workers and tell them he supports their losing their jobs?

If he doesn't fear for his life, I can arrange a rally in any of our black townships — where unemployment is rampant — at any time. I would like to hear how he would explain to these men and women that divestment is in their best interests; that it will help liberate them, that he has decided what is best for them.

Quite frankly, I think the arrogance and the insensitivity of many divestment debate stalwarts is beyond decent description. I am appalled at how many American politicians have cynically used this issue for their own political ends within the US.

Does the US know how long it is going to take before there is power sharing in South Africa? Has the West any idea of the sort of time scale involved? Have proponents of this so-called tactic really thought about the consequences of divestment? About who it will really affect? About whether it will really force the government to its knees? And, finally, if cornered, how the whites of South Africa will react?

In many ways the divestment debate can be likened to well-meaning citizens trying to free innocent prisoners by throwing a bomb into the middle of their cell. What the West often forgets is that it is the lives of ordinary blacks they are dealing with. This is not a dry, academic debate. Divestment is a life-and-death issue. We are talking about blood, sweat and tears, about poverty, ignorance and disease.

Apartheid is condemned, quite rightly, for the evil that it is. We are grateful for that condemnation and we urge people overseas to keep it up.

Just because there are blacks like myself who exercise their democratic right to oppose divestment and sanctions, the word has gone out that we are "tools of the system", that we are "apologists for the South African government". This is, as they so descriptively say in the US, hogwash.

I have spent my life fighting apartheid and will continue to denounce the racist policies of the South African government for as long as it is necessary. None of us will know peace until there is justice in our beloved country, until there is power sharing in a free and united South Africa.

But foreigners must allow us to conduct the struggle for liberation in the manner in which



Chief Mangosuthu Buthelezi ... divestment is a recipe for disaster

we see fit. I am always amazed when well-meaning foreigners inform me that black South Africans are prepared to undergo even more pain in the struggle.

Nobody has to tell me about pain and suffering and the struggle for liberation.

Do people overseas know that children die of malnutrition in this country? That starvation is permanently, mentally, damaging others? Thousands upon thousands of children will never learn to read and write because there just isn't the money to educate them. Thousands more fathers and mothers who have lost their jobs in the present economic recession will probably never work again.

Some 60 percent of all black South Africans live in the rural areas. Years of drought and then successive cyclones and floods have devastated much of the overcrowded, eroded countryside allocated to them.

The effects of the economic recession, coupled with the obvious political ramifications of divestment and sanctions, are beginning to tell in South Africa. The jobless are moving from the cities back into the countryside. In KwaZulu, for instance, old-age pensions are a primary source of income for entire families. The hardships being endured are staggering.

And on top of all this, 50 percent of all blacks in South Africa are under 15 years of age. If the economy is ground to a virtual standstill by divestment and sanctions, how will any leader in a post-liberation government ever recreate the infrastructure required to provide these young people with jobs — let alone the education to equip them to work? The economy of any country cannot be switched on and off like a tap.

The reality is that successful divestment and sanctions strategies will, step by step, drive this country to the brink of economic ruin. And this will create a situation of ungovernability, which is precisely what proponents of the armed struggle want.

That is why I argue differently. I know that the majority of blacks in this country will support me when I say we yearn for peaceful change. We don't want the ongoing misery that the ANC mission in exile has in store for us.

We want negotiation and national reconciliation in a united South Africa. We want to build a multiracial society in which there is power sharing, in which there is hope for the future. How can we build a new society if the economic foundations of our country have been destroyed? What wealth will there be left to share?

Of course, South Africans like Bishop Desmond Tutu and Reverend Allan Boesak may call for sanctions. I say they have no mandate to do so. I address audiences of tens of thousands at a time throughout South Africa. I lead a political movement, Inkatha, which has 1.2-million paid-up members. I am an elected constituency leader, and each and every time I have asked ordinary black South Africans whether they favour the tactic of divestment, they have answered with a resounding "no".

Of course, we support moves to put the squeeze on foreign companies operating in South Africa that do not actively work for the elimination of apartheid. If they are simply in South Africa to exploit South Africa and her people, we do not need them now and we won't at any time in the future.

The work started by the Sullivan signatories must continue. We welcome any pressure brought to bear to ensure that companies that do operate in South Africa increase their efforts for change. I believe that foreign investors should search for selective new opportunities in South Africa — selective investment that will add to the pressure for change and, at the same time, add to opportunities for black South Africans.

South Africa is a net exporter of food and energy to Africa and elsewhere in the world. The economy of this country is already integrated with the vested interests of the Western industrial world and with the developing economies of Africa.

Any harm to the South African economy will reverberate in these countries. Divestment may well shake South Africa's economic foundations, but it will pulverise the rest of Southern Africa. These are the realities.

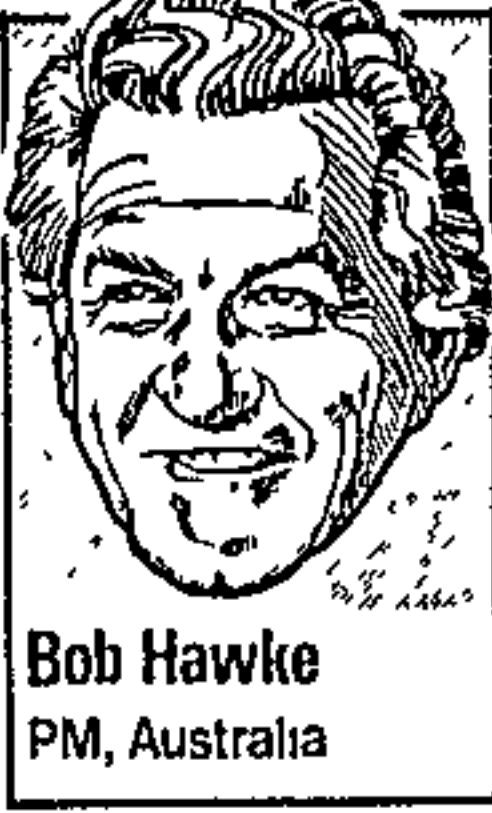
People overseas should wave their banners and shout about apartheid until they are blue in the face. We are grateful for their anger and their activity.

But when it comes to divestment, they should think again. It's a recipe for disaster.

Extracted from a longer article which appeared in the Washington-based BUSINESS AND SOCIETY REVIEW

FOCUS ON SANCTIONS

In a crumbling mansion, seven leaders

Rajiv Gandhi
PM, IndiaRobert Mugabe
PM, ZimbabweLynden Pindling
PM, BahamasBob Hawke
PM, AustraliaBrian Mulroney
PM, CanadaKenneth Kaunda
Pres. ZambiaMargaret Thatcher
PM, Britain

gather to pass verdict on South Africa

THE 18th-century house in which seven Commonwealth leaders are holding their fateful meeting on South Africa this weekend is crumbling and soon to undergo a major structural facelift. The seven may well wonder as they sit under the dazzling chandeliers in Marlborough House how far an analogy can be drawn with the Commonwealth itself.

The meeting will certainly be more fateful than anyone imagined likely when it was provided for at the full summit held in Nassau, the Bahamas, last October.

If the seven cannot agree in Marlborough House, an emergency meeting of all the Commonwealth leaders will be called. Many have already made it known that if the future of the Commonwealth is to be debated, decisions must be taken by all of them and not by just seven of the 49.

The emergency meeting could take place as soon as the end of September or early October. It would be only the second such emergency summit in Commonwealth history. The first, in Lagos in January 1966, was called to discuss Rhodesia. It was there British Prime Minister Harold Wilson said sanctions would end Ian Smith's rebellion in "weeks rather than months". In fact, it lasted another 14 years.

A crucial event on August 3, the opening day

On Monday seven Commonwealth leaders meet to finalise a decision they have stalled on for months: sanctions against South Africa. **DEREK INGRAM**, author of several books on the Commonwealth, reports from London

of the London summit, will be the dinner at Buckingham Palace to be given for the seven leaders by Queen Elizabeth. News of the invitation fuelled reports of the Queen's concern for the future of the Commonwealth and of her disagreement with the strong line taken by British Prime Minister Margaret Thatcher against sanctions.

One prediction — perhaps the only prediction — that can be made with certainty about the London summit is that the South African government will be watching with riveted attention.

It will be hoping to see the meeting break up in disarray. There is nothing it would more dearly like to happen than the collapse of the Commonwealth. In the last few weeks it has seen tantalising glimpses of this possibility. The reduction of the Commonwealth Games to virtually an all-white affair has played right into South African hands.



PW Botha: a fateful meeting

The Games have always been the greatest popular manifestation of the Commonwealth. Thatcher's stand on sanctions led to major

boycotts that may have wrecked the Games forever.

The Commonwealth has been a thorn in Pretoria's flesh ever since South Africa gave up its membership in 1961. It is, after all, probably the most effective global forum for resistance to apartheid. Over many years documents such as the 1977 Gleneagles agreement on sporting contacts and the 1979 Lusaka Declaration on Racism and Racial Prejudice have reminded the world of the South African problem.

Commonwealth persistence in the struggle to end white rule in Rhodesia and its success in moving Britain to negotiating for Zimbabwean independence in 1980 finally outwitted South African manoeuvres to buttress the minority government of Ian Smith.

For these reasons, Pretoria has never ceased to use its powerful friends in Britain and elsewhere to undermine, divide and devalue the Commonwealth.

They are now having considerable success. In recent weeks politicians in Britain and major sections of the Fleet Street media have been falling over themselves to proclaim the Commonwealth is a myth, existing only to satisfy the British ego and to cushion it against the reality that the Empire is no more.

It is no coincidence that almost all those making this same point are friends of South Africa. The South African machine has worked long and hard over many years to fuel them with ideas.

When the leaders meet in London, therefore, South Africa will be hoping for an outcome that stokes hostility in Britain to a Commonwealth which is pledged in several summit communiqués to work for majority government in South Africa.

Its New Delhi communique in 1983 said that "only the eradication of apartheid and the establishment of majority rule on the basis of free and fair exercise of universal adult suffrage by all the people in a united and non-fragmented South Africa can lead to a just and lasting solution of the explosive situation prevailing in Southern Africa".

Thatcher was a party to that communique.

President Kenneth Kaunda, who has threatened to pull Zambia out of the Commonwealth if Thatcher does not show that Britain is moving towards sanctions, is well aware that the demise of the Commonwealth can only be to South Africa's satisfaction.

His threat is serious and intended to focus Thatcher and everyone else in the Commonwealth on the seriousness of the situation. If it is carried out, the whole Commonwealth could begin to unravel in the same way as the games.

Thatcher is sure to come to the summit with a package of measures, but they are unlikely to be enough to satisfy the other six leaders. Without some dramatic change in her position, a stormy meeting is certain, but any withdrawal from the Commonwealth will not come at that stage.

A full emergency summit, which could be in India, will bring the Commonwealth back to a situation reminiscent of the Singapore meeting of 1971, which also brought the Commonwealth to the point of collapse. The issue then, as now, was South Africa; specifically, a British proposal to resume arms sales.

At that meeting, the Commonwealth leaders looked over the brink and did not like what they saw. They pulled back. In the end Britain did not sell the arms. — Gemini

● Derek Ingram, editor of Gemini News Service, is also president of the Commonwealth Journalists Association.

Dallas at the palace: Britain's glitziest show

THE Commonwealth head-of-state summits, such as next month's on South African sanctions, are episodes in a diplomatic Dallas, which outglitzes the television soap.

The action is as hyped-up and artificial as a TV serial. Dramatic gestures become the soft substitute for moral acts, as the boycotts of the Edinburgh Games show.

The Commonwealth is a huge production which Britain has mounted for the world stage. It has an in-built instinct for minimising internal conflict. Significantly, no member has ever quit as a gesture of support for a collective policy. Ireland, Pakistan and South Africa all left for reasons specific to their own circumstances.

The cast has grown in spite of these defections. Since 1980, Antigua, Belize, Brunei, the Maldives, St Christopher and Nevis, Vanuatu and Zimbabwe have all come in.

No wonder they joined, the leaders of island specks in the Caribbean or the Indian Ocean. What an opportunity to be noticed and garrulous on a world platform. What a chance for leaders to sublimate their hatred of colonialism in the imperial magnificence of Marlborough House, or in the majestic opulence of Buckingham Palace.

And not only the heads of tiny states. "Many Third World leaders love to travel and cut a figure on the world stage," says an economic consultant to developing nations. "They wouldn't regard an occasional visit to the United Nations in New York as an acceptable substitute to the travel they get in the Commonwealth. The Commonwealth boosts their vanity. After all, if you're President of Sierra Leone, what else is there?"

All the Premiers — Britain's included — are participating in a mutually-sustaining illusion. It's true the Commonwealth stresses the voluntary nature of the association of the 49 states: that Britain harps on the altruism of its aid programme, and on the neutrality of the English language, the teaching of which it offers as a world gift. Leaders of member states can kid themselves that they can beard Margaret Thatcher as an equal; or that their finance ministers can gang up on the World Bank or the International Monetary Fund to some effect.

The Commonwealth summits: A marvellous opportunity for the leaders of newly independent states to sublimate their hatred of colonialism in the imperial splendour of an English palace. **JOHN CUNNINGHAM** dissects the 'Club'

content to loll back on the colonial couch of the old boy network. Flight-Lieutenant JJ Rawlings of Ghana might not be terribly pro-British but there is hardly a military officer of any rank in Africa who wasn't trained in Britain.

In the field of aid and technical assistance, there is no shortage of bidders to help African states. "But they choose Britain," says John Winpenny, a development economist. "I suppose they think 'Better the devil you know'. Many of their leaders have similar cultural backgrounds to the British; African politicians and officials feel they're on our wave-length. They could get help from the US, but there is a threshold of unfamiliarity to overcome."

It can hardly be the volume of aid which Britain doles out to the developing Commonwealth which will weigh with any country as a protest against Thatcher's stand on sanctions. Nor is it the lure of increased trade, the preferences policy is not what it was. Rather, it is the skilful network which the UK has set up and lubricates at no amazing cost to the British taxpayer: the English are cunning even in their parsimony.

Every year, they spend some £60-million (R228-million) on the Technical Cooperation and Training Programme, run for the government by the British Council. This is immensely clever patronage, for it allows Commonwealth governments to nominate between them some 7 000 professionals in the state sector — doctors, lawyers, teachers and scientists among them — to come here on postgraduate training programmes.

Around £9-million (R34.2-million) a year is spent on the prestigious Commonwealth Scholarships: 300 awards are made annually and, of course, recipients are members of the professional elites in their own countries.

Britain has always had its eye on the main chance: the scholarships were started after UDI was declared in Rhodesia for student members of the Patriotic Front who, it was thought

ties in the continuing British connection is the marvellous system of professional associations foisted on a willing Commonwealth. Lawyers, architects, geographers, foresters, engineers, parliamentarians — and, let it be said, journalists — make up a score of junket-seeking clubs.

It costs Britain only a few hundred thousand pounds a year to flatter these groups. Some, indeed, are self-flattering: one of the stated aims of the Commonwealth Magistrates Association is to promote "the dignity of the office of magistrate".

If all this sounds petty it is because Britain, once patronising towards the white colonies, paternal towards Africa, and tormented by the Indian sub-continent, is now kidding itself that in the Commonwealth it can have power without guilt and influence at almost no cost.

It is no surprise that the Commonwealth's favourite self-comforting metaphor for itself is of a family it displays, as an institution, all the irrationalities of feuding kin. It is also basically self-enslaving.

With each conflict, the level of threats made by discontented members will have to go up. This time Nigeria, with scores to settle, will huff and puff, but probably stay in; Rajiv Gandhi will hold his bid for a while, but sheer sentiment will keep India a member.

Britain, for its part, will continue bringing the highfliers over here, at the same time realising that never again can there be such closeness as there was with the first generation of post-independence leaders.

"I see the Commonwealth as something of a wasting asset," says Sir Peter Preston, former Permanent Secretary at the Overseas Development Administration. "The leaders nearly all had a link with Britain in the past. But I've always had doubts whether the generation coming after them will have the same commitment."

Britain has tried not to be at the centre of things. Canada has become an important route for immigrants from the Caribbean who once would have come to the UK, and Australia and New Zealand are making regional links with other former colonies in Asia.

But rather than it being a real partnership, Sir Peter says his image of the Commonwealth is still of a wheel, with Britain at the centre. If



Drawing: OHMANN of the Tribune Media Services

The pressure grows: Pro-sanctions sentiment in the foreign media

It is not a question of turning the screw gently and steadily; it is a question of a hard blow

By MALCOLM FRASER

Co-chairman of the Eminent Person's Group and former Prime Minister of Australia

WHAT must the South African government do to re-establish negotiations?

At the minimum it would need to withdraw the Emergency provisions and laws imposed in the last few months, lift censorship and repeal the Population Registration Act and the Group Areas Act, two fundamental legal pillars of apartheid.

Can Sir Geoffrey persuade the South African government to undertake the measures I have indicated? I am sure the government will say it is prepared to negotiate, that it has been calling for people to come and speak with it for well over a year.

We know that the genuine leaders of the blacks will not talk with the government because the conditions for talks do not prevail. The government has made it plain that it only wants talks on its own terms.

It will be important not to be bemused by South African diplomacy as America has been through five years of "constructive engagement".

It will be important to bear in mind that the black leadership has grown its own agenda, its own timetable.

If the Commonwealth takes no substantive action and if Washington does not act substantially to impose sanctions, the black leadership is likely to decide that, so far as effective support by the West is concerned, the black opposition is truly on its own. The black leadership regards the European Community timetable of three months until eventual sanctions as too long and too late.

Without significant support from the West in the form of sanctions, the black leadership will be inevitably moved towards a total guerrilla effort throughout South Africa. This would be a guerrilla war Asia-style, in which soft targets are the prime targets attacked, in which every family, every school, every small community, would soon be demanding full-time military protection.

With their numbers, the blacks would win, even though it would take 10 or 12 years. The kind of government that would emerge would owe its allegiance to its source of arms, it would probably be Marxist, and all of southern Africa would be embroiled.

Such a government would nationalise the totality of Western commercial interests. Thus Western strategic and commercial interests would both be destroyed by this course. That would be the consequence of merely maintaining present policies in Britain and the United States.

On the other hand, a government which included Nelson Mandela, and the ANC's president, Oliver Tambo, in addition to Chief Mangosuthu Buthelezi and other black leaders, would be largely pragmatic. I doubt very much if it would embark on any major course of nationalisation. It would be naive to suggest that lessons learned across the entire continent have not carried weight with the leadership of



Malcolm Fraser ... time running out

the ANC.

The purpose of sanctions would not be to destroy the South African economy. They would need to be constructed in such a way as to give the economy and the white population in particular a real body blow. It is not a question of turning the screw gently and steadily; it's a question of a hard blow.

When the banks took their action last year, based on commercial decisions, many white South Africans for the first time understood that their futures were under threat.

Since then, whites have been more active in seeking to bring pressure on their own government. The purpose of sanctions must be to cause them to reinforce their efforts. Incidentally, it is not sanctions but guerrilla war that would really destroy the economy.

It is often said that sanctions hurt blacks and therefore should not be imposed. While recognising that sanctions will have an impact on the lives of blacks, I believe this argument should be put aside.

The blacks are hurting now, every day, in South Africa.

In many townships, the unemployment is 60 to 70 percent. Because the land is barren in the homelands, there is virtually no activity and unemployment is even greater. Further, the mere imposition of apartheid creates most difficult conditions for the black population.

Virtually all black leaders, with the exception of Chief Buthelezi, say: "Impose sanctions. We would sooner be hurt more now than to endure out present conditions forever."

That is their decision. It is a legitimate decision.

Time is fast running out for major Western powers. Important questions are before the leaders of Britain and America, in particular. Will they do what they must know to be right and, secondly, will they recognise that doing what is right is in fact in the self-interest of both nations?

Extract from a longer article which appeared in THE GUARDIAN

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WEEKLY MAIL
18/8/82

Walters of Kenilworth yesterday enjoyed the

Stiffer SA²⁸⁰ bill defeated

1/18/86

WASHINGTON. — A key US Senate panel yesterday defeated two Democratic attempts to stiffen a Republican bill imposing moderate sanctions against South Africa, delaying final action on an anti-apartheid bill until next week.

President Ronald Reagan is strongly opposed to punitive economic sanctions against South Africa but has not ruled out some other limited measures.

The Senate Foreign Relations Committee was to have voted yesterday on a moderate sanctions package proposed by its chairman, Indiana Republican Mr Richard Lugar.

So many amendments were offered that Mr Lugar scheduled another session for today and a final vote was not expected until Monday.

Once the committee acts, the bill faces a legislative gridlock that could prevent an early vote in the full Senate.

Senate Republican leader Mr Robert Dole, of Kansas, has threatened to prevent a full Senate vote on South Africa until Democrats allow a vote on Mr Rea-

gan's controversial \$100 million (about R256 million) aid request for Nicaraguan rebels.

"We've got an impasse ... but it won't go on forever," Mr Lugar said.

Yesterday's votes in the committee offered an indication of the kind of measures the Senate would eventually approve.

The committee defeated nine to seven a Senate version of a bill passed last month in the House that would sever virtually all US trade and investment ties with South Africa.

This bill, offered by Democrat Mr Alan Cranston of California, was viewed as too extreme for the Republican-led Senate to pass as was a second, more moderate, Cranston bill which was defeated 10 to seven.

Today's committee session is expected to concentrate on a Republican proposal that would slightly stiffen Mr Lugar's bill by banning all new US investment and bank loans to South Africa, and would extend his proposed ban on minerals to all coal and uranium. — Sapa-Reuter

Sanctions package delayed at Senate hearing

Dispatch Correspondent

WASHINGTON — United States Senate opponents of sanctions against South Africa began a rearguard action yesterday aimed at delaying passage of legislation at least until after Congress's month-long summer recess, which begins on August 15.

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Mr Reagan's defiant defence of his policy towards South Africa in a speech last week angered many legislators who had been hoping for a change in direction and even moderate Republicans who usually support the president, like Mr Lugar, were galvanised into action on the sanctions issue.

● The Australian Prime Minister, Mr Bob Hawke, yesterday virtually ruled out unilateral sanctions by Australia against South Africa despite what he described as Pretoria's "pre-historic thinking".

30 British firms oppose sanctions

Dispatch Bureau

LONDON — Opposition to economic sanctions against South Africa has come from more than 30 major British companies trading with South Africa.

In a report to be published later today the British Industry Committee on South Africa (Bicsa) says "we believe that external pressures on the South African economy will not achieve their objective if they are designed in such a punitive way as to destroy the South African economy."

The publication of the report comes as the government comes under greater pressure to introduce economic sanctions following the failure of Sir Geoffrey Howe's mission to South Africa.

Bicsa argues that the imposition of punitive measures could make the South African Government "even more resistant to change."

However, companies with interests in other parts of Africa were reluctant to be closely associated with any document that supported continued investment in South Africa.

NEWS FOCUS

A good deal of parliamentary manoeuvring and bluffing is taking place, making it unclear whether sanctions legislation will be attached to some other piece of legislation or embodied in separate legislation.

The general assumption seems to be that it will not be attached to a separate piece of legislation. Senate majority leader Robert Dole has threatened to attach a \$100m aid provision to Nicaraguan contras to legislation to raise the debt ceiling. This would put the liberals in a bad bind, as they have threatened to filibuster such legislation.

Therefore, sanctions legislation is expected to be embodied in a Bill which Senator Richard Lugar might introduce before the August recess, possibly next week. There is agreement, however, that the Conference Committee of members of both Houses, which is to decide on the final legislation, will be unable to meet before the recess and so will have to meet in September.

The current wisdom is that the Lugar Bill is the mildest that is likely to be accepted. And since the House Bill is much tougher, a Conference Committee would probably decide on something tougher than the Lugar Bill.

What it provides is two packets of sanctions, one to be applied now and another with a list of measures from which President Ronald Reagan can recommend sanctions if nothing has been done to dismantle apartheid after a year.

The intention appears contradic-

Sanctions: More carrot, less stick

tory: to apply sanctions thought to be enough to persuade the SA government to dismantle apartheid, but to provide an extra group in reserve in case apartheid remains or the SA government applies sanctions against the US.

The first group of sanctions, briefly summarised, are:

- ☐ A ban on Kruggerand imports;
- ☐ A ban on imports of military materials;
- ☐ A ban on imports of articles grown, produced or manufactured by SA parastatals — except strategic materials;
- ☐ A ban on computer exports to the military, police, Armscor, pass book authorities, apartheid-enforcing agencies or local, regional or homeland governments which perform any of those functions;
- ☐ A ban on loans to the SA government or any corporation or organisation owned or controlled by the government (though not applicable to non-discriminatory facilities);
- ☐ Denying South African Airways rights in the US;

THE SA Foundation's man in Washington, JOHN CHETLE, takes a look at the US legislature's plans for sanctions, and finds some shreds of comfort.

- ☐ A ban on exports of nuclear materials to SA;
- ☐ Restricting visas to government officials (at the discretion of the Secretary of State);
- ☐ Authorising the President to sell gold stocks on the open market (a power he already has);
- ☐ Preventing US bankers from holding SA government accounts, except for diplomatic purposes.

The second list of measures which the President is entitled to recommend if no progress is made within 12 months are:

- ☐ A ban on new commercial investment;
- ☐ Denial of most-favoured-nation status under the Gatt treaty;
- ☐ A ban on coal imports;
- ☐ A prohibition on deposits held in US banks by SA nationals;
- ☐ Co-ordinated efforts among the industrial nations to lower the price of gold;
- ☐ A ban on uranium imports;
- ☐ Co-ordinated efforts among the industrial nations to curtail or terminate telecommunications, postal and telegraph services;
- ☐ A ban on US investment;
- ☐ Other economic or political measures.

The provisions of both sections would terminate if the SA government:

- ☐ Released Nelson Mandela;
- ☐ Repealed the state of emergency and released all detainees held under the state of emergency;
- ☐ Repealed the Group Areas Act.

The President could suspend or modify any of the measures if the SA government took any two of the measures listed above and made substantial progress towards dismantling the system of apartheid

and establishing a non-racial democracy — but the US Congress is given the power to disapprove the President's determination.

Several other precautions are taken. The Congress declares it an unfair trade practice for any foreign corporation to benefit from or take advantage of these sanctions.

It calls for a report, within 90 days, on the extent to which the US depends on imports of various minerals, and the President should develop a programme to reduce that dependence.

There are also subsidiary measures trying to improve the lot of "victims of apartheid" and a report is called for on assistance to Southern Africa's landlocked countries.

If there is to be any consolation in all this farrago, it is that for the first time the US has outlined, if this Bill is adopted, a list of demands.

If something of this kind had been done last year, it would almost certainly have included the pass laws, as well as a repeal of the state of emergency, both of which received attention. In that sense, it is the most significant carrot the SA government has been given because it would repeal a whole clutter of sanctions already in force.

A second point which should be noted is that nothing is said about actual negotiations with any particular party, nor about the conditions that would be acceptable in a political system.

In a sense, bold moves by government, although they run the risk of being seen as capitulation to outside pressure, can achieve something.

Friday, August 1 1986

Churches challenged on sanctions

Buthelezi throws down the gauntlet



● BUTHELEZI

CHIEF Mangosuthu Buthelezi yesterday called on churches to state their position on sanctions and violence.

He commended King Goodwill Zwelithini of the Zulus for his courage in challenging Anglican and Catholic church leaders on the issues.

He said the Anglican Church was affiliated to the South African Council of Churches (SACC), which had indicated support for the ANC mission in exile, whose official policy was "to kill people".

He urged the broad mass of Christians to speak out on whether they supported disinvestment, sanctions and violence.

The controversy arose when King Goodwill accused Anglican and Catholic leaders at the weekend of supporting sanctions and violence without consulting

their followers. This drew a denial from the Anglican Bishop of Natal, the Rt Rev Michael Nuttall.

Buthelezi described Nuttall's attempts to dissociate the Anglican Church from the stance taken by its leader Bishop Desmond Tutu in his personal capacity as "patently ridiculous — apart from the fact that the King made no mention whatsoever of Bishop Tutu in his address".

The King (an Anglican like Buthelezi) had every right to articulate his distress about issues such as sanctions and violence, the chief said.

The SACC spoke on behalf of its affiliates in SA and abroad. The Anglican Church had never, to his knowledge, distanced itself from stances taken by the SACC, Buthelezi said.

Buthelezi said he wished to remind Nuttall of a document, *The*

Hour of Truth, recently drawn up by the Netherlands Council of Churches. It said: "One can no longer speak of peaceful change. There is a fundamental difference between the primary violence of the oppressors and the counter-violence aimed at the liberation of the oppressed."

This document had been formulated from views expressed during the Dutch council's consultation with the SACC last November and during which the SACC had openly identified itself with the ANC.

The SACC had in effect put its name to the document.

In the same document, Inkatha had been maligned as a collaborator.

Buthelezi asked whether Nuttall, who was associated with the SACC, believed Inkatha collaborated with government. — Sapa.

Sanctions stockpile

THERE have been widespread reports overseas of South Africa taking advantage of the collapse in crude oil prices and the delay in imposing sanctions to stockpile oil on a huge scale.

There are signs that buying reached a new level of intensity in recent days, according to reports from London.

This is supported by the announcement in the South African press yesterday that Pretoria has recently spent about R2 000-million on stockpiling strategic materials in anticipation of sanctions.

According to the Guardian of London, six supertankers with a combined capacity of almost 10-million barrels were abruptly withdrawn from the charter market on Tuesday and Wednesday last week, for example. The complete absence of information about their destinations convinced tanker brokers that some or all of them had been hired by intermediaries acting on behalf of the South Africans.

Ten million barrels is equivalent to almost a quarter of the non-Communist world's average daily consumption.

HOWE'S MISSION

Death of a dove

President P W Botha's pugnacious response to British Foreign Minister Sir Geoffrey Howe's mission on behalf of the European Council of Ministers (representing 300m people) represents, in a way, a farewell to the world (see cover story).

If there was a meeting of minds, which seems unlikely, it is reflected in the stated intention of both men to reflect further on their respective positions, and not to close the door on future discussions. But it will be a close-run thing.

Botha, not to put too fine a point on it, must have shot down any hope of staving off the gathering international sanctions drive much beyond October, when what may be the final meeting of the European Council on the subject will be held.

It goes without saying that this meeting will be strongly influenced by what transpires at next month's meeting of Commonwealth heads of government to decide what to do about the apparent failure of Howe's mission. It demands no exceptional powers of deduction, given the heated advance warnings Margaret Thatcher has had to deal with, to conclude what that will bring.

Speaking after his meeting with Howe, Botha said: "Let there be no mistake about it: I can never commit suicide by accepting threats and prescriptions from outside forces and hand SA over to communist forces in disguise. I hope this hysterical outcry of certain Western countries against SA will soon pass, but if sanctions are applied without taking note of all our endeavours to build this country and develop it, we will have no alternative but to preserve our national interest."

He remains implacably opposed to the release of Nelson Mandela and the unbanning of the ANC, unless they renounce violence.

Thus the pillars of Howe's mission appear to have collapsed.

President Botha's main problem in his dealings with Howe appear to have been the inability of the world to understand, let alone appreciate, what he perceives to be the vast sacrifice of white hegemony implicit in recent government reforms.

He said: "During our discussions it was quite clear to me that Sir Geoffrey was not interested in these positive policy matters. He came to SA mainly to bring pressure to bear on us to unconditionally release Mr Mandela and to unban the African National Congress. I consequently told him, candidly, that I would be ready to let Mr Mandela be released the moment he is prepared to abandon violence, thereby making it possible to have proper discussions with him in circum-



Botha

stances of peace.

"I also told him that as far as the ANC is concerned there can be no talks with them as long as they are under communist control and that the unbanning of the ANC can only take place if they abandon violence and take part in peaceful processes in SA."

Botha impressed on Sir Geoffrey that "SA should be left in peace; that there are enough authoritative and representative leaders in this country with whom we can iron out our future dispensation; that we are making headway and that reaction to proposals about the National Council have been so overwhelming that I am optimistic that the necessary progress will be made."

Botha said he would continue dialogue and negotiations with "peace-loving" leaders of all SA's communities. "It is our aspiration to continue with dialogue in search for a common destiny for all SA's peoples. However, we believe that dialogue should not inevitably have the result of jeopardising the self-determination of the groups and communities in our multi-cultural country, but that we must be instruments of hope, peace and freedom for all."

He also told Sir Geoffrey he viewed the latter's recent speech in the House of Commons as "nothing but a threat against our country." What Mrs Thatcher will make of that is anybody's guess.

On sanctions, Botha told Sir Geoffrey it was his impression that the European community is threatening SA with sanctions because some southern African neighbouring countries have urged members of the EEC to do so.

"I would in turn urge you to suggest to those states that it is incumbent on them to set an example by themselves, initiating comprehensive sanctions against SA. They should have the courage of their convictions instead of continuing to enjoy the considerable benefits of close association with SA while leaving it to others to pay the price of sanctions," he said.

Botha provided a breath of conciliation on the proceedings by saying he derived no satisfaction from the fact that sanctions will hurt SA's neighbours even more than the Republic.

He is, therefore, ready to meet with other southern African leaders, as well as leaders

of the European Community for the purpose of "jointly identifying and addressing the problems that afflict SA, and others in the region, in seeking solutions."

However, he said, "I don't see such an assembly as in any way replacing, or detracting from, the internal reform process to which my government is committed and which will continue until our goals are reached."

Botha, like President Reagan and Margaret Thatcher, does not believe in sanctions. "But if we are forced until our backs are against the wall we will have no alternative but to stand up in self-respect and say to the world: you want to force SA to commit national suicide. Leave South Africa to the South Africans and with God's help we can go forward in faith."

Referring to Sir Geoffrey's statement that SA held the key and that a "leap of imagination is needed," Botha said: "We fully realise that we do hold the key. We also know that the key can open the door to peaceful co-existence in multi-cultural countries worldwide. But there are elements obstructing us in using the key."

By contrast, Sir Geoffrey, whose press conference preceded Botha's by an hour, restated the West's well-worn position — Mandela's release and the unbanning of the ANC.

For many years now, and most recently in the "negotiating concept" of the Commonwealth Eminent Persons Group, he said, the crucial element of confidence and reciprocity have been recognised.

He concluded. "The blunt truth is that, sooner or later, all the people of SA will have to get around the negotiating table. It is to that proposition that I shall devote all my efforts in coming months."

August

1986

Minister warns foreign workers

BLOEMFONTEIN. — The estimated 1,3 million workers from neighbouring states who are in the country illegally are depriving unemployed South Africans of a livelihood and strong action against them and their employers can be expected, the Minister of Manpower, Mr Pietie du Plessis, said yesterday. "Irresponsible" behaviour by the 300 000

foreign workers legally in the country, such as participation in illegal actions, "will result in their repatriation and a reduction in their numbers", Mr Du Plessis said at a lunch for a visiting labour delegation from Lesotho.

The minister tempered his warning with an offer to Lesotho, and other neighbouring states, to share South Af-

rica's technical know-how and experience in the training of workers in the private and public sectors.

One of the problems all faced was unemployment. In South Africa this was growing as a result of the prolonged recession, growing threats of disinvestment and sanctions which created uncertainty, a high population growth rate and illegal immigration.

Statistics showed that at the end of March this year, there were 703 000 unemployed people in South Africa, excluding Transkei, Bophutswana, Venda and Ciskei. Unofficial estimates for the region as a whole indicated a much higher figure.

Mr Du Plessis said: "Despite the high rate of unemployment, large numbers of workers from neighbouring countries are legally and illegally in South Africa."

Of the 300 000 legal workers 140 000 were from Lesotho.

"An estimated 1,3 million workers from neighbouring countries are illegally in South Africa and holding jobs, thereby depriving unemployed South African workers of a livelihood.

"All of these enjoy the same protection and rights, including access to training as South African workers," Mr Du Plessis said.

South Africa was willing to co-operate with its neighbours in finding solutions to common problems and to share when it came to training and development of human resources.

'Obligation'

But when it came to employment of foreigners in South Africa, it should be appreciated that the government had an obligation towards its own citizens, "and that it cannot allow illegal entrants from neighbouring states to seek and take up employment.

"This is not in the interest of the South African worker nor in the interest of our neighbours, nor in the interest of the dependants of such workers, who have to stay behind

"Such illegal workers and their employers must expect strong action to be taken against them," Mr Du Plessis said.

When it came to legal foreign workers "it should be appreciated that South African workers must receive preference in filling vacancies".

'Skills'

"The number of foreign workers employed in the Republic will therefore depend on the unemployment situation in South Africa, the availability of South African workers, the skills of such foreign workers and their compliance with South African laws.

"Economic sanctions applied against South Africa will inevitably seriously jeopardize available job opportunities in the country for foreign workers and result in unnecessary and untold hardship," Mr Du Plessis said. — Sapa

Thatcher shows no sign of respite

SA sanctions: summit heads for showdown

11/8/86

STAR

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The Star Bureau

London

Commonwealth leaders are assembling in London for the crucial three-day summit which starts on Sunday. They have one question on their minds: will British Prime Minister Mrs Margaret Thatcher go far enough along the path of sanctions to preserve the motley family of nations.

There are no signs of respite in the Iron Lady's opposition to comprehensive sanctions, but it is widely perceived that she will concede to at least a measure of the Commonwealth demand for a tougher stand against apartheid.

While those who are worried about the threat the issue poses to the future of the Commonwealth — and the sensitive relation between Parliament and monarch in Britain — hope that Mrs Thatcher will give in a bit, it is considered equally likely she will resist the pressure to do so by insisting that Britain needs to wait until September to forge a decision jointly with the European Community.

After British Foreign Secretary Sir Geoffrey Howe's failure to glean even the smallest concession from Pretoria, this tack is guaranteed to set off a fight which could damage Commonwealth unity — or cause its disintegration.

The focus of the summit is the gloomy Eminent Persons Group report, which warns that a bloodbath will ensue in South Africa if the international community fails to act — and act, the report suggests explicitly, by imposing sanctions.

One of the co-chairmen of the group, former Australian Prime Minister Mr Malcolm Fraser, has spelt out more clearly what the report hints at.

His list of "minimum sanctions" includes a ban on all links of trade credit, freeze on South African assets abroad, and a ban on South African agricultural and mineral exports.

'Immovable postures'

It is also reported that Mr Fraser has urged Mrs Thatcher and President Reagan to impose certain "minimum" sanctions on South Africa. He has suggested that Mrs Thatcher should use the failure of Sir Geoffrey's mission as "an escape route" — a means to allow her to agree to further measures without necessarily appearing to have backed down.

Mrs Thatcher is bound to be the odd one out opposing these measures. The other leaders — Dr Kenneth Kaunda of Zambia, Mr Robert Mugabe of Zimbabwe, Mr Rajiv Gandhi of India, Mr Brian Mulroney of Canada, Mr Bob Hawke of Australia, and Sir Lyndon Pindling of the Bahamas — will not find them hard to support.

But what appear to be immovable postures, Commonwealth Secretary General Sir Shridath Ramphal argues, are merely the points of departure in a discussion which is likely to end in agreement on a common approach. He says the failure of the summit to reach agreement and the crumbling of the Commonwealth itself will "give joy to Pretoria".

Ironically, the threat of a break-up could fare in Mrs Thatcher's favour — because it would lead to an emergency meeting of all 49 states.

Yesterday a senior Canadian envoy, Mr Bernard Wood, said it would be disastrous for the Commonwealth if Britain refused to adopt tough sanctions on South Africa. He said a break-up was "always a possibility" if Britain continued to balk at sanctions.

sunrise finance

Govt fires first salvo at Africa's sanctions threat

Sapa and Financial Staff

The Government has fired the first salvo in its likely response to international sanctions by announcing that it is introducing a system of import licensing on all imports from Zimbabwe.

The Department of Trade and Industry announced in Pretoria yesterday that a "Timeous" warning to South African importers would appear in the Government Gazette next Friday announcing the introduction of the import licensing scheme.

A spokesman for the Minister, Dr Dawie de Villiers, emphasised: "This measure does not imply an embargo on imports from Zimbabwe and should by no means be interpreted as a deviation from South Africa's official trade policy not to unnecessarily intervene in international trade.

"It is purely an administrative measure to monitor imports from Zimbabwe."

Importers would still be able to get import licences without any trouble.

In a statement, the Department said: "It is incumbent upon the South African government to protect local commerce and industry and to safeguard the sources of supply of their normal requirements.

Monitoring

"Against this background and in view of other developments concerning Southern Africa, the government has decided to introduce a system of import licensing on all imports from Zimbabwe."

This would enable the government to monitor the volume and nature of products imported from Zimbabwe.

Applications for the relevant import permits had to be addressed on the prescribed form H.461 To the Director: Import and Export Control, Private Bag X192, Pretoria 0001.

Behind this carefully worded statement lies a whole spectrum of political possibilities.

that it appeared to be a direct response to Zimbabwe's strong stance on sanctions recently.

The strictures did not include other major trading partners in Southern Africa and it was not necessary to insist on import permits to monitor imports into the country.

One observer also noted that under the General Agreements on Tariff and Trade (GATT) such a measure would be very serious indeed.

He said it was possible to argue that for balance of payments purposes a country could claim that such measures were necessary and that with the international debt embargo on the country such a scenario had developed.

Singled out

However, it was also peculiar that only one immediate trading partner had been singled out, although one importer said a similar stipulation had been introduced with imports from Sweden in recent weeks.

Although there was no immediate response by the Zimbabwe government to the new measures, observers note that any restriction on trade between the two countries could compound the problems already surfacing in Zimbabwe.

The Reserve Bank of Zimbabwe is expected to announce new monetary measures next week following the sharply increased deficit in yesterday's budget, banking sources said today.

Private sector organisations also expressed concern over the 52 percent jump in the 1986-87 budget deficit from Z\$692 million in the financial year ended June 30 to Z\$1048 billion.

The Finance Minister, Mr Bernard Chidzero, calling for economic sacrifices, said the increased expenditure was due to recent wage increases, the Non-Aligned Movement summit in Harare this month and escalating defence costs as "a direct result of the continued security

can context facing this country."

He added: "Some of these expenditures, however, are once-off and will therefore not necessarily constitute a source of increase in recurrent expenditures during 1987/88."

Mr Chidzero said the deficit would have serious implications for money supply and inflation, but promised remedial anti-inflationary measures would be prescribed soon.

The banking sources said the moves they expected next week could include higher liquid asset ratios for banks and the issue of Reserve Bank bills to absorb excess liquidity and restrain money supply growth.

The major items of expenditure announced by Mr Chidzero were debt servicing, 25 percent of the total budget, education 17 percent and defence 16 percent.

The Zimbabwe National Chambers of Commerce (ZNCC) said the doubling of domestic borrowing to Z\$967 million to finance the deficit would increase inflationary pressure in the economy.

High deficit

ZNCC president, Mrs Dawn Taunton, said she hoped the promised anti-inflationary package would not cancel the potentially stimulating effect of a cut in sales tax from 15 to 12,5 percent also announced yesterday.

Stock Exchange president, Mr Bill Burdett-Coutts, called the deficit "far too high." A spokesman for the Confederation of Zimbabwe Industries, the white-dominated manufacturing sector, expressed concern at the low levels of government investment spending but applauded the tax cut as courageous at a time of a rising budget deficit.

Mr Keith Evans, general manager of one of the largest building societies, Founders, welcomed the Minister's announcement to exempt interest on certain building society investments from tax. He said this would lead to increased loans for low-income housing

Canada expected to lead sanctions push

2/8/86 STW 280

OTTAWA — Canadian Prime Minister Mr. Brian Mulroney will lead a drive by senior Commonwealth leaders gathering in London this weekend to reverse Britain's strong resistance so far to economic sanctions against South Africa.

Mr. Mulroney, who has played a mediating role between British Prime Minister Mrs. Margaret Thatcher and the majority of Commonwealth leaders who favour sanctions, has been working behind the scenes for months to find common ground.

He met Mrs. Thatcher in Montreal three weeks ago for talks on the issue, which has badly split Commonwealth nations since the leaders of the 49 countries first discussed it in Nassau last autumn.

The Canadian leader has been singled out by Zambian President Kenneth Kaunda as the man with the best chance of reversing Mrs. Thatcher's longstanding opposition to sanctions.

So far Mrs. Thatcher has refused to budge, setting the stage for a divisive battle at the London meeting.

The failure of British Foreign Secretary Sir Geoffrey Howe's visit to Pretoria this week left her more isolated than ever.

CALL FOR STRONGER MEASURES

Canada has already announced limited sanctions against South Africa, and the Mulroney Government is certain to take stronger measures if Mrs. Thatcher refuses to change her stand, a spokesman for Mr. Mulroney said yesterday.

Mr. Mulroney had separate talks with Indian Prime Minister Rajiv Gandhi and Australian leader Mr. Robert Hawke in advance of the London meeting, and one of his emissaries has just returned from talks with leaders of neighbouring black African countries.

The Canadian Government has already stopped buying South African products, banned the promotion of South African tourism, ended assistance to companies wishing to export products to South Africa, halted the sale of Kruggerrands and placed an embargo on air transport between the two countries.

Mr. Mulroney's Government has played a leading role in Commonwealth opposition to apartheid. — Sapa-Reuter.

Sunrise

UK union calls for boycott of SA goods

The Star Bureau

LONDON — The National Union of Public Employees (Nupe) has urged its 660 863 members in the public sector to boycott South African goods as part of trade union activities centring on next week's Commonwealth mini-summit in London.

The union advised members to boycott Shell Oil and to step up a campaign against the provision of South African canned foods in canteens.

Nupe members are being asked to identify hospitals, schools, council buildings and other workplaces where Shell Oil is used.

Shell is also the focus of a Scottish Anti-Apartheid Movement campaign. The movement plans to boycott Shell products at petrol stations in November to pressurise the company to drop its South African links.

In the House of Lords this week, Foreign Office Minister of State Baroness Young, re-affirmed the Government's view that general economic sanctions against South Africa would not work.

She also said that Britain would not provide extra aid to Zambia or other frontline states harmed by any decision to impose comprehensive sanctions against South Africa as Britain "is not in a position to offset the effects of economic sanctions on the frontline states".

Caution was also expressed in Stockholm on Thursday where the Swedish Prime Minister Ingvar Carlsson ruled out a trade boycott against South Africa, "at least for the moment".

Mr Carlsson's stand that a boycott would be an infringement of international law is leaving his country increasingly isolated in Scandinavia, following Norway and Denmark's decision to go ahead with a boycott.

Botha has pulled rug from under Thatcher and Reagan

CAP-Trip 2/10/86

280

THE West and South Africa are drifting apart at an alarming rate.

President P W Botha's rebuff to Sir Geoffrey Howe — predictable though it was — marks a kind of a watershed in South Africa's international relations.

It was not just a rebuff to Britain or the present British government, but also to Mrs Margaret Thatcher, who is cast increasingly by her critics as South Africa's lone protector against international sanctions and an apologist for apartheid.

But it was also a rebuff to President Ronald Reagan — who gave his personal backing to the mission — and to 240 million American citizens.

It was a rebuff to the leaders of the 12 nations that make up the European Economic Community (EEC) and the 250 million people they represent.

And it was confirmation of the rebuff already delivered to the 49 Commonwealth countries who sent the "meddling" Eminent Persons Group (EPG) to South Africa.

Pulled rug

President Botha's handling of Sir Geoffrey has pulled the rug out from under both Mrs Thatcher and Mr Reagan to show that dialogue can triumph over the threat of sanctions.

It has crystallized a Western consensus that the only role left for Mr Botha is to speed up the transition to black majority rule.

Washington and Whitehall are in the process of being dragged inexorably — by both domestic and international pressure — towards a redefinition of their national self-interest as joining the global demand for sanctions.

As much as this almost hysterical clamour for sanctions may stick in the gullet, it is vital to perceive the realpolitik of the situation.

The point has been reached where it is impossible for even the most powerful Western nations to resist the global crusade to put as much distance as possible between them and what is universally perceived as the most evil system of institutionalized racial injustice.

President Botha is convinced that to deal with Mrs Thatcher and President Reagan on the terms outlined by Sir

Geoffrey would amount to committing "national suicide".

Yet Washington and Whitehall — South Africa's staunchest allies — are equally convinced that the course President Botha is embarking on is doing precisely that — committing suicide.

The gap in perception between Pretoria and the West is now so vast as to constitute a near-total breakdown in communication.

It is a situation fraught with real danger and contains the potential for an historical tragedy on a massive scale.

But while the gulf between Pretoria and its Western allies widens an important power struggle between two kinds of conservatism is being acted out.

At the head of the one school is Britain's Iron Lady, who insists that reasoned argument is the only way to change Mr Botha and that coercion will merely force the Afrikaner nationalists into the laager, thus raising the level of violence and suffering and reducing the chances of a negotiated settlement.

This school suffered a severe blow when Sir Geoffrey Howe was sent packing from Pretoria as just another foreign meddler.

At the head of the other school is former Australian Prime Minister and EPG co-chairman Malcolm Fraser.

Mr Fraser — just as dedicated a conservative as Mrs Thatcher — believes that Afrikanerdom is immune to reason and persuasion and will only respond to coercion and pressure.

This school received a substantial boost with the news of Sir Geoffrey's rebuff.

Mr Fraser argues that unless the West changes its policies towards South Africa and finds common cause with African leaders, escalating guerrilla war, death and destruction will ensure that South Africa — with its strategic minerals — will be in Soviet hands within 15 years.

He argues, therefore, that the only weapon left to the West — barring force of arms — is severe and sudden economic pressure.

Yield

All the signs are that Mrs Thatcher will yield soon as she did so spectacularly in the case of Rhodesia in 1979 — during her first year in office.

But the crucial question in all this is: does the West have the capacity to influence the course of events in South Africa by imposing sanctions?

There is a battery of convincing arguments to support the contention that the West is virtually impotent.

It would seem at present that the West has neither the will nor the capacity to go all the way on sanctions.

It is likely that Britain will take on board another one or two selective measures at the Commonwealth summit next week.

But it will take until late September to assemble a new package of sanctions backed by all South Africa's major trading partners — including the US, Japan, West Germany, France and Italy.

(She might even decide to ride out her battle with the Commonwealth following the surprise boost for the Tories in the opinion polls this week which some observers have interpreted as popular endorsement for her stand on South Africa).

In spite of Mrs Thatcher's dogged rejection of sanctions the scene is set for her to add new measures to Britain's growing list of sanctions.

The inconclusive report this week of the Foreign Affairs Committee — which adds to the climate for sanctions without specifically recommending them — suggests an intriguing "way out" for President Botha.

The report proposed the injection of substantial amounts of foreign investment into South Africa as part of a "Marshall Plan" to aid the transition to a new constitution in return for an undertaking that the South African government "is prepared to accept the inevitability of rapid progress towards black majority rule".

The Marshall Aid idea is presented as a positive measure — rather than a sanction — to stimulate the economy and to deal with the social and economic consequences of apartheid.

It stems, of course, from the lesson of the international banks which recalled short-term foreign loans in September last year and sent the rand exchange rate plummeting.

This is the one "sanction" that almost every witness before the committee agreed had made a major impact and exer-

cised effective pressure for change.

It is this approach of "letting the market run down the economy until Pretoria is forced to seek new loans on the capital market" that Mrs Thatcher and the Tories favour.

Sir Anthony Kershaw, an establishment Tory who chairs the committee, spelled out this strategy in the bluntest terms this week.

"The South African economy has taken a vicious downturn, unemployment is rising sharply.

"If this goes on — and we increase it — it will have a lot of effect on the South African economy in the long-term," he said.

This strategy, its advocates believe, is the one way in which the West could exercise influence once market forces have taken their course and the West can set the terms for new international loans.

Pressure

There is another school which believes this process should be accelerated by Western threats to start putting downward pressure on the gold price by threatening to sell off gold reserves — a suggestion made by The Economist two weeks ago.

As outrageous as it may seem the proposal is now being made in the US Senate by the influential Senator Richard Lugar, chairman of the Foreign Relations Committee.

All I am trying to say is that from this listening post it looks as though the West is starting to mean business and South Africa does not look as invincible as the image President Botha projects.

There is an acute awareness here of the white South African hypersensitivity to foreign interference.

That is why Sir Geoffrey is unlikely to hurry back to Pretoria and Mrs Thatcher will not travel to South Africa in the foreseeable future.

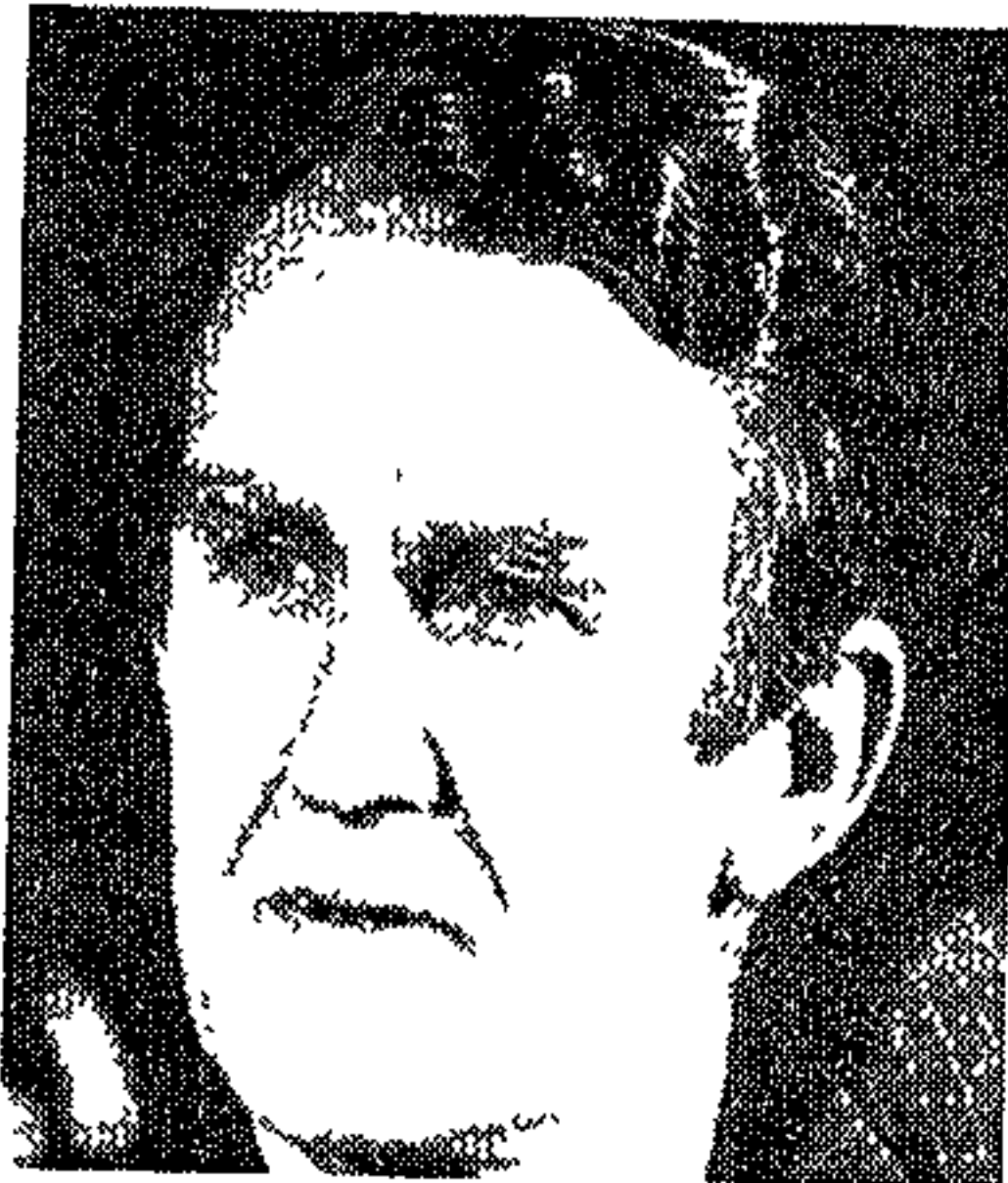
President Reagan's plans to send a top-level emissary have also been shelved.

But what the Western allies would know like to know is: now that he has cocked a snook at the rest of the world will President Botha get on with the business of negotiating a new constitution with authentic black leaders?



John Battersby

REPORTS FROM LONDON



Mr Malcolm Fraser



Mrs Margaret Thatcher

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Senate committee: 'Moderate' sanctions

WASHINGTON. — The US Senate Foreign Relations Committee voted 15-2 yesterday for a package of moderate economic and diplomatic sanctions against South Africa.

The Republican-drafted bill was adopted after the committee defeated several attempts by sanctions' foes to dilute it. The Senate measure still, however, stopped short of a bill passed by the House of Representatives last month that would virtually sever all US trade and investment ties with South Africa in protest against Pretoria's apartheid policies.

The resolution would ban all new investments and new bank loans to South Africa and prohibit imports of South African uranium and coal.

It recommends that President Ronald Reagan use his authority to sell US gold reserves to help depress world gold prices in a move to prod Pretoria to dismantle apartheid.

The bill, which is now subject to a full Senate

vote, also withdraws landing rights for SAA and gives authority to the President to deny visas to South African Government officials. It also bans the use of US banks by South African or government-owned corporations.

And in Ottawa, it was reported that the Canadian Prime Minister, Mr Brian Mulroney, will lead a drive by senior Commonwealth leaders gathering in London this weekend to reverse Britain's hitherto strong resistance to economic sanctions against South Africa.

Mr Mulroney, who has played a mediating role between the British Prime Minister, Mrs Margaret Thatcher, and the majority of Commonwealth leaders who favour sanctions, has been working behind the scenes for months to find common ground.

He met Mrs Thatcher in Montreal three weeks ago for talks on the issue, which has badly split Commonwealth nations since the

leaders of the 49 countries first discussed it in Nassau last autumn.

Best chance

The Canadian leader has been singled out by the Zambian President, Dr Kenneth Kaunda, as the man with the best chance of reversing Mrs Thatcher's long-standing opposition to sanctions.

So far Mrs Thatcher has refused to budge, setting the stage for a battle at the London meeting. The failure of the visit by the British Foreign Secretary, Sir Geoffrey Howe, to Pretoria this week left her more isolated than ever.

Canada has already announced limited sanctions against South Africa, and the Mulroney government is certain to take stronger measures if Mrs Thatcher refuses to change her stand, a spokesman for Mr Mulroney said yesterday.

"We shall not hesitate to act alone," Mr Mulroney has said. — Sapa-
Reuter

280 (18) DD 2/8/81

Mrs Thatcher was right to buy time over sanctions on South Africa, said the editor of the conservative Sunday Telegraph, Peregrine Worsthorpe.

He said that for those who believed that sanctions would merely exacerbate violent extremism in South Africa — harden white determination to repress, and encourage black revolutionaries to resist — Mrs Thatcher "had achieved something."

He said at the moment commonsense had no chance of a hearing. Something approaching war hysteria had been built up by the media, with the BBC leading the bloodthirsty pack. In a few months time, however, just possibly, conditions would be marginally better for constructive state-manship.

Buying time was, and should be, the order of the day.

If the EEC summit had agreed on implementing measures, the Commonwealth conference would have asked for more. Mrs Thatcher, by refusing to waste concessions on the EEC, would have that much more to give away to the Commonwealth, he said.

To many, particularly among the chattering classes, such manoeuvrings would seem unworthy. They yearned to have something dramatic done now about apartheid. But the sad truth was that dramatic outside intervention was far, far more likely, at this stage, to worsen rather than improve the black lot.

The West went into the Vietnam war on a wave of high-minded Kennedy rhetoric about freedom and came out of it as a result of an even more tumultuous wave of misplaced moral passion. In each case terrible harm — something not far short of genocide in the case of Cambodia — was done to those who were meant to be the

Thatcher backed over sanctions

beneficiaries.

Comparably dreadful consequences followed Western do-gooding in Iran. Mrs Thatcher had bought a bit more time for wiser counsels to try to save the South African blacks from being offered up as the latest sacrificial victims to the West's ever recurring imperial itch to reshape the world in its own image.

At some point in the future, as a result of demography and industrialisation, the whites would have no choice but to hand over power to the blacks. But no informed person could possibly believe that that point had been reached, Mr Worsthorpe said.

The most that the whites would concede now or in the foreseeable future would be forms of power-sharing which leave control effectively in their hands. If Western pressures were aimed at persuading whites and blacks to accept a form of democracy which stopped far short of one man one vote, that might make sense.

As it was, however, Western pressure was designed to encompass a much more ambitious, and at present wholly unachievable aim that of one man one vote in a unitary State.

Nothing else would satisfy the Commonwealth or world opinion, both of which were not so much interested in

justice for the blacks as power for the blacks — a very different not to say, in most parts of Africa, opposite ideal. Given that unreasonable and even perverse demand by Western political opinion, the task of constructive statemanship to play for time.

Public opinion — as against political opinion — understood and respected Mrs Thatcher's motives. MPs got few letters about South Africa. This was not because of moral insensitivity, or apathy. In many cases it is because of a degree of moral sensitivity quite beyond the imagination of those who talked most passionately about South Africa; a moral sensitivity which took the form of not wanting to criticise, let alone bully, the South African whites for behaving as British whites would themselves behave were they in the same tragic situation.

On the surface in Britain, and on the air waves, all was denunciatory froth at the present time. But underneath, deep down at the grass-roots, was a much more genuine kind of soul-searching which made many British people humbly admit to themselves that there but for the grace of God, and the accident of geography, went they.

South Africa was not a black-and-white, clear-cut moral issue in any sense of the term. No part of that dark continent could bear much



Worsthorpe ... too much hysteria.

scrutiny, and just as the sun goes down there with more startling speed than anywhere else, so were crusaders there reduced instantly to conspiracies. Simple solutions, such as sanctions, flew into the face of reality.

Mrs Thatcher's instinct was to resist such delusions with all the strength of will at her command. The world being what it was, the British national interests might be better served — as the Foreign Office argued — by more duplicity, hypocrisy and propaganda. But certainly not those of the South African masses.

Sanctions may bring a boom to Gaborone

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London Bureau

THE Botswana capital of Gaborone is set to become the first sanctions-busting boom town if direct air links with South Africa are cut.

British Prime Minister Margaret Thatcher will refuse to include the air links cut in the first package of sanctions expected to be introduced at the end of the Commonwealth summit meeting on Tuesday, according to reliable sources.

But the air sanction will remain a priority demanded by many countries and likely to be introduced at a later date if conditions continue to deteriorate in South Africa.

It was confirmed yesterday that British Airways is taking no chances and has applied for 'unrestricted frequency' landing rights at Gaborone, which is barely 30 minutes flying time from Jan Smuts airport.

The licensing application to the Civil Aviation Authority (CAA) is the first firm move by BA to protect its massively profitable — nearly R4 000 000 a week — South African business.

State-owned BA is also attempting to block an application by British Caledonian Airways to extend its London-Lusaka service to Gaborone twice a week from April next year.

BA is anticipating that other major airways will also seek to use Gaborone if direct-flight sanctions are enforced and is likely to seek to obstruct other applications as well on the grounds of unfair competition.

Its application and objection to the British Caledonian application will be decided at a public hearing in London on September 22-25.

A spokesman for British

Caledonian angrily rejected any suggestion that their application for a twice-weekly service to Gaborone meant they sought to cash in on sanctions.

He said B-Cal, which has for many years been a major carrier between London and Africa, had decided in June 1981 to extend its service to Gaborone.

B-Cal intends using 233-seat DC-10's on the route and points out that this capacity could be taken up by existing business demand between Lusaka and Gaborone.

While it is claimed in London that other major European carriers at present serving Johannesburg are considering the same anti-sanctions step as BA, there were no confirmations of this yesterday.

Pre-planned

Spokesmen for Lufthansa, Sabena and the French service UTA all said they did not feel the need at the moment to apply for landing rights at Gaborone or similar airports close to South Africa.

Airlines sources in London say emergency preparations to meet the crisis if direct air links were cut have been meticulously pre-planned by major carriers for some years.

All emphasise that they would be legitimate and proper and unlikely to attract the anger of radical African countries.

But a daily jumbo jet service by BA alone and link flights from South Africa into Gaborone would create boom conditions with hundreds of new jobs in an expanded services and hotel industry.

Britain digs in on air link ban

London Bureau

THE British Government has marginally shifted its position to make minor concessions to the Commonwealth on limited sanctions but has dug in against a ban on air links.

Yesterday a car carrying Prime Minister Margaret Thatcher to the Commonwealth Games stadium was spattered with eggs and tomatoes as some 500 people demonstrated against her policy towards South Africa, reports Sapa-Reuter.

Mrs Thatcher was greeted with both boos and cheers inside the arena.

Earlier, many athletes would not leave their quarters when she made a two-hour visit to the Games village.

Edinburgh's City Council, dominated by the opposition Labour Party, had asked Mrs Thatcher to stay away from the Games because of her position on sanctions.

Signalled

According to well-placed Whitehall sources the sanctions package now proposed by Mrs Thatcher's Government will be based on the Common Market sanctions earmarked at The Hague in June for further consideration.

The sources expected a package to be announced at the close of the Commonwealth mini-summit on Tuesday to form the basis of further consultation between major Western trading partners.

Measures contained in the package will not be implemented before mid-October at the earliest — and December 31st at the latest.

In the event of failure to reach a compromise Mrs Thatcher has signalled that she would be willing for the Commonwealth to reach its own position without Britain and to call a full summit of the 49-nation club at the end of September.

Indian Prime Minister Rajiv Gandhi has already agreed to host a full emergency summit if it becomes necessary.

Commonwealth leaders have agreed that the unity of the Commonwealth must be a top priority in reaching an agreed position on South Africa and a full summit would provide the necessary delaying mechanism.

It would also accommodate Mrs Thatcher's bid to buy further time for change in South Africa.

Britain has chosen to use the 12-nation European Community rather than the Commonwealth to formulate further 'limited measures' while maintaining its resistance to punitive sanctions.

Commonwealth leaders arriving in London yesterday for the weekend summit struck a conciliatory note with the chairman, Sir Lynden Pindling of the Bahamas, publicly optimistic that a compromise could be reached.

Battle

According to sources close to the Commonwealth Secretariat, Sir Shridath Ramphal, the secretary general, accepts the need for a period of consultation between South Africa's trading partners and to allow time for the US Administration to take up a position on the basis of the Congress sanctions Bill.

While Mrs Thatcher appears to have won

her battle to ward off immediate sanctions at the mini-summit, there could still be a major row over the proposed ban on air links.

In spite of the move by British Airways to seek landing rights in Botswana Mrs Thatcher was said to be determined to resist any interference with international air routes.

The package emerging from the seven-nation summit is likely to consist of a ban on new investment and a ban on the import of coal, steel, iron and gold coins — the measures listed by the EEC summit in June.

In addition Britain might agree to one or two innocuous measures from the Bahamas summit list such as further restrictions on trade credit and a ban on government procurement in South Africa.

The marginal shift in Britain's position followed a power-struggle in the Cabinet on Thursday — which turned out to be more a conflict over tactics than substance.

Rumours

While Mrs Thatcher is at pains to present an uncompromising front to the mini-summit, Foreign Secretary Sir Geoffrey Howe stated publicly that further measures would be considered in the context of the summit.

The rumours following Thursday's Cabinet meeting reached such a pitch that Sir Geoffrey had to go on late night television to deny that he had resigned.

The Government's shift was confirmed by the Tory Party chairman, Mr Norman Tebbit, who has been at the receiving end of the Tory rift over South Africa.

If necessary, I am sure that in concert

with our European partners there is a possibility of other things we can do to indicate our concern and disapproval of the policies which have been pursued in South Africa,' Mr Tebbit told BBC television.

Queen Elizabeth has meanwhile sent a strong and committed answer to an appeal to her to use her influence to prevent the Commonwealth from breaking up over the South African crisis.

Mrs Shirley Carr, chairing an emergency meeting in London of the Commonwealth Trade Union Council which represents 13 million people, said they were delighted with the queen's response to their appeal.

System

Her reply was very gracious but also, in my opinion as I read the reply, very strong and committed and very grateful for our suggestions and the fact that we took the time to let her know how we feel about it and that we are on her side.

From Bonn it is reported that West German Foreign Minister Hans Dietrich Genscher has called for a system of one man, one vote in South Africa.

In an interview published yesterday in the Koelner Stadtanzeiger, Mr Genscher said he was 'extremely pessimistic' about the ability of the Pretoria Government to be reasonable.

The treatment given to Sir Geoffrey Howe had 'proved in a most disturbing manner how unreasonable the Government was', he said.

Mr Genscher added that reforms had to include 'the immediate abolition of apartheid and equal rights for all South Africans including the principle of one man, one vote'.

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Senators vote for sanctions

WASHINGTON — A key US Senate panel yesterday approved a package of moderate economic and diplomatic sanctions against South Africa designed to prod the Pretoria government to end its apartheid policies.

The Senate foreign relations committee voted 15 to 2 for the measure, drafted by chairman Mr Richard Lugar, an Indiana Republican, but only after beating back several attempts from some committee Republicans to dilute the bill.

There was no immediate reaction from President Ronald Reagan, who strongly opposes punitive economic sanctions as a means of pressuring Pretoria to end its apartheid system and begin talks with black leaders.

The bill, which is expected to come before the full Senate for a vote before a mid-August congressional recess, would ban all new US investments and new bank loans to South Africa and prohibit imports of South African uranium and coal.

It also bans the use of US banks by the South African Government or

government-owned corporations.

It withdraws landing rights for South African Airways, urges the president to deny visas to South African Government officials and recommends Mr Reagan use his authority to sell US gold reserves to depress the world price of gold — a major South African export.

The Senate committee measure stops short of a bill passed by the Representatives last month that would virtually sever all US trade and investment ties.

The bill also would extend, and give the force of law, to a set of limited sanctions Mr Reagan imposed last year under congressional pressure, including a ban on imports of Krugerrand gold coins and exports of US computer and nuclear technology to the government or its agencies.

It would also hold out the possibility of further sanctions one year later if Pretoria has not released all political prisoners, including Nelson Mandela, and fulfilled three out of four additional conditions.

Additional measures offered as options to Mr Reagan one year after enactment include a ban on steel, textiles, diamonds and food and agricultural products from South Africa.

Meanwhile, the US Assistant Secretary of State for African Affairs, Dr Chester Crocker, yesterday flew to Brussels, headquarters of the 12-nation European Community,

new measures by Western powers against South Africa.

The EC is due to consider imposing bans on imports of South African coal, iron and steel in September.

Dr Crocker is scheduled to travel to West Germany, which like Britain, France, the United States and Japan is a major South African trading partner.

Dr Crocker yesterday had a 30-minute meeting in London with the British Foreign Secretary, Sir Geoffrey Howe. Sir Geoffrey returned home empty-handed from South Africa after the State President, Mr P. W. Botha, rebuffed his EC-sponsored peace mission.

In London, Britain's Prime Minister, Mrs Margaret Thatcher, prepares to face a bruising encounter with Commonwealth colleagues tomorrow amid strong signs of a significant shift in her government's policy on sanctions.

After the confusion surrounding Thursday's key cabinet meeting, with senior Thatcher aides insisting that there was no change in British opposition to sanctions, the Conservative Party chairman, Mr Norman Tebbit, has made it clear changes are on the way.

Mr Tebbit, speaking on a late night British Broadcasting Corporation (BBC) television programme, indicated that Britain would be able to form "a common view" with its European partners. — Sapa-AP

Sweden 'isolated' over SA trade links

Own Correspondent

STOCKHOLM. — Swedish Prime Minister Mr Ingvar Carlsson has ruled out a Swedish trade boycott of South Africa, at least for the moment, though the Swedish Government is coming under increasing domestic pressure to sever trade links.

Sweden's policy on South Africa is also leaving it increasingly isolated in Scandinavia, following Norway's decision last week to follow Denmark's example by imposing a trade boycott.

Sweden's minority Social Democratic government, which has been one of the most vocal Western critics of apartheid, is in a difficult position, as it faces mounting calls from two centrist opposition parties and from within the labour movement to form a united front with other Scandinavian countries.

Mr Carlsson, who is facing one of his most difficult foreign-policy tests

since taking over in March, has defended Sweden's decision not to impose a boycott on the grounds that it would be an infringement of international law, and in particular of the General Agreement on Tariffs and Trade.

As a small neutral country Sweden could not break international law to impose a boycott.

'Voluntarily'

Instead of a formal boycott, Mr Carlsson hopes that earlier moves by the government to urge Swedish companies to cease trading voluntarily will be equally effective in stopping trade with Pretoria.

In addition, Sweden and the other Nordic countries are seeking to persuade the UN Security Council to vote in favour of binding sanctions against South Africa as a means of persuading the United States, Britain and West Germany to take part in sanctions.

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Sanctions: UK shift

From JOHN BATTERSBY

LONDON. — The British Government has marginally shifted its position to make minor concessions to the Commonwealth on limited sanctions this weekend but has dug in against a ban on air links.

According to well-placed Whitehall sources, the package will be based on the Common Market sanctions earmarked for further consideration at The Hague in June.

The sources expected a package to be announced at the close of the Commonwealth mini-summit on Tuesday to form the basis of further consultation between major Western trading partners.

They will not be implemented before mid-October — at the earliest — and December 31 at the latest.

In the event of failure to reach a compromise, Mrs Thatcher has signalled that she would be willing for the Common-

Queen's 'reply' over SA

From IAN HOBBS

LONDON. — Queen Elizabeth has sent a "strong and committed" answer to an appeal to her to use her influence to prevent the Commonwealth from breaking up over South Africa.

Mrs Shirley Carr, chairing an emergency meeting here of the Commonwealth Trade Union Council (CTUC), which represents 13 million people, said they were delighted with the Queen's response to their appeal.

Mrs Carr, president of the Canadian Labour Congress, said that, on the other hand, they were snubbed when they sought a meeting with British Prime Minister Mrs Margaret Thatcher.

wealth to reach its own position without Britain and to call a full summit of the 49-nation club at the end of September — to coincide with the expiry of the EC deadline.

Indian Prime Minister Mr Rajiv Gandhi has already agreed to host a full emergency summit if it becomes necessary.

Commonwealth leaders have agreed that the unity of the Commonwealth must be a top priority in reaching an agreed position on South Africa and a full summit

would provide the necessary delaying mechanism.

It would also accommodate Mrs Thatcher's bid to buy further time for change in South Africa.

Britain has chosen to use the 12-nation European Community (EC) rather than the Commonwealth to formulate further "limited measures" while maintaining its resistance to punitive sanctions.

Commonwealth leaders arriving in Lon-

don for the weekend summit yesterday struck a conciliatory note, with the chairman, Sir Lynden Pindling of the Bahamas, publicly optimistic that a compromise could be reached.

According to sources close to the Commonwealth Secretariat, Sir Shridath Ramphal, the secretary-general, accepts the need for a period of consultation between South Africa's trading partners and to allow time for the US administration to take up a position on the basis of the Congress sanctions Bill.

British Prime Minister Mrs Margaret Thatcher appears to have won her battle to ward off immediate sanctions at the Commonwealth mini-summit but there could still be a major row over the proposed ban on air links.

In spite of a move by British Airways to seek landing rights in Botswana

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na, Mrs Thatcher was said to be determined to resist any interference with international air routes.

The package emerging from the seven-nation summit is likely to consist of a ban on new investment and a ban on the import of coal, steel, iron and gold coins.

While Mrs Thatcher is at pains to present an uncompromising front to the Commonwealth summit, the Foreign Secretary, Sir Geoffrey Howe, stated publicly that further measures would be considered in the context of the summit.

● Sapa reports that the South African Government has instructed its ambassador in London, Dr Denis Worrall, to react "on the highest level" to allegations that Sir Geoffrey had been received in a discourteous way.

A spokesman for the State President's Office said "the reception Sir Geoffrey received in South Africa was in stark contrast to the public humiliation he experienced in Lusaka for instance — of which no mention was made".

Put what is yours out
out what is yours out

Senators vote for sanctions

2/8/8
DD
280
ABD

Thatcher car pelted

EDINBURGH — A car carrying the British Prime Minister, Mrs Margaret Thatcher, into the Commonwealth Games stadium was pelted with eggs and tomatoes yesterday as some 500 people demonstrated against her policy towards South Africa.

Mrs Thatcher, remaining firm in her opposition to full economic sanctions against Pretoria, was greeted with both boos and cheers inside the arena.

Earlier yesterday many athletes would not leave their quarters when she made a two-hour visit to the Games village.

"No-one wants to meet her," Canadian high jumper Nathaniel Crooks told reporters. "Her attitude towards sanctions has wrecked the Commonwealth Games." — Sapa-RNS

WASHINGTON — A key US Senate panel yesterday approved a package of moderate economic and diplomatic sanctions against South Africa designed to prod the Pretoria government to end its apartheid policies.

The Senate foreign relations committee voted 15 to 2 for the measure, drafted by chairman Mr Richard Lugar, an Indiana Republican, but only after beating back several attempts from some committee Republicans to dilute the bill.

There was no immediate reaction from President Ronald Reagan, who strongly opposes punitive economic sanctions as a means of pressuring Pretoria to end its apartheid system and begin talks with black leaders.

The bill, which is expected to come before the full Senate for a vote before a mid-August congressional recess, would ban all new US investments and new bank loans to South Africa and prohibit imports of South African uranium and coal.

It also bans the use of US banks by the South African Government or

government-owned corporations.

It withdraws landing rights for South African Airways, urges the president to deny visas to South African Government officials and recommends Mr Reagan use his authority to sell US gold reserves to depress the world price of gold — a major South African export.

The Senate committee measure stops short of a bill passed by the Representatives last month that would virtually sever all US trade and investment ties.

The bill also would extend, and give the force of law, to a set of limited sanctions Mr Reagan imposed last year under congressional pressure, including a ban on imports of Krugerrand gold coins and exports of US computer and nuclear technology to the government or its agencies.

It would also hold out the possibility of further sanctions one year later if Pretoria has not released all political prisoners, including Nelson Mandela, and fulfilled three out of four additional conditions.

Additional measures offered as options to Mr Reagan one year after enactment include a ban on steel, textiles, diamonds and food and agricultural products from South Africa.

Meanwhile, the US Assistant Secretary of State for African Affairs, Dr Chester Crocker, yesterday flew to Brussels, headquarters of the 12-nation European Community, in a bid to coordinate

new measures by Western powers against South Africa.

The EC is due to consider imposing bans on imports of South African coal, iron and steel in September.

Dr Crocker is scheduled to travel to West Germany, which like Britain, France, the United States and Japan is a major South African trading partner.

Dr Crocker yesterday had a 30-minute meeting in London with the British Foreign Secretary, Sir Geoffrey Howe. Sir Geoffrey returned home empty-handed from South Africa after the State President, Mr P. W. Botha, rebuffed his EC-sponsored peace mission.

In London, Britain's Prime Minister, Mrs Margaret Thatcher, prepares to face a bruising encounter with Commonwealth colleagues tomorrow amid strong signs of a significant shift in her government's policy on sanctions.

After the confusion surrounding Thursday's key cabinet meeting, with senior Thatcher aides insisting that there was no change in British opposition to sanctions, the Conservative Party chairman, Mr Norman Tebbit, has made it clear changes are on the way.

Mr Tebbit, speaking on a late night British Broadcasting Corporation (BBC) television programme, indicated that Britain would be able to form "a common view" with its European partners. — Sapa-AP.

TO-DAY

IS THE

DAY

LAST DAY OF OUR

WINTER

The Great Sanctions Debate

BRITISH Prime Minister Margaret Thatcher, due to face senior Commonwealth leaders this week, has come under renewed pressure to agree to sanctions against SA.

A key parliamentary committee published a report backing sanctions as Foreign Secretary Geoffrey Howe flew home to brief Thatcher and US assistant Secretary of State Chester Crocker on the failure of his week-long shuttle around Southern Africa.

Thatcher, due to meet six other Commonwealth leaders at a three-day meeting starting on Sunday, was studying the report from the influential House of Commons foreign affairs committee.

It broadly agrees with a Commonwealth delegation which visited SA, the Eminent Persons Group, that economic sanctions against SA are the only answer if State President PW Botha refused to release political prisoners, lift the ban on the African National Congress and start serious negotiations to end apartheid.

It added to pressure on Thatcher over sanctions already exerted by Commonwealth leaders, members of her ruling Conservative Party and the opposition Labour Party.

The report was drafted over nine months during which the committee took evidence from SA diplomats, ANC leader Oliver Tambo, representatives of white, coloured and Indian opposition parties, as well as members of the British and SA business committees.

The committee said it also held informal talks with the EPG, whose report concluded that concerted international action on economic sanctions was the only option left if a blood-bath was to be avoided.

The report, completed before Howe's mission ended in failure, said Britain would find it increasingly difficult to resist calls for sanctions if Howe returned home empty-handed.

"The policy decisions to be taken by the British government are to a very large extent dependent on the actions of Botha.

"If he finds it impossible to take the minimum steps

THATCHER - ALONE ON A HILL



How Time magazine sees the sanctions debate...

demanding by the Commonwealth and most other foreign governments - to release political prisoners, to unban the ANC and other organisations, and begin the process of negotiating a new constitution - it will prove increasingly difficult for the British government to continue to resist the wider-ranging economic measures," the report said.

"Things may have gone too far already," it added. The report also included

a memorandum from the Foreign Office outlining the effects economic sanctions would have on UK.

It made it clear that a direct result would be higher unemployment and rising prices, with supplies of raw materials and agricultural products - the main SA exports to Britain - being disrupted.

"There can be no doubt that a significant number of jobs, particularly in the engineering, transport equip-

ment and chemical sectors, are dependent on our visible and invisible trade with SA," said the memo.

In 1985 British exports to SA were valued at over R3,7-billion and the most recent survey, in 1981, put direct British investment at about R7,5-billion.

"In general, the imposition of trade and other measures against SA would run counter to Britain's interest, as a nation dependent

on external trade," the memorandum said.

The severing of air links with SA could cost British Airways millions of rands.

It also said a unilateral termination of the British-South African air services agreement would involve two months' consultation, followed by 12 months' notice.

● European Community economic sanctions against SA now seem inevitable following Howe's failure to win concessions during talks in Pretoria on behalf of the group, EC diplomats said this week.

They said Howe, current president of the EC Council of Ministers, was expected to have urgent consultations with his country's 11 EC partners on his return to London.

But PW Botha's rebuff of EC calls for a dialogue with black opposition leaders would revive pressure within the group for an early sanctions decision, so far blocked by strong British opposition.

The diplomats said Britain's EC partners now expected Thatcher to drop her opposition to sanctions demands. They wanted an early EC move which could galvanise world action against Pretoria.

Britain remained the key to a decision and pressure on Thatcher at Sunday's Commonwealth summit in London should help convince her to agree to an early sanctions move, they added.

Some EC nations feel an EC decision would be even better before the Commonwealth meeting, although this appeared remote, the diplomats said.

Howe said before setting off last week on his Southern African mission that it should not be considered as a last chance for peace.

But the diplomats said this week SA intransigence appeared so total that Britain would find it difficult to resist pressure for going ahead as soon as possible with the series of limited sanctions already agreed within the EC.

"What is the point of waiting any longer?" one EC diplomat asked, adding however that Britain might insist that a decision should not be taken until Howe completes his three-month mandate from the community in September - Sapa



Howe and Buthelezi meet the Press after their meeting
CP Reporter

LAST Tuesday – just 10 days ago – President Ronald Reagan addressed the American nation on South Africa in his first major policy statement on SA since his election six years ago.

The American policy he explained in that speech, basically a rehash of his constructive engagement, lasted less than a week – by the weekend it had effectively collapsed.

Two months in the making, billed as the culmination of the Reagan administration's "major reassessment" of US policy on SA, and aimed at calming the sanctions debate, the speech ignited such outrage both in the US and abroad, that Reagan had, within days, to announce: "The (sanctions) door is still open."

In his speech, Reagan described sanctions as "an historic act of folly", and argued – as he has before – that sanctions would wreck the economies of states bordering SA, would destroy President PW Botha's "reform policies" and would hurt "the very people we are trying to help".

He suggested that Botha's government had introduced "dramatic changes", and slammed "Soviet-armed guerillas of the ANC".

In fact, Reagan's speech has probably ensured that his country will impose some form of sanctions by the end of the month. The reason, argues *Time* magazine, is that by highlighting US relations with SA, but offering nothing new, he virtually forced the US

Play it again Uncle Sam



REAGAN
Rewritten

Congress and Senate to step in – as they have.

"Missing from the speech," says the latest *Time*, "was any sense that the administration's reassessment of its policy towards SA had produced much of anything."

The magazine says the speech was born, shortly after the June 12 declaration of a state of emergency, when Reagan asked US officials: "I know what we're against. Can we state exactly what we're for down there (in SA)?"

In their attempt to do just that, Reagan aides rewrote the paper five times, says *Time*, as lobbyists put their ideas to the White House.

But the central theme remained: Sanctions will hurt the people they are intended to help – black South Africans.

When officials of Secretary of State George Shultz's State Department were first shown a copy, they argued that the whole

speech should be cancelled completely.

So did a number of White House officials. Shultz himself, due to testify on US-SA links before a Senate committee, told Reagan to make the speech – he wanted to have something to defend to the senators.

It made little difference: Shultz was forced on the defensive, and the senate was due to vote yesterday on an anti-SA sanctions package.

Outside the US too, the speech didn't get rave reviews.

Most outspoken was SA's Bishop Desmond Tutu: "I found the speech nauseating... the West can go to hell." The Botha government, predictably, welcomed it.

Former Australian premier Malcolm Fraser – who co-led the Commonwealth Eminent Persons Group's unsuccessful bid to bring peace to this country – also slammed Reagan's speech, in the *Washington Post*.

"If the US and UK persist in policies that have patently failed, the black South Africans will take irreversible decisions to fight for political participation and freedom. The emerging government would be pro-Soviet and anti-West," said Fraser.

The EPG eventually proposed "measures" against SA – proposals rejected by Britain's Maggie Thatcher.

"August for the people" sang the poet, WH Auden, but August 1986 is clearly for the politicians as the world of "telegrams and anger" intrudes upon thoughts of summer holidays delayed by the compulsion to consider what can, if anything, be done to break the stalemate between South Africa and the West.

Sir Geoffrey Howes' return to Britain empty-handed, and President Botha's blunt and uncompromising rejection of the EEC's proposals clearly weakens Mrs Thatcher's position as she confronts her critics at the Commonwealth mini-summit next week.

She will be under formidable pressure to accept — at the very least — the list of selective sanctions devised at the Nassau conference last October, and her Commonwealth colleagues will no doubt invoke the more limited package agreed at the EEC June summit in Brussels as evidence that only Britain stands alone in resisting sanctions.

Even President Reagan is likely to be forced by congressional pressure to renew, and perhaps extend the terms of the executive order he signed last September.

Indeed, President Botha's abrupt dismissal of Sir Geoffrey will be seen by many abroad as the collapse of the middle ground between revolution over the long term and sanctions over the short, and on which Mrs Thatcher and Mr Reagan took their stand, placing their faith in the reformist intentions and the political skills of the Botha government.

Careless

Mrs Thatcher's efforts to hold the line against sanctions during the last two months reveal the strengths and weaknesses of her political style.

She is often described as an instinctual politician with an intuitive but none the less sophisticated understanding of what the electoral market will bear. She clearly got it right on the Falklands issue, on trade union reform, on the measures required to combat inflation and the wisdom of taking a hard line with crafty Europeans on Britain's contribution to the EEC budget.

But latterly her critics claim (and they existed — until recently, mute and inglorious — even in her own party) she has lost her touch, perhaps her grip on the pulse of the nation and — more important in the short run — her command of the Cabinet and the party.

The Westland affair is instructive in this context. To paraphrase Oscar Wilde, to lose one Cabinet Minister may be regarded as a misfortune, to lose two looks like carelessness!

After all, what her supporters admired and her critics could not deny was the 'Iron Lady' image.

Equally on the SA issue, critics argue, her skills have been found wanting: the support of Reagan on the sanctions issue is not necessarily an electoral plus for her.

Tradition

Then again, why give hostages to political fortune by an adamant and vociferous stand on the sanctions issue when it was clear that some compromise would have to be made if Britain was not to be isolated both in Europe and the Commonwealth.

And avoiding such isolation is an important and legitimate British interest even if commitment to it cuts across principled opposition to sanctions.

Indeed, the game was given away by Sir Geoffrey Howe's statement in the House of Commons that if his mission failed, "I would regard agreement on some further measures ... as likely to be necessary". Not exactly a passionate declaration of principle (rather like getting blood out of a stone as his critics might say) but entirely in keeping with a Foreign Office tradition of covering all the options.

What is striking about Mrs Thatcher's performance is that her heart has overruled her head. True, standing on principle is a rare enough quality in political life, but even supporters get restive if their leader appears inflexible and impervious to inevitable compromise.

Gambling

She might, of course, be gambling on the assumption that the South African issue lacks electoral salience. Yet 50 or so Conservative MPs have emerged (no doubt wringing "wet" behind the ears in Mrs Thatcher's view) unhappy about her performance in the sanctions debate.

They — including their supporters in the Cabinet — would have preferred the Prime Minister to adopt a more cautious posture, to distance herself from Pretoria and be calculatingly ambiguous on the sanctions issue.

"Wait and see" might therefore have been politically more expedient and Sir Geoffrey's mission rendered more acceptable to critics at home and abroad as a last shot to get a negotiated settlement underway.

On the other hand, the British Prime Minister — rather like the Frontline States in reverse — may be calculating that a resolute stand against "punitive sanctions" would force her Commonwealth opponents into compromise.

The current meeting in London will, I believe, prove no exception, though the in-fighting in public will be acrimonious, with the task of reconciliation of divergent interests left to one of the traditional 'fixers' — Canada or Australia.

**What can be
done about
the Western
stalemate?**

End 3/8/86. now or more creeping sanctions

SANCTIONS
280



By **JACK SPENCE**

South African Institute of International Relations' Visiting Bradlow Fellow 1986

— combined with the good offices of Sir Sonny Ramphal, the Secretary-General who has no conceivable interest in encouraging the breakup of the association.

Much of the public rhetoric of the last few weeks — to force Britain's resignation, for example, in the event of impasse — is the stock-in-trade of politicians setting out their ideological wares in advance.

Where does all this leave South Africa? "Measures" will be agreed with more substance and less symbolic content than those put forward in Brussels and Wash-

ington last year.

In other words, yet another round of "creeping sanctions" — to be followed, perhaps, by yet more private sanctions as the confidence of overseas bankers and investors weakens still further.

And to the outside observer, what is striking is the spectacle of some members of the local business elite behaving as if it were only a matter of time before comprehensive sanctions follow, whatever is agreed at the London summit.

They may be right, but the battle about their utility and mo-

rality will be fiercer and much will depend on what progress, if any, is made in South Africa. Hence the talk of contingency plans, the rumoured appointment of a sanctions-buster-in-chief, of mysterious "middle-men" arriving with schemes to subvert the impact of sanctions.

Ironically, it is precisely the business community who are targeted abroad as the one pressure group with sufficient clout to move the Government to change course.

Dismaying

That this group has had influence in the past on policy changes in areas like trade union reform, black property rights and changes in influx control cannot be denied, though — to be fair — external concern and pressure have also played a key role.

Whether business influence can succeed on the fundamental issue

of the black man's politically underlined future is a central question.

Two recent statements from very different sources cast doubt upon this proposition.

Writing in the current number of "Foreign Policy", Mr Gavrielly argued: "... Contrary to many foreign misperceptions, neither domestic nor foreign business can force the South African Government to act against its will."

Similarly, in their new book "South Africa Under Apartheid" Heribert Adam and Kogila Moodley argue that the business community has not developed a political style and corporate culture conducive to concerted pressure or lobbying.

Faced with this dismaying prognosis, one can only say: if they can't, then who can? The outside world ...?

And what happens if they both fail?

built a mighty empire from the phantom Commonwealth

3/8/86

SUNNIES 280

IT may be a little unfair, but, to many people neither particularly rightwing nor sympathetic to South Africa, Sir Shridath Ramphal is seen in much the same light as Lord Hervey was viewed by Pope.

The man at the centre of the South African sanctions conflict is, like Hervey, a courtier. His success in winning royal favour has been such as to turn the last Canadian High Commissioner, himself a solid competitor in the sycophancy stakes, livid with resentment at Sir Shridath's ability to upstage him for the Queen's attention.

That might be a trivial accomplishment, but the recent embittered argument about how to handle South Africa has been sharply flavoured with Court sauce.

Labour politicians have gloated at the prospect of Mrs Thatcher being put in her place by the Head of the Commonwealth responding contrapuntally to the delicate persuasion of the Commonwealth Secretary-General.

It is a pretty meretricious line of thought, for the great Ghost Whale which goes by that title has almost

Ramphal has, by sheer unshubbable chutzpah, promoted the janitorial office of the Commonwealth Secretary-General to the point where the more impressionable kind of journalist treats him as a sort of self-confected head of state, a president without portfolio.

as tenuous an existence as the office held by this plump and voluble West Indian lawyer.

He is only the second man to do the job, which was first occupied with discretion and good manners by Arnold Smith, a Canadian of whom nobody ever heard. Everyone has heard of Sir Shridath.

Not only has he attended upon royalty, distributing flattery with the open-trowelled largesse of a small-time Caribbean Disraeli, but he has turned the secretariat into a solid little bureaucratic empire.

Its principal headquarters in Marlborough House, a palace once lived in by Queen Mary, is being repaired at a cost of R16-million. Sir Shridath himself jogs along on R210 000 a year, plus extensive expenses.

His bitterest struggles with the South African embassy appear to have concerned not apartheid but the ever-growing size of the retinue for which he made escalating demands when the Eminent Persons Group (EPG) set out on its travels.

A staff estimated at 250 attends to the business of the Commonwealth. Except, of course, that the real business of the secretariat — the administration of educational trusts, scholarships and other humble matters with which Mr Smith concerned himself — has never pre-occupied Ramphal.

It is his genius, in the teeth of the Foreign Office, to have turned himself into a buzzing, self-promoting crypto-diplomat.

He is, of course, nothing of the kind, and the contempt and anger of thoroughly liberal-minded men at the way in which, as a champion of Mr Mugabe, he intruded himself into the Rhodesia/Zimbabwe process is impressive. Lord Carrington was said to be willing to swim the Atlantic to keep him from the Secretary-Generalship of the United Nations.

Ramphal has, by sheer unshubba-

The Commonwealth is indeed a Ghost Whale, a mountain of phantom blubber comprising real countries and nightmarish dictatorships with flags, national redeemers, public executions and regressing mango economies.

ble chutzpah, promoted the janitorial office of Commonwealth Secretary-General to the point where the more impressionable kind of journalist treats him as a sort of self-confected head of state, a president without portfolio. And journalists, like royalty, can be flattered; something Ramphal has been observed doing with all the restraint of Jeffrey Archer.

All this is admirable in terms of pure entrepreneurship, and it is as an entrepreneur that Ramphal needs to be seen. The Commonwealth is indeed a Ghost Whale, a mountain of phantom blubber comprising real countries and nightmarish dictatorships with flags, national redeemers, public executions and regressing mango economies.

Ramphal, by spotting a hole in the market — the sentiment of the British for their past, the passion of all politicians for that contemporary pilgrimage, the conference, and the mixture of animus and fascination felt by the new nations for the old —

EDWARD PEARCE

profiles the bureaucrat at the centre of the sanctions storm

has passed off the Commonwealth as if it existed.

But it does not exist. Unlike even so frail a thing as the EEC, it has no constitution, no legislature, no common tariffs and, apart from the education schemes and the overheads of keeping the secretariat, no budget.

But the Queen needs the Commonwealth, the Canadians feel odd spasms of tenderness for it, the Africans get a regular opportunity to behave like delegates to a Labour Party conference; and "Sonny" Ramphal, having failed to get the UN job he so badly wanted, needs the Commonwealth most of all.

For this reason his politics have been wonderfully unpredictable. On the Falklands he gave the British very much what they wanted, joining loyally in the general frothing patriotic excitement.

On Zimbabwe he wanted Mr Mugabe, Korean-trained secret policemen and all. Over Grenada he was outraged at American action, intruding as it did into his and the Queen's preserve. On this melancholy occasion he and Mrs Thatcher were in accord... taking the side of Hudson Austin and Bernard Coard!

Over South Africa he played initially a highly aggressive, radical role.

His truculent and unauthorised foreword to the report of the EPG came as an unpleasant surprise to the members of the group, as did its publication with fanfares as a Penguin book.

However, it is alleged by experienced white Commonwealth observers that Ramphal is as keen at present as anyone to row back, and his recent statements on the sort of sanctions acceptable would suggest this.

He has an existence to justify, and



SONNY RAMPHAL
Has an existence to justify

the irresistible forces which keep Ghana, New Zealand and Bangladesh in the same organisation also float Sir Shridath Ramphal, world statesman.

Much energy has been expended on Mrs Thatcher's slow and obdurate footwork in declining the usual hypocrisies and adjuncts to civilised life which would have passed as sanctions for the clear purpose of soothing the company propped up against the bar of world opinion.

But nobody did more than Ramphal to up the ante and raise virulent expectations. There is a huge irony that he of all people should have played so central a part, in the style of one of those medieval Popes who start crusades which other people have to fight.

For the least-discussed aspect of Ramphal is his background as a Guyanese. What surely disqualifies him from any moralising role anywhere in the world is that he was a long-serving colleague of Forbes Burnham and was subsequently honoured by Burnham with Guyana's highest award, the Order of Excellence.

This in no way implies that Ramphal was personally involved in the excesses of the régime. However, Guyana is a primitive, corrupt tyranny, a few notches above Haiti. Its economy has totally collapsed and its trade takes the form of bartering the indigenous bauxite for whatever food it can get from Venezuela.

It is a country which a recent visitor described like this: "You cannot miss the people in the last dying stages of malnutrition. There is rampant begging. There is no bread because there is no flour. Every import except white rice is actually banned; agriculture has collapsed; there is 60-70 percent unemployment.

"Crime, especially murder, has grown so extensively that the chief

occupation of the week is the regular Wednesday hangings held not quite in public but in a hut near the prison wall where the sound of the drop can be heard by the assembled crowds. The only things which function are those made to do so by bribes. Since all imports are forbidden, every import is achieved by bribery."

Guyana is also, and this matters profoundly in the context of Ramphal, a racist state. It is split roughly 50-50 between black Africans and West Indians. The blacks run the politics and the Indians, to the exiguous extent they are permitted, run the economy.

A system of selective national service was devised, with camps in the interior which won so evil a reputation that when the names of those selected for it were published — and they were overwhelmingly West Indian names — the effect (intended in the view of Shiva Naipaul) was to accelerate their fearful emigration.

Burnham was one of those Heart of Darkness characters, later to become known as the "Comrade Leader", upon whom the CIA in its

Ramphal, by spotting a hole in the market — the sentiment of the British for their past, the passion of all politicians for that contemporary pilgrimage, the conference, and the mixture of animus and fascination felt by the new nations for the old — has passed off the Commonwealth as if it existed. But it does not exist.

magisterial way bestowed its full blessing.

Of the Guyanese elections of 1968, the director of the Opinion Research Centre in London remarked that the doctoring of the vote was a pretty awful and disgraceful episode, unprecedented for a Commonwealth country.

To quote Shiva Naipaul: "In 1973 the rigging of the elections was so blatant it reached new heights. In fact, it could hardly be called rigging any more; the army simply seized ballot boxes and did with them as it wished." The Attorney-General of Guyana between 1966 and 1973 was Shridath Ramphal.

Ironically, a man widely and almost certainly wrongly seen by Conservatives as a leftist, has been unacceptable at the UN secretariat in the eyes of the Soviet Union because of his connections with Burnham.

The Kabaka, as Burnham called himself, in spite of later leftwing rhetoric, was an American nominee and a virulent racist, bullying and threatening the "coolies".

Their representative was the genuine Marxist, Cheddi Jagan.

All one can do with Sir Shridath's past is to record the office he held and the political company he kept. He is no doubt spectacularly blameless of the vote-rigging, but he stayed in office in spite of it, and, five years after his own departure for fitter company, accepted that delightful Order of Excellence, the highest award of a régime which systematically wronged his own people.

For a West Indian to have held rank under the Asian-baiting Burnham was akin to being a Hof Jude or Court Jew in an anti-semitic kingdom.

One realises that the arts of ingratiating, so well received at the Court of St James's, were learnt in a

It surely is spectacularly absurd that Britain's attitude to South Africa, which is governed by a mixture of rational self-interest and sincere apprehension at the fires being lighted, should be censured by a career moralist.

rougher, more demanding school; and that such a man, while he may indulge his vanity, can have no pride.

It surely is spectacularly absurd that Britain's attitude to South Africa, which is governed by a mixture of rational self-interest and sincere apprehension at the fires being lighted, should be censured by a career moralist.

One finds it hard not to see Ramphal as an essentially parasitic figure; chief lawyer in a country with very little law, head bureaucrat of an organisation whose existence is more theological than tangible. He has a season ticket in the world of power politics, as intruder, improviser, courtier and pilot fish for that phantom whale.

Everyone knows what Groucho Marx said about the sort of club which would have him for a member, but what sort of club would have the Comrade Leader, Kabaka Forbes Burnham's rented lawyer, as its secretary, and do we really want to belong?

Business joi

Sunday Times Reporter
London

BRITAIN'S trade with South Africa is falling sharply as exporters brace themselves for the introduction of some form of sanctions.

Exports in the first five months compared to the same period last year were down by £137-million (R520,6-million) to £330-million (R1 254-million), while imports were £73-million (R277,4-million) lower at £359-million (R1 364,2-million).

Britain's main exports are machinery and chemical products.

The most important imports from SA are raw materials and foodstuffs, notably fruit and vegetables.

The weakness of the South African economy has been affecting two-way trade, but British companies have been running down their investments as well as trying to reduce their trade exposure.

The Department of Trade and Industry has also tried to examine the effects of a variety of measures on raw material supplies and

Fears spark drop in UK trade

prices, and has already taken contingency action by halting the rundown in the strategic stockpile of key minerals.

The most important are the platinum group of metals.

South Africa controls 89 percent of the Western world's reserves of platinum, 84 percent of chrome ore and 93 percent of manganese ore.

Platinum prices have been rising sharply in anticipation of export restrictions from South Africa.

The DTI and Treasury analyses of the economic impact on Britain have also taken into account the risk that South Africa might

seize control of British and other foreign assets.

Britain is the biggest foreign investor in South Africa, and the fourth biggest on the trade front after the United States, Japan and West Germany.

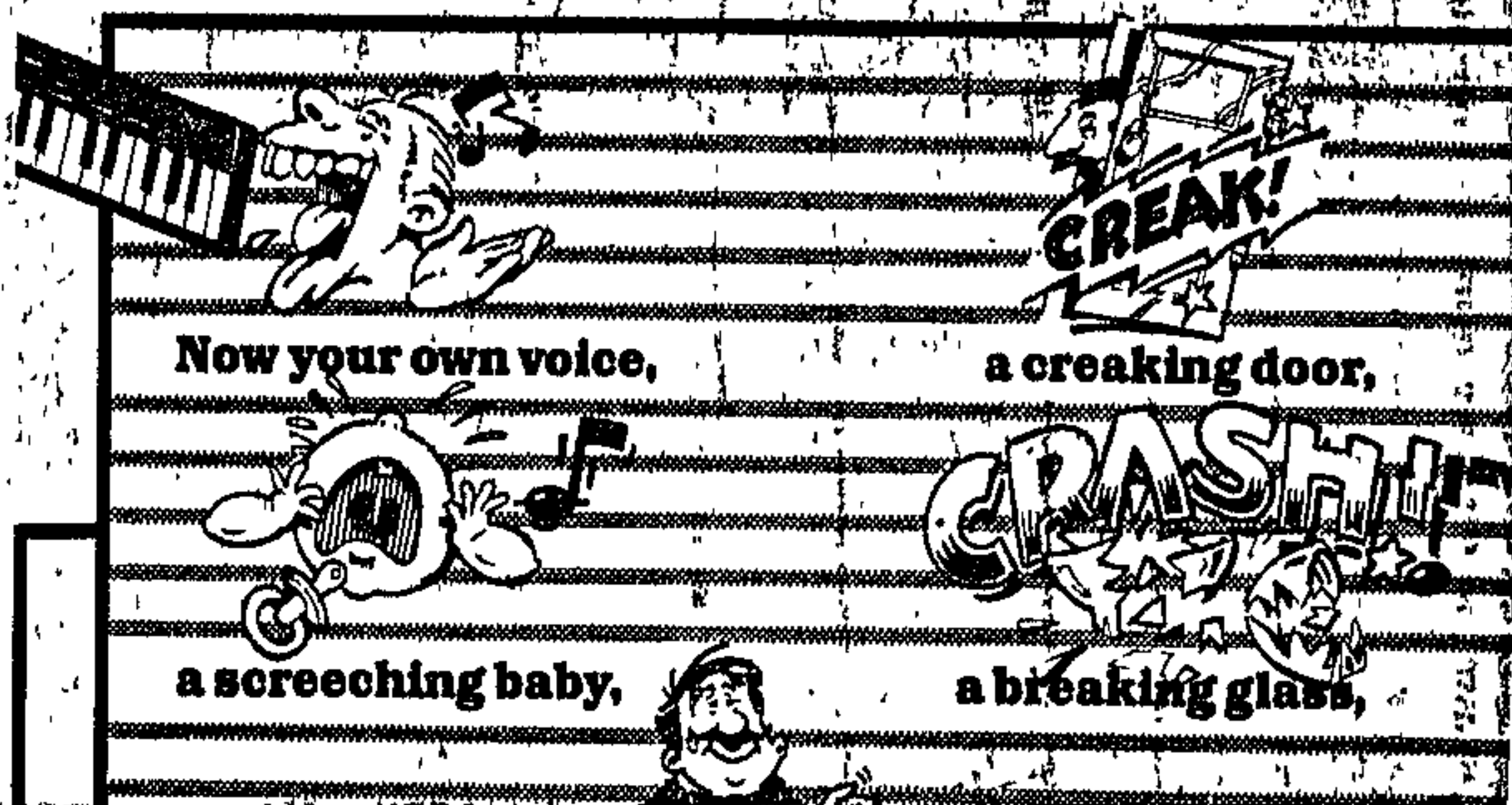
The British Industry Committee on South Africa, which represents 32 of the 100 firms with direct investment, puts total gross trade income at about £300 860-million (R1 143 268-million).

Earning from investment income, insurance, shipping, profits and dividends are estimated at £2300-million (R8 742-million) a year.

South Africa is Britain's 16th most important export market, accounting for two percent of total exports.

Britain accounts for 40 to 45 percent of all foreign investment in South Africa. This represents seven percent of all British overseas investment.

South African investment in Britain is running at around £700-million, (R2 660-million) just under two percent of the country's investment.



Neighbours face crunch as West prepares to squeeze SA

TIT-FOR-TAT SANCTIONS



ROBERT MUGABE of Zimbabwe is first on the trade hit-list. 'blitzkrieg' next?

FIRST shots in South Africa's reply to threatened sanctions were fired this week — against Prime Minister Robert Mugabe's Zimbabwe.

And senior South African sources indicate reactions in a graduated but potentially massive response to inevitable sanctions will be "defensive and appropriate".

But in neighbouring Zimbabwe an innocuous Trade and Industries notice this week that imports from Zimbabwe will be licensed has sparked fears that a Lesotho-type trade blitzkrieg is pending.

All this, meanwhile, as the Commonwealth mini-summit convenes today, Western powers slide closer to joint punitive action against South Africa, and a battery of surveys warns Pretoria and neighbouring capitals that they dare not be sanguine about the impact of even limited sanctions.

A high-level analysis of appropriate responses to sanctions moves by neighbouring states has apparently been completed and is with the Government for consideration.

High on the priority list, it is reliably learnt, is a trade tit-for-tat against neighbouring countries.

First steps were taken this week when the South African Department of Trade and Industries said licensing of Zimbabwean imports would begin "to safeguard sources of supply".

Fears

This has immediately given rise to fears in Harare that import licensing will be used as an excuse for slowing down cross-border traffic and thus squeezing the Zimbabwean economy.

A Pretoria source indicated, however, that no steps would be taken outside the existing bilateral trade agreements with Zimbabwe, but the situation would be reviewed on an ongoing basis — depending on how the boycott war escalates.

A second leg to the plan is the repatriation of foreign "refugees" and, if necessary, workers.

Mozambican and other refugees now relying heavily on South African medical facilities could, ironically, become the first victims of the sanctions war.

The squaring off between south and north Limpopo comes as Western powers move inexorably towards a united front on sanctions against South Africa. The main focuses:

- The British Prime Minister, Margaret Thatcher, was today meeting with the Indian Prime Minister, Rajiv Gandhi, in a five-minutes-to-midnight attempt to broker a consensus within the Commonwealth mini summit today.

Forefront

Yesterday she met Canadian Prime Minister Mulroney with the same intent.

Both India and Canada gave notice that they intended being in the forefront of sanctions actions against South Africa — India going as far as saying it is prepared to consider sanctions against Britain.

It is almost certain that Mrs Thatcher will eventually bow to demands for some action against South Africa, although she will argue any move should be taken in concert with other groups such as the European Economic Community (EEC) and the United States.

This now raises the possibility of a full meeting of all Commonwealth heads of state in September to coincide with the EEC meeting.

Latest word on the meeting was that serious tension but not a split within the Commonwealth is likely; Prime Minister Kenneth Kaunda of Zambia has apparently warned Mrs Thatcher in a letter that he will take his country out of the Commonwealth unless she "modifies" her stance.

- Across the Atlantic, meanwhile, the US Senate is priding itself on having cobbled a compromise sanctions measure which will not endanger American interests.

The Bill, passed on Friday by the Foreign Relations Committee, avoids treading on any constituents' toes by invoking bans which neither affect Americans nor attack imports vital to the US market.

The legislation, which now goes before the Senate, bans new South African investments and prohibits South

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BY EVELYN HOTHAUSEN in London
PATRICIA CHENEY in Washington and
STEPHAN TRIBLANCHE in Pretoria

is agreement — the Republic.

negotiations between South Africa and the Commonwealth were still continuing.



Gold sanction backers unsure of total impact

WASHINGTON — Backers of a proposal to sell off United States gold to undermine South Africa's gold industry admit they cannot calculate its impact on the world gold market.

The proposal, a late addition to the proposed sanctions against South Africa, was approved on Friday by the Senate Foreign Relations Committee on a 15-2 vote.

Key features of the committee bill are a ban on coal and steel imports, denial of landing rights for South African aircraft, a ban on new US investment, a freeze on official South African bank accounts in the US and authority for President Ronald Reagan to order sales of US gold holdings.

The gold sanction is designed to depress the world price. South Africa is the major exporter of gold along with the Soviet Union, and depressing the price

could sharply reduce the earnings of both nations.

But the plan is opposed by key segments of the US gold industry, which say it could put American mining operations out of business. And a senior Senate aide acknowledged that senators were unsure of its impact on the US, South African or world gold markets.

Mr Mark Helmke, an aide to Senator Richard Lugar, the committee chairman, said the idea first came to the committee's attention through an editorial in the July 19 edition of *The Economist*, a conservative British magazine.

The Economist, which until recently opposed sanctions, said most of the restrictions under consideration could be evaded. But, it said: "The most achievable quick sanction would be to threaten to cut the world price of gold."

Mr Helmke said Mr Lugar and other committee members "thought it was an intriguing idea", and after consideration included it among the sanctions. The US has about 260 million ounces of gold in its official reserves, valued at the current market price of about \$359 an ounce.

South Africa produces about 21 million ounces of gold a year. *The Economist* said total global gold reserves are about 950 million ounces and that merely announcing an intention to begin selling "would make a large cut in South Africa's earnings within one hour".

The bill now goes to the full Senate and then to a conference committee to be reconciled with the tougher bill passed by the House of Representatives.

White House officials have said Mr Reagan could be moving from his strong opposition to sanctions. — Sapa-RNS

Manoeuvres to beat possible air links ban

Dispatch Bureau

LONDON — Applications by British Airways and British Caledonian for permission to fly into Gaborone, capital of Botswana, highlight manoeuvres to beat any future ban on air links with South Africa.

The two carriers will be able to fly right up to the South African border.

Meanwhile, South African Airways is planning to lease part of its Boeing 747 fleet to other airlines in the region.

Except for Mozambique, all South Africa's neighbours are members of the Commonwealth.

South Africa's ability to continue air contact with the rest of the world would therefore depend on links with nearby capitals. These include Harare, Lusaka and Maputo, whose airports are capable of handling the biggest jets.

Trade-related pragmatism has long been the rule, and even when South Africa blew up the ANC office in Harare, Air Zimbabwe suspended its flights into Johannesburg for only one day.

Although they have associated themselves with Commonwealth calls for the severing of air links with South Africa (as already implemented by Canada, which had no such links), South Africa's neighbours have no intention of reducing their own connections.

They are reported to be supported in this stance by the ANC's acting leader, Mr Oliver Tambo.

The apparent hypocrisy of commercial manoeuvres by South Africa's neighbours, coupled with calls to Europe to end their own lucrative air links with South Africa, has been rationalised by the leader of Britain's Social Democratic Party, Dr David Owen.

Conscious of the economic hold South Africa exercises over its neighbours, he sees the ban on direct flights from Europe (there being no flights other than by SAA, from the Far East or the US into Johannesburg) as a means of nudging the regional power balance in favour of the frontline states.

In other words, Pretoria may think twice about squeezing its neighbours' export routes, if pressure is put on its access to the rest of the world.

(280) DD 4/8/86

Chief: West mustn't gamble SA's future

DURBAN — Western nations should not gamble with South Africa's future, Chief Mangosuthu Buthelezi told Portugal's deputy Minister of Foreign Affairs, Mr Azevedo Soares, here at the weekend.

Praising the Portuguese Government for opposing sanctions, the KwaZulu Chief Minister said: "You in the West are receiving conflicting signals from black South Africa."

He claimed most black South Africans opposed sanctions and described leaders who advocated them as "unmandated".

"In South Africa we cannot have an expanding political vision in shrinking economic circumstances.

"Disinvestment and the economic isolation of South Africa will bring about increased immediate hardships and starvation.

"I am positive that there will be no medium and long-term gains to balance this deprivation and suffering.

"It is time the West employed its indignation skillfully and rationally and realised that democracy is deeply and adversely affected by mass poverty," Chief Buthelezi said.

The West should provide humanitarian aid to "suffering communities involved in our struggle"

● The former Rhodesian prime minister, Mr Ian Smith, whose regime survived 15 years of world economic sanc-

tions, said a similar trade embargo on South Africa would only serve to unite whites behind their government.

In an interview published yesterday by Zimbabwe's Sunday Mail newspaper, Mr Smith said sanctions against Rhodesia had enabled the country to diversify and expand its economy more than would have been possible without the embargo.

Before the sanctions were imposed on Rhodesia in 1965 for declaring unilateral independence from Britain, the former colonial ruler of what is now Zimbabwe, many white Rhodesian businessmen appeared set to oppose his government for failing to bring about black rule.

"Sanctions are a dec-

laration of war and change the complexion of things — if the chips are down, people like this will get behind the government. You always get the best out of people when their backs are to the wall," Mr Smith added.

He said sanctions on South Africa now appeared inevitable but Pretoria's economy would survive because it had resources of its own.

He declined to comment directly on South Africa's threat to pass on to its black neighbours the effects of any sanctions but said he believed Pretoria would want to keep trade avenues open to facilitate "sanctions-busting".

"That's the sort of thing we used to do," he said. — Sapa-RNS

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LONDON. A London newspaper poll published yesterday found that 32 per cent of South African blacks were opposed to economic sanctions against their country while only 29 per cent favoured them.

The Sunday Times said the nationwide survey, carried out from July 18-27 among a sample of 615 blacks and 500 whites, was the first to include the opinions of blacks in rural areas.

The weekly said the other 39 per cent either had no opinion or had never heard of sanctions.

Poll on sanctions: 32pc no

In urban areas, support for sanctions remained strong, with 47 per cent of blacks in favour and 29 per cent opposed.

More than one-third of rural blacks, who account for 56 per cent of the country's 22 million black population, had never heard of economic sanctions, the poll showed. — Sapa-AP

'Club' leaders soften stance

Kaunda backs down on sanctions

4/18/88 BUDAY 280



● KAUNDA

LONDON — Zambia's President Kenneth Kaunda yesterday took the initiative to propose a compromise on sanctions before the opening of a crucial Commonwealth summit on SA.

Speaking before the opening of the seven-nation summit, Kaunda said he would be prepared to settle for any list of sanctions drawn up by a Commonwealth sub-committee comprising Canada, Australia and India.

His intervention reflects a mood of compromise among Commonwealth leaders based on a determined bid to preserve the body's unity and, if possible, prevent the calling of an emergency 49-nation summit next month.

But Kaunda insisted that Britain should be excluded from the sub-committee because its Prime Minister, Margaret Thatcher, was alone in opposing punitive measures against SA.

Kaunda's proposal seemed to have support among other Commonwealth leaders, but British government officials said that SA's major trading partners would have to be represented on the committee or "it would have no clout".

The proposal was discussed at a lunch for the seven Commonwealth leaders yesterday which was hosted by Indian Prime Minister Rajiv Gandhi, before the opening of the summit.

Kaunda warned, however, that he had

JOHN BATTERSBY

not abandoned his threat to withdraw from the Commonwealth if a compromise could not be reached.

He repeatedly referred to SA as "a country run by Nazis" and said that effective sanctions, and not window-dressing, was the only way to prevent an explosion in the region.

Other Commonwealth leaders who called on Thatcher before the summit adopted a more conciliatory tone and were cautiously optimistic that a compromise could be reached.

But after a private meeting with Thatcher on the eve of the summit, Kaunda said he had not detected any willingness on her part to shift her position.

However, Zimbabwe's Robert Mugabe said he was confident agreement would be reached, as it had been over Rhodesia in 1979.

Gandhi also predicted an accord but warned that he was not prepared to settle for less than the sanctions drawn up at the Bahamas Commonwealth summit last year.

Kaunda's proposal for a sub-committee to thrash out details of a sanctions package came after reports that Thatcher was ready for a deal on sanctions if the

● To Page 2

Thatcher against ban on air links

4/18/88 BUDAY 280

Commonwealth agreed to consult with major trading partners outside the Commonwealth — particularly the US, Japan and West Germany.

However, sources close to Thatcher insisted that she was strongly opposed to a ban on air links with SA — a top priority on the Commonwealth sanctions list.

Kaunda said he would be opposed to a ban on air links if it meant that flights would merely be redirected to the Frontline states.

"If you are going to cut off flights to SA, it must be total," he said.

Whitehall sources indicated that it was unlikely that SA's major trading part-

ners would agree to a sub-committee comprising Canada, Australia and India, which excluded them.

It is understood, however, that Britain might agree to the committee if it was later broadened to include the US and Japan.

Kaunda refused to comment on reports that he had exchanged angry letters with Thatcher over his public tongue-lashing of Foreign Secretary Sir Geoffrey Howe or that Britain had threatened to cut aid to the Frontline states if they continued to threaten Britain on the SA sanctions issue.

Sanctions 'undermine black fight'

The Star Bureau

WASHINGTON — Punitive sanctions against South Africa would undermine the most effective powerbase black people could acquire, Mrs Helen Suzman (PFP, Houghton) said in *The New York Times*.

"The most practicable way to get rid of apartheid and to achieve a non-racial democratic society in South Africa is through an expanding, flourishing economy," she said.

It would expedite the integration of blacks as skilled workers and their economic muscle would then, through increased trade union action, be a potent force in the workplace and socio-political sphere.

Consumer boycotts had already been used to great effect. If blacks were unemployed, boycotts would be meaningless.

If President Ronald Reagan managed to stave off harsh punitive sanctions it was vital that Pretoria used the time to accelerate the dismantling of apartheid, to improve housing and education and to extend political rights to blacks.

The release of Nelson Mandela was an obvious first step.

While many vital issues had to be addressed, recent reforms had signified a change of direction away from apartheid.

The lack of response to what Pretoria considered important changes had increased intransigence and confirmed fears that the West "will insist on the total transfer of power to the black majority."

Those believing sanctions were a quick fix were "sadly misinformed". Much more likely was a retreat into siege economy, more oppression and more violence.

Sanctions: Fears of growing unemployment

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JOHANNESBURG. — Apprehensive South African businessmen believe new economic sanctions will deepen the country's recession, force firms out of business and throw millions, mostly blacks, out of work.

"Extensive sanctions will be devastating to the economy, there will be the psychological impact on confidence, companies will go to the wall and many will lose their jobs," said top industrialist Mr Tony Bloom. The head of the Premier Group conglomerate said: "The brain drain will be ex-

acerbated and business will be placed in a weak bargaining position in international markets."

Professor Piet Nel, who recently completed a study on sanctions, estimates that a total trade ban would put one million people, some 85 percent of them black, out of work in non-agricultural sectors.

But the biggest victim would be agriculture, Professor Nel said.

Fruit growers' spokesman Mr Fred Meintjes said sanctions would be disastrous and result in the loss of many jobs in the indus-

try.

Exports account for 85 percent of the industry's revenue of about R1-billion. About 95 percent of the workforce were blacks with an average five dependants and extensive sanctions could bring hardship to more than one million people, Mr Meintjes said.

Analysts agreed the savage unemployment toll resulting from sanctions would be the overriding economic problem. "Unless there is growth to keep pace with the population, the social disorder being experienced will be com-

pounded," one said.

Economists do not think South Africa's mineral exports will be too vulnerable to sanctions in the short term. South Africa is a major supplier of rare minerals and is regarded as a cheap and reliable source.

Sanctions busters could fairly simply route minerals through other countries, they said, and contingency arrangements were already being made with East European and Black African states.

Experts warned however that if the West was to switch to other suppliers of

minerals, it could be difficult for South Africa to win back traditional markets.

The South African Foreign Trade Organization (SAFTO) says that in Western Europe, a key market, mining and agricultural exports have been feeling the effects of political action.

But, SAFTO reports, trade with Black Africa is increasing. "Political developments have not had any noticeable effects on these business ties."

South Africa has been gearing up for sanctions for months and the prepara-

tions may soften the blow. There has been a sharp increase in imports of mineral products for strategic stockpiling.

Sanctions are already being felt in the coal industry which says more than a third of its 11 000 jobs are in jeopardy because of foreign boycotts. After gold, coal is South Africa's most valuable export.

Some economists believe new sanctions will not go much further than formalizing what is already in effect, pointing out that South Africa has seen neither foreign investment

nor foreign capital for many months.

Lack of investment is cited as a major reason for the economy's poor growth, estimated at only one percent so far this year — about a third less than the population growth.

Some economists speculate that there could be a short-term boost to the economy as manufacturers switched from buying imports to manufacturing them locally. But they say these advantages will disappear in the long-term. — Sapa-Reuter

Tutu talks in Tokyo

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TOKYO — Japan's volume of trade with South Africa gives it a crucial role in the issue of sanctions, Anglican Bishop Desmond Tutu was quoted yesterday as saying.

Bishop Tutu was speaking to Mr Wasuke Miyake, director-general of the Foreign Ministry's Middle Eastern and African Affairs Bureau, after arriving in Tokyo on Saturday.

He said he told Mr Miyake that nations should take a moral stand on the issue rather than wait for others to take the lead, Kyodo News Service reported.

Mr Miyake replied

that Japan wanted a concerted policy with other members of the international community on economic sanctions against Pretoria, the report said.

Bishop Tutu told reporters on Saturday: "Although it is desirable for South Africa's main trading partners to take a joint step, a decisive action taken by only one of them could have a major influence."

Japan has so far banned the export of computers to South Africa and discouraged the private sector from importing Krugerrands. Sapa-Reuter.

From JOHN BATTERSBY

LONDON. — The British Prime Minister, Mrs Margaret Thatcher, has agreed with six other leaders meeting here that progress towards Commonwealth goals in South Africa has been "inadequate".

This emerged from the first session of the three-day Commonwealth summit on South Africa which began yesterday afternoon amid signs that Mrs Thatcher is prepared to strike a deal on limited sanctions.

Today the leaders of Britain, Australia, Canada, Zimbabwe, Zambia, India and the Bahamas are to consider what further sanctions should be adopted against South Africa.

But it was clear last night that broad agreement had already been reached on a major role for South Africa's leading trading partners — Britain, the United States, West Germany, France and Japan — in thrashing out the final package.

Most of the opening session was taken up with a briefing by the co-chairmen of the Eminent Persons Group — Australia's Mr Malcolm Fraser and Nigeria's General Olusegun Obasanjo — and the British Foreign Secretary, Sir Geoffrey Howe, on their missions to South Africa.

Banquet with Queen

After the opening session, the seven heads of government went to Buckingham Palace for an informal banquet with the Queen.

British sources and the summit chairman, the Prime Minister of the Bahamas, Sir Lynden Pindling, described the opening session as "restrained and cautious".

But British Government sources distanced Mrs Thatcher from the claim by Sir Lynden that the summit had agreed that "there was no genuine intention on the part of the South African Government to dismantle apartheid".

They stressed that Mrs Thatcher believed the South African Government had made progress towards the dismantling of apartheid and Britain's policy was to encourage Pretoria to move further down that road.

'Not at face value'

"The Prime Minister is clear that we should not take at face value what President Botha said at the end of Sir Geoffrey's visit and before the National Party congress.

"There is strong recognition of the need for co-ordination between major trading partners," the sources said.

Sources close to Mrs Thatcher stressed that in private meetings with Canada's Mr Brian Mulroney, Zam-

bia's Dr Kenneth Kaunda, India's Mr Rajiv Gandhi and Sir Lynden, there had been "no mention of departure from the Commonwealth or retaliatory sanctions against Britain or the convening of a full Commonwealth summit".

Dr Kaunda proposed earlier that a Commonwealth committee, excluding Britain, should take the lead in co-ordinating sanctions.

But British sources said they saw "little merit" in the proposal as channels already existed through the European Community and the economic powers for such co-ordination.

Avert a break-up

Dr Kaunda's proposals was seen as a bid to strike a compromise and avert a break-up of the Commonwealth.

He said he would be prepared to settle for any list of sanctions drawn up by a Commonwealth sub-committee consisting of Canada, Australia and India.

Once such a committee had been selected, Zambia would be prepared to play a role in co-ordinating a sanctions programme with the US, Japan, West Germany, France and Britain.

A wide gulf over the contents of a sanctions package exists.

It is broadly agreed, however, that implementation of limited sanctions will be shifted towards the end of the year — or October at the earliest.

Cautiously optimistic

Other Commonwealth leaders who called on Mrs Thatcher before the summit — including Mr Mulroney — were cautiously optimistic that a compromise could be reached.

Mr Mulroney later met the Australian Prime Minister, Mr Bob Hawke, and the Zimbabwean leader, Mr Robert Mugabe, separately to discuss the basis for a compromise.

After a private meeting with Mrs Thatcher on Saturday, Dr Kaunda said he had not detected any willingness on the part of Mrs Thatcher to shift her position.

Mr Mugabe said he was confident that agreement would be reached as it had been over Rhodesia in 1979.

Mr Gandhi also predicted an accord but warned that he was not prepared to settle for less than the sanctions drawn up at the Bahamas Commonwealth summit last year.

Thatcher
may agree
to limited
sanctions

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IF President Reagan managed to stave off harsh punitive sanctions — it was a big “if” — it was vital that Pretoria used the time to accelerate the dismantling of apartheid, to improve housing and education and, most important, to extend political rights to blacks.

Sanctions will undermine blacks' power base — Suzman

WASHINGTON. — Punitive sanctions against South Africa would undermine the most effective power base black people could acquire, the Progressive Federal Party's Mrs Helen Suzman said here.

Writing in The New York Times magazine, the veteran Opposition politician said she found it astonishing that advocates of sanctions had not realised this.

“Unpalatable as it may seem to the sanctions lobby, the most practicable way to get rid of apartheid and to achieve a non-racial democratic society in South Africa is through an expanding, flourishing economy,” she said.

It would expedite the integration of blacks as skilled workers and their economic muscle would then, through increased trade union action, be a potent force in the workplace and socio-political sphere.

THOSE calling for sanctions often overlooked two things: while the present white Government had no pretensions to democratic rule, there was no guarantee it would be replaced by a non-racial democracy respecting the

From ALAN DUNN, of The Argus Foreign Service, in WASHINGTON

Rule of Law, free Press, free association, free elections and an independent judiciary.

Secondly, South Africa consisted not only of oppressed black majority and right-wing white oppressors. There was also a significant body of moderates.

Support from major countries such as the US for this bloc would encourage more whites to vote against the Government at the next election, Mrs Suzman said.

“For them (millions of moderates), at least, it is surely not too much to ask that they be spared the violence and misery of a scorched-earth policy,” she added.

If President Reagan managed to stave off harsh punitive sanctions — it was a big “if” — it was vital that Pretoria used the time to accelerate the dismantling of apartheid, to improve housing and education and, most important, to extend political rights to blacks.

THE release of African National Congress leader Mr Nelson Mandela



Mrs Suzman

was an obvious first step to negotiations, she said.

While many vital issues had to be addressed, Mrs Suzman said, reforms in South Africa had signified a change of direction — away from apartheid: “The recent reforms will undoubtedly have positive effect on the future

well-being of black South Africans.

“Had these changes taken place five years earlier, the impact would have been far greater among blacks.”

But they had been overshadowed by the reimposition of the state of emergency, the detention of thousands, and the ongoing township violence.

THE West's lack of response to what Pretoria considered important changes had increased intransigence and confirmed what it suspected all along — that it was part of a ploy to move the goalposts as each demand was met.

“Ultimately, the Government fears, the West will insist on the total transfer of power to the black majority.”

This is simply not under consideration by the South African Government,” Mrs Suzman said.

Those believing sanctions were a quick fix and that Pretoria would collapse a short time thereafter, were “sadly misinformed”.

Far more likely was a retreat into a siege economy, more oppression and more violence.

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Rationality and morality behind Thatcher's anti-sanctions stance

WRITING from this distance I have no means of knowing just how the debate over sanctions sounds in South Africa. Under the pressure of more immediately painful circumstances I suspect that it may have no more resonance than the rumble of a very distant drum.

Here in England we are a good deal closer to this particular music. Last month the cacophony of debate rose to a crescendo with the publication in the Guardian of a long interview devoted mainly to the subject of sanctions given by the Prime Minister to the paper's leading political columnist, Hugo Young.

The length of the interview was itself important. It gave Mrs Thatcher the opportunity to expound her views more coherently than in some recent TV interviews or in those slanging matches with the opposition that Prime Minister's Question Time in the Commons so often now degenerates into.

The Prime Minister seized the Guardian's offer eagerly and the published text conveyed very vividly that passionate sense of rightness that is one of her hallmarks.

Mrs Thatcher is opposed to sanctions for four reasons. First, "there is" — in her own words — "no case in history that I know of where punitive, general economic sanctions have been effective to bring about internal change".

Secondly — again in her own words — "sanctions would put 100 000 black people out of work, leading to starvation, poverty, unemployment and even greater violence".

Thirdly, as Hugo Young summarized her argument, "the dire occasions for retaliatory action afforded by the geography of Southern Africa". "How are goods," the Prime Minister asked as she pointed to the map, "to get in and out of Zambia and Zimbabwe?"

For Mrs Thatcher rationality — and there is certainly powerful rationality behind her arguments — is never enough. She needs also the gloss of moral rectitude, whose converse is of course the immorality of her opponents.

She made no bones about this: those in "comfortable circumstances" who advocated sanctions were "immoral".

"I find it astonishing, utterly astonishing that on the one hand we are doing everything to help Ethiopia, everything to relieve poverty and starvation. And at the same time we're suggesting that you turn people who are in work out of

Chm Tim's

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By ROBIN HALLETT

historian and writer on world affairs who lives in England



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work. And add to the problems you've already got. When people call that moral, I just gasp."

Finally, of course, there are South Africa's strategic minerals — platinum, for example, of which substantial quantities come only from South Africa and the Soviet Union. To Mrs Thatcher it is "absurd that people should be prepared to put increasing power into the hands of the Soviet Union on the grounds that they disapprove of apartheid in South Africa".

As for the leaders of Commonwealth countries who start getting steamed up over sanctions, she has some withering questions to put to them: "How many of you have states of emergency? How long have you had them? How many of you detain people without trial?" and so on.

So what is the alternative? The alternative in the Prime Minister's opinion is contact, negotiation, discussion, dialogue. "South Africa should never have been isolated by the world. I think we should have had more contact. We would have influenced her more."

That the Guardian should have allowed so much space to views which it and most of its readers find distasteful is a sign of its excellence as a newspaper. But it could not resist putting its own point of view in the next morning's editorial. It was prepared to concede that Mrs Thatcher had made "points of substance": "sanctions will not bring South Africa to its knees; they will mean that black children starve; the desolation of the Pretoria economy would be a tragedy for all Africa".

And yet, the editorial exclaimed, "the case the Prime Minister advances so passionately sticks in the throat. After all it is not just opposition MPs who call for sanctions. It is Bishop Tutu, Archbishop Runcie (of Canterbury) and the Synod of the Church of England, Mr Nelson Mandela, Mr Oliver Tambo, President Kaunda, Prime Minister Mugabe, the Congress of the US, the overwhelming majority of the UN, the sweep of the Commonwealth".

Up to now Mrs Thatcher has shown scant interest in Africa. "She does not go to Africa. She journeys — when she must

— to the emergent technologies of the Pacific Basin. How then does she presume to tell Desmond Tutu or Kenneth Kaunda that they are absurd 'immoral' fools... Where is the passion to respond to an injustice and an affront to mankind that can no longer be sustained and endured?

"Events have a momentum of their own... You can see," the editorialist grimly prophesied, "only a dark pattern of years where, one by one, the nations of the world are going to have to choose on an issue of such emotion and such bitterness that old alliances, like the Commonwealth, must surely disintegrate under the strain."

There was a time, even so recently as a year ago, when it could be argued that South Africa was not an issue of really major international significance. That is no longer true. Certainly in Britain anyone with any pretensions to political consciousness has now got to make up his or her mind on the issue of sanctions.

Mrs Thatcher is clearly very well informed — up to a point. She too easily discounts — in her talk about negotiations — the obdurate dynamics of the Pretoria regime. Has the Nationalist government ever negotiated an enduring agreement with any other party either internally or externally, leaving aside its placement in the homelands and its victims in the Frontline states? On the other hand, has the outside world worked out effective contingency plans for reinforcing the Frontline states in the event of tough retaliatory counter-sanctions by Pretoria? If economic sanctions of a more punitive kind are introduced — and the tide is certainly flowing in that direction — then I suspect that they will be followed by a much stronger external diplomatic and even military presence in the Frontline states.

Way back in 1959 no one living in what was then the Belgian Congo could possibly have foreseen that the country (now Zaire) would become the stage for a massive UN intervention before the next year was out. We must learn to prepare ourselves for surprises of that magnitude in Southern Africa.

UK airlines move to counter possible ban on air links

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LONDON Applications by British Airways and British Caledonian for permission to fly into Gaborone highlight manoeuvres to beat any future ban on air links with SA.

The two carriers will be able to fly right up to SA's border, and South African Airways is meanwhile planning to lease part of its Boeing 747 fleet to other airlines in the region.

Except for Mozambique, all SA's neighbours are members of the Com-

Own Correspondent

monwealth.

So SA's ability to continue air contact with the rest of the world would depend on links with nearby capitals.

These include Harare, Lusaka and Maputo, whose airports are capable of handling the biggest jets.

Trade-related pragmatism has long been the rule.

And even when SA blew up the ANC

office in Harare, Air Zimbabwe suspended its flights into Johannesburg for only one day.

Although they have associated themselves with Commonwealth calls for the severing of air links with SA (as already implemented by Canada, which had no such links), SA's neighbours have no intention of reducing their own connections.

They are supported in this stance by ANC president Oliver Tambo.

He recently said: "When we call for sanctions, we have to make an exception, it is understood... with regard to the countries that border SA because their economies are so dependent on trade with SA."

The apparent hypocrisy of commercial manoeuvres by SA's neighbours coupled with calls to Europe to end their own lucrative air links with SA, has been rationalised by Social Democratic Party leader David Owen.

Conscious of the economic hold SA exercises over its neighbours, he sees the ban on direct flights from Europe (there being no flights other than by SAA, from the Far East or the US to Johannesburg) as a means of nudging the regional power balance in favour of the frontline states.

In other words, Pretoria may well be twice about squeezing its neighbours' export routes if pressure is put on them to the rest of the world.

Airline denies sales and lease-backs

SAA offloads planes as ban threat looms

4/8/86 STW 280

By Zenaide Vendeiro and Michael Chester

South African Airways has sold several of its Boeing 747 jetliners — worth R300 million each — to overseas banks in massive lease-back deals.

Informed sources say sanctions being formulated in Europe, North America, Australia and Africa have targeted on air links with South Africa, with the result that SAA has set in motion contingency plans to beat the looming bans.

SAA has denied the overseas sales and declined to give details of its anti-boycott plans.

But earlier this year it was reported that SAA was negotiating sell and lease back aircraft its international fleet.

Two separate sources have now told *The Star* that these deals went through.

This means that if landing rights are revoked, SAA will not be stuck with aircraft it cannot use.

SAA has already leased eight aircraft "as part of the airline's efforts to eliminate excess capacity and streamline international and domestic services according to demand", said the sources.

Three Boeing 747s used on international routes have been leased, one to Air Mauritius and two to aviation brokers.

Short-distance aircraft leased include one Boeing 737 to Lan Chile, another 737 to a broker, and three Airbus A300s to Ward Air of Canada.

Hit by shrinking passenger loads on overseas routes because of anti-South African feeling, the airline is continually looking at the profitability of services.

Poor demand

Industry sources say SAA intends to trim its operations in Europe and concentrate on profitable links with London, Frankfurt and Zurich.

It has already informed travel agents that the weekly flight to Brussels will be cancelled temporarily from October 20.

SAA says poor demand on the route necessitated the suspension.

When demand picks up, the service will be reinstated, as has been done previously with flights to Britain and Athens.

SAA has also closed its office in Melbourne and its sole New Zealand base in Auckland.

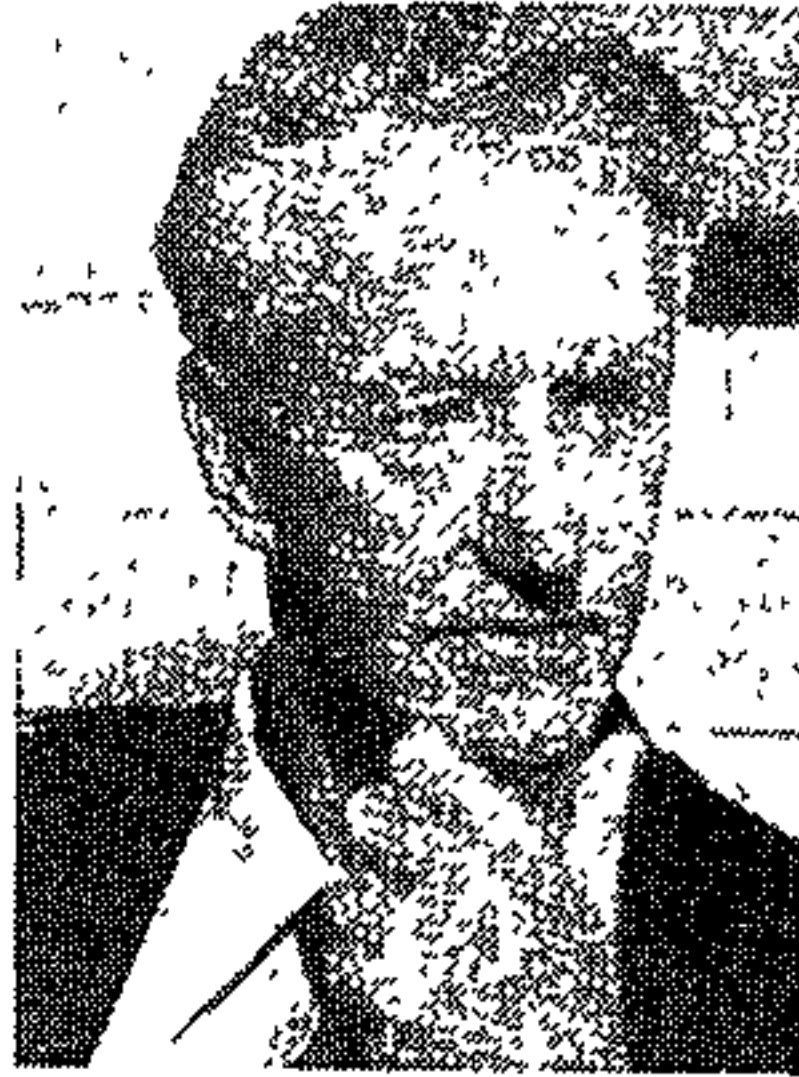
And while SAA has ruled out further closures at this stage, a question mark hangs over offices in Amsterdam, Paris, Athens and Rome.

Sanctions will unite SA whites, says Smith

HARARE — Former Rhodesian Prime Minister Mr Ian Smith, whose rebel regime survived 15 years of world economic sanctions, said a similar trade embargo would only serve to unite South African whites behind their government.

In an interview in Zimbabwe's *Sunday Mail*, Mr Smith said sanctions against Rhodesia had enabled the country to diversify and expand its economy more than would have been possible without the embargo.

Before the sanctions were imposed on Rhodesia in 1965 for declaring unilateral independence from Britain, many white



Former Rhodesian Prime Minister Ian Smith.

businessmen appeared set to oppose his government for failing to bring about black rule.

"Sanctions are a declaration of war and change the complexion of things — if the chips are down,

people like this will get behind the government.

"You get the best out of people when their backs are to the wall."

He said sanctions on South Africa now appeared inevitable, but Pretoria's economy would survive because it had resources of its own.

He declined to comment directly on South Africa's threat to pass on to its black neighbours the effects of any sanctions.

But he said Pretoria would want to keep trade avenues open to facilitate "sanctions-busting".

"That's the sort of thing we used to do," he added. — Sapa-Reuter.

Airlines consider alternatives to SA as sanctions threaten

Own Correspondent

CAPE TOWN — The suspension of air links with South Africa would throw the major European carriers into turmoil.

Airlines such as British Airways, KLM, Lufthansa and UTA are believed to be casting about for alternative Southern African destinations, but local restrictions and limitations make the going tough.

In public, the airlines dismiss the possibility of being forced to suspend flights to South Africa, but against the background of mounting American pressure for sanctions and the current meeting of Common-

wealth leaders in London, they are known to be privately worried.

This week, Britain's second-biggest airline, British Caledonian, announced that from April next year it planned to fly into Botswana's Sir Seretse Khama Airport in Gaborone twice a week. At the moment, Botswana has no intercontinental air links and the British Caledonian service, an extension of the service between London's Gatwick and Lusaka in Zambia, would give the country its first direct flights to Europe.

Spokesmen for British Airways and Lufthansa, the two busiest foreign

carriers to South Africa, insisted they had no intention of ceasing flights to South Africa and dismissed as speculation suggestions that they were looking for alternatives.

However, Mr Maarten Viruly, general manager of KLM in Southern Africa, said, "We're looking at the possibilities."

After 48 years in South Africa, KLM had "no intention whatsoever of leaving", he said, adding he thought it "extremely unlikely" that the EEC would decide, as a whole, to suspend airlinks.

"We are discussing these things, but we're talking in a vacuum, because we don't know what kind of sanctions they're considering," said Mr Viruly. "It is possible there would be a decision to cancel all air agreements, but, personally, I doubt it. How likely is it that Britain will join a concerted EEC action?"

Air agreements, contracts between two na-

tions, usually provide for a notice period before they can be suspended.

American airlines ceased flying to South Africa in February, last year, and the nearest point to which Pan-Am flies is Nairobi.

Qantas, the Australian airline, stopped flying to South Africa several years ago, although South African Airways still flies to Sydney.

Mr Viruly said airlines were looking at the possibilities of other destinations "in the neighbourhood". The questions were: could nearby airports provide sufficient fuel for long-haul flights, could their runways take wide-bodied aircraft, did they have the equipment to service the aircraft, and did their airports have the capacity to process large numbers of international passengers?

Gaborone's airport could take a Boeing 747, said Mr Viruly, but it did not have the necessary ground equipment, such

as gangways and container lifts. He doubted if the airport could cope with fuel requirements and passenger needs if several airlines used it.

Both British Airways and Lufthansa operate a service to Harare, but KLM, France's UTA and Swissair were forced to stop flying there after the Zimbabwean Government refused to allow them landing rights for wide-bodied aircraft.

LIMITED CAPACITY

The Dutch airline switched its flights to Lilongwe in Malawi but, says Mr Viruly, "that's still two-and-a-half hours' flying from Johannesburg".

A Boeing 707 was the limit Swaziland's airport at Mbabane could take — DC10s and 747s cannot turn on the runway — and an airport spokesman described its capacity to take large numbers of passengers as "pretty limited".

KEEPING THE RECORD STRAIGHT

It was incorrectly stated in a report which appeared in The Star last week that Guy Vianney Mostert (23) was guilty of

dealing in dagga.

In fact, Mostert, of Parktown, was convicted of possessing half a kilogram of dagga on July 10.

Mostert admitted purchasing the dagga but said he was not addicted.

The Star apologises for the mistake.

Workers end sit-in, may return to jobs

By Mike Siluma

About 500 members of the Food and Allied Workers' Union (Fawu) may return to work today after ending a nine-day sit-in at Farm Fare's Wynberg poultry processing plant on Friday.

The workers, on strike for a 50 percent pay rise, vacated the plant following an interim Supreme Court order that they do so.

The order prevents the workers from entering the factory except during working hours to carry out their duties according to their contracts. Workers were also ordered not to interfere with operations.

A company spokesman said he expected employees to return to work today, but a union spokesman said workers were still considering this.

The strike and sit-in began after a breakdown in negotiations which began in June. The workers have rejected a company offer of a 7,5 percent weekly rise, instead demanding a 50 percent increase which would raise the weekly minimum from R86 to R129.

Fawu has accused management of being "rigid" in the talks. Management insists that the current minimum is 50 percent above that paid by competitors.



Do you have a grouse about *The Star*? Were you offended by a headline, a photograph or the way we handled a new story? The distinguished media personality James McClurg (above) acts as an impartial arbiter of readers' complaints. Write to Mr McClurg, *The Star's* Ombudsman, care of The Editor's Secretary, Box 1014, Johannesburg 2000.

Woodmead head to quit

Mr Peter Nixon, headmaster of Woodmead, is to quit after six years with the private, non-racial school in Sandton.

Mr Nixon (43), who was PFP spokesman on education in the old Provincial Council, told *The Star* he was sorry to leave but felt it was time to broaden his activities.

Mr Nixon, who has two science degrees, is to join the Science Education Project (SEP) when he quits Woodmead at the end of the year.

SEP's activities include in-service training for science teachers, and the provision of a comprehensive science kit to aid schools without laboratory facilities.

Sanctions: interest in Botswana increases

The Star's Africa News Service

GABORONE — As the international sanctions debate heats up, Botswana is receiving increasing inquiries from international corporations about establishing new operations in that country, or expanding existing operations.

This was confirmed today by a Botswana Department of Commerce spokesman who said his organisation handled a steady stream of inquiries from many parts of the world.

However, since the sanctions debate intensified, these inquiries had increased.

It is understood that the latest inquirers include the Metal Box Company, IBM Corporation, Borden Foods, Frasers and Spar.

● One of the last actions taken by Botswana legislature before ending the parliamentary session at the weekend was increasing the vote for the Botswana Defence Force by more than R28-million.

Officials said this was to enable the defence force to cope with the "prevailing security problems".

Sanctions: It's not what the US does, but how

By Greg Trevorton

WASHINGTON — Returning to America from two months in South Africa, two things about the American debate on policy toward South Africa are striking.

One is how much the centre of debate has moved; it is not now a question of whether the United States and allies will impose fresh sanctions on South Africa, but which sanctions they will be.

At the same time, the debate remains in a curious way inward-looking, almost disconnected from the reality of South Africa.

But it is the pace of events in South Africa, from the raids in May through to the imposition of the emergency and the apparent collapse of the Howe mission, that has driven Ronald Reagan (and Margaret Thatcher) to the defensive.

CLEAR SHOT

The overwhelming vote in the House of Representatives in June for a tough sanctions bill did not settle the issue, but it was a clear shot across the Administration's bow.

Much of the pressure on the President comes from within his own party. When widespread violence broke out in South Africa in 1984, so did infighting among American conservatives over the issue.

In December 1984, 35 "Young Turk" Republican congressmen wrote to the South African ambassador threatening economic sanctions if his government did not begin dismantling apartheid. It was a bolt from the political blue.

The Young Turks — Newt Gingrich, Vin Weber and Jack Kemp — are no less anti-Communist than the Old Guard. Nor are they any less grand in their ambitions for the political Right. When they look at South Africa, their eyes are fixed on domestic American politics.

If Republicans are to become the permanent majority party, they will have to enlist some blacks. More important, they must stretch out to the younger voters.

Yet, viewed against my

The author is on the faculty of the Kennedy School of Government, Harvard University. He has served on the American National Security Council and on the directing staff of the International Institute for Strategic Studies in London. He has just returned from two months as a visiting professor at Rhodes University.

sense of the reality of South Africa, the American debate and the European as well display some illusions

The most glaring, usually held by advocates of sanctions, is that sanctions will "work" — that they will bring dramatic change to South Africa soon. That, sadly, is an illusion.

(From my conversations, it is an illusion which also tempts black people in South Africa's townships. For them, the temptation is born of hope, for if liberation is at hand, requiring only one final push from outside, they will be spared the violence most of whose victims will be themselves.)

Sanctions would have some economic effect, though even a total trade ban would be leaky: Fifty-five percent of South Africa's exports, by value, are gold, platinum and diamonds — small and thus difficult to stop.

If the South African Government chose to resist sanctions, it could for some time do so. Total sanctions might even produce a brief boom in the country.

Opponents of sanctions, like the Administration, argue that black South Africans will be hurt more immediately by sanctions than whites. That probably is true. But most South African blacks I talked to said they suffer already and are prepared to suffer more. For them, moreover, the arguments rings hypocritical on American lips since, to put it gently, it is not obvious that US policy towards South Africa has in the past been driven by concern for blacks.

The debate over sanctions is about what signals we send, not

about whether to put decisive pressure on the white rulers of South Africa. Sanctions will not bring dramatic change to South Africa, but they can sustain the hope of black South Africans and make it clear to whites just how isolated their Government's policies have made them.

For instance, when I arrived in South Africa this time, I was sceptical about the bans on South Africa in participation in international sports. But, given the deep sense of isolation felt by the white community, those bans have a powerful effect.

From my perspective, other measures could have a similar affect, hitting whites more directly than blacks and doing so without striking directly at a South African economy that is going, with or without sanctions, to grind down.

A ban on airline landing rights might only mean international flights terminated in South Africa's neighbours. Still, the affect on white South Africans coming home through Marxist Zimbabwe would be powerful.

MESSAGE

Restrictions on visas or bans on the export of certain television programmes would convey the same message.

American policy seems to be drifting towards some list of sanctions like this, perhaps coupled with several modest economic measures. Yet how we take actions is as important as what actions we take.

If, as seems likely, the actions the United States takes are extracted from a reluctant Administration, that will send the wrong signals to both white and blacks in South Africa.

What we say about our policies is also crucial. If the actions of the South African Government put it in the group of totalitarian states we will treat it like one. That need not necessarily mean we will not trade with it, but it does mean we will not trade with it as a "normal" state. Nor will we treat it like one.

Leaders face issue of sanctions today

4/8/82
SMA
The Star Bureau

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LONDON — Commonwealth leaders face the issue of sanctions against South Africa on the second day of their mini-summit in London today.

At yesterday's opening session they agreed South Africa had not done enough towards dismantling apartheid.

Calm prevailed at the conference table yesterday afternoon, but when the seven leaders left Marlborough House for dinner with the Queen at Buckingham Palace, it was clear they faced a tough second round today.

The kernel of a dispute was revealed at the first briefing of the summit.

The Prime Minister of the Bahamas and chairman of the meeting, Sir Lynden Pindling, told correspondents there had been general agreement not only on the inadequacy of South Africa's reforms, but also on the EPG's conclusion that the South African Government had displayed no genuine intention to dismantle apartheid.

Downing Street sources, however, suggested that was not quite right, emphasising that Mrs Thatcher recognised President Botha has introduced some reforms and hopes to encourage the process.

But the tough talk of withdrawals from the Commonwealth and retaliation against Britain have receded for the time being.

Mrs Thatcher is said to be in a "flexible frame of mind", though she has yet to reveal her negotiating hand.

NEW MEASURES

Her stance on comprehensive sanctions remains rigid, but she is evidently willing to consider some new measures so long as they can be co-ordinated in concert with Europe, the US and Japan.

The Commonwealth heads spent yesterday afternoon going over the EPG report — it was presented by co-chairmen Mr Malcolm Fraser and General Olusegun Obasanjo — and hearing from Britain's Foreign Secretary Sir Geoffrey Howe about his Southern African venture.

It is understood Sir Geoffrey emphasised his mission was not yet over and also that his experience convinced him sanctions would fail to induce the South African Government to enter negotiations with blacks.

There has been talk of Australia's Mr Bob Hawke and Mr Brian Mulroney of Canada jointly working out a package of measures which would be likely to be more agreeable to Mrs Thatcher, but that remains under covers for the moment.

Sir Lynden might back a move of this kind, but it is by no means certain Mr Rajiv Gandhi of India, Zambia's Dr Kenneth Kaunda and Mr Robert Mugabe of Zimbabwe would be happy to do so.

● See Page 11

Sanctions! SA's neighbours are feeling threatened by other factors too

By John D'Oliveira, Editor
of The Star's
Africa News Service

Sanctions were not the only critical factor and Southern African countries were already suffering because of punitive steps by South Africa and because of its destabilisation campaign in the region.

This is the view of Mr Simba Makoni, executive secretary of the Southern African Development Co-ordination Conference (SADCC)

In an interview carried in the latest issue of *Africa Report*, published in New York by the African-American Institute, Mr Makoni said the nine SADCC countries had calculated that South

African destabilisation had cost them more than R25 billion over the past five years

This was more than the total development assistance the nine — Botswana, Swaziland, Lesotho, Zimbabwe, Zambia, Angola, Mozambique, Malawi and Tanzania — had received in the same period

"Its roughly one third of our total export revenues... a third has been blown into ashes by South African destabilisation

"So for those who argue that not imposing sanctions will save us from suffering, they must ask themselves how much more suffering they are hoping to save us from

"We are suffering already"

"We feel that even if it takes much more suffering, if we are

assured of genuine and effective changes in South Africa, then we are prepared to take it"

Mr Makoni said the economies of SADCC member states were threatened by four "distinct factors" of which a sanctions campaign was only one. The other three were

● The current, popular opposition to apartheid in South Africa was already a threat to SADCC economies. For instance, if South African railway workers went on strike not a single ton of Botswana beef would get to Cape Town and not a single bale of Zimbabwean tobacco would get to Port Elizabeth

● Africa had urged the intensification of the "armed struggle" in South Africa and SADCC knew that the first targets

of armed insurrection were strategic economic infrastructures such as railways, power stations and power lines. If the South African infrastructure was damaged, SADCC economies would suffer

● Member states were already suffering from South African punitive action, aggression and destabilisation

This arose not only from commando raids such as those on Gaborone, Harare and Lusaka in May and invasions into southern Angola, but also from sabotage by the "bandits" of the Mozambique National Resistance and Unita and economic squeezes like the blockade of Lesotho and the slowdown of movement on the South African Railways

Mr Makoni said these were very potent economic weapons which were already threatening the SADCC economies without the international community "imposing a single iota of sanctions" on South Africa.

Heavy burden

"So, when people talk about the possible hardships which will come to the economies and the peoples of southern Africa as a result of sanctions, they must appreciate that we are already threatened and that we are already carrying a very heavy burden on account of apartheid.

"In our view, sanctions are not really the critical factor.

"The greater danger to Southern African states is not so much from the direct effects of sanctions as from the retaliatory measures which the Botha regime has threatened to take against our member states."

Mr Makoni said it was difficult to assess what aid SADCC countries should get in the event of sanctions.

The SADCC programme of action, which aimed, primarily, at making member countries less dependent on South Africa, was, in itself, already a contingency measure against the deterioration of the South African economy.

"Our answer to sanctions, to our historical dependence, and to new post-apartheid relationships is the current SADCC programme of action."

Motor giants will maintain SA links

FLYING in the face of international pressure to sever all links with SA, three of the world's leading motor manufacturing giants have independently and publicly reaffirmed their intention to maintain and even strengthen their ties with the country.

And they have strongly condemned as counter-productive all those steps aimed at imposing a range of economic sanctions against SA.

In separate interviews with *Business Day* in Tokyo and Detroit, senior executives of Mitsubishi, Mazda and Ford stressed their opposition to the policies of apartheid practised by government.

But they also emphasised their belief that affirmative contact rather than withdrawal is the route they have chosen as most likely to bring about much-needed reform.

They indicated also that the depressed nature of the SA economy, and particularly that of the motor industry, has in no way clouded their perspective either over business links with SA — indeed, most industry executives appeared to be more positive over prospects domestically than did their local counterparts.

In global terms, of course, the links the three international corporations have with SA are marginal, at best.

CHRIS CAIRNCROSS

Their direct umbilical cord is via a manufacturing and distribution arrangement with Anglo American's Samcor group. And in this, only Ford has a direct investment involvement amounting to a 42% shareholding in Samcor.

The hassle factor in the form of growing pressures internationally against those companies doing business in SA does not appear at this stage to have impacted significantly on the decisions of these three corporations to review their status with SA.

Mazda overseas operations MD Keiji Asano said the company had not yet met with any pressures to curtail its links in SA.

And Ford executives stressed they would be unlikely anyway to bow to such pressure.

"We like to believe we are not fair-weather friends and will stick in there as long as we can," observed Phil Benton, Ford's executive vice-president of international automotive operations.

"Quite frankly, we have more problems with our operations in Brazil than

● To Page 2

Motor giants to keep SA links

we do in SA — and we are staying there.

"We think the business prospects in SA and our commitment to a large number of people in SA far outweighs any hassle factor we may be experiencing," Benton added.

Mitsubishi and Mazda executives expressed similar sentiments, their strategy seemingly being to strengthen their existing foothold in the area over the long term.

They see SA as potentially acting as their springboard into the rest of Africa once the country is able to resolve its internal political problems.

Until then, the SA motor industry re-

mains very much in a "stand alone" situation, in which the high local content has eliminated the cost-competitiveness of built-up vehicles on any international market.

But even now, all three companies view Samcor, and the SA automotive industry in general, as representing a potentially important new component source.

Immediate interests in this area have been stimulated by the weak rand and the export incentives offered by government.

● From Page 1

Sanctions will boost jobless

APPREHENSIVE SA businessmen believe new international economic sanctions will deepen the country's recession, force firms out of business and throw millions, mostly blacks, out of work.

"Extensive sanctions will be devastating to the economy — there will be the psychological impact on confidence, companies will go to the wall and many will lose their jobs," said Premier Group head Tony Bloom.

University professor Piet Nel, who recently completed a study on sanctions, estimates a total trade ban would put one-million people, about 85% black, out of work in non-agricultural sectors.

But the biggest victim would be agriculture, Nel said.

Fruit growers' spokesman Fred Meintjes said sanctions would be disastrous, resulting in the loss of many jobs in the 250 000-strong fruit industry.

Exports accounted for 85% of the industry's revenue of about R1bn. About 95% of the workforce were blacks with on average five dependents, Meintjes said.

Analysts agree the savage unemployment toll resulting from sanctions would be the overriding economic problem. — Sapa-Reuter.

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Blacks 'opposed to sanctions'

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LONDON. — A poll published by the London Sunday Times yesterday claims that 32 percent of blacks in South Africa are opposed to sanctions while 29 percent favour them.

The survey, carried out from July 18-27 among a representative sample of 500 whites and 615 blacks, was the first to include the opinions of blacks in rural areas, the paper said.

The poll, commissioned by the Sunday Times and conducted by Market and Opinion Research International and a South African company, Markinor, contradicts what many politicians here are claiming.

No opinion

Coming at a time when the South African sanctions issue is one of the most widely-debated topics here, this poll's findings have been widely publicized. They have been broadcast by the BBC and local radio, as well as being featured on television.

The survey showed that 39 percent of blacks polled had no opinion, or had never heard of sanctions.

This last figure is attributed to the fact that the more remote and less politicized black townships and rural areas were polled.

The newspaper said that, a year ago, they commissioned a poll of blacks in South African urban areas and found that a clear majority favoured sanctions.

But, the newspaper claims, nobody from the United Kingdom had polled the relatively conservative rural

blacks, who account for 56 percent of the black population.

In the urban areas, 47 percent favoured sanctions and only 29 percent were against them. It was in the rural areas that these statistics were reversed.

The poll found that 56 percent of South African whites favour the release of Mr Nelson Mandela "either unconditionally or if he renounces violence".

In the August 1985 poll, the paper said only 39 percent of whites favoured the release of Mr Mandela.

The Sunday Times said the nationwide survey also indicated that 45 percent of whites were "unhappy" with apartheid, compared with 33 percent a year ago.

It said 88 percent of blacks were "fairly or very unhappy" with apartheid, but gave no previous figures.

While 92 percent of South African whites opposed the imposition of sanctions, 63 percent acknowledged they would be personally harmed by them, the poll said.

On the seven-week-old nationwide state of emergency, 81 percent of whites endorsed it as "a good thing" and only 15 percent said they disliked it, while 59 percent of blacks were against it, including 90 percent of urban blacks.

Forty-one percent of rural blacks had not heard of the emergency, the survey showed.

The survey did not indicate a margin of error. — Own Correspondent and Sapa-Reuter-AP

CRUCIAL SUMMIT OPENS

Sanctions the major issue

LONDON — A crucial Commonwealth summit on South Africa opened in London yesterday as the United States consulted some of its European allies on possible measures to be taken if Pretoria refuses to modify its policies.

The seven-nation Commonwealth summit got under way after one of the participants, Zambian President Kenneth Kaunda, made a conciliatory gesture towards Britain, apparently alone in opposing sanctions against South Africa.

Dr Kaunda told a news conference that Commonwealth sanctions should be co-ordinated with measures being considered by other countries. He proposed a three-member co-ordinating committee but said Britain should be excluded because it opposes sanctions.

Decision

Analysts said that his proposal, if accepted by the summit, would relieve the need for the meeting to take a decision on sanctions.

Apart from Britain and Zambia, other countries attending the summit are Australia, Bahamas, Canada, India and Zimbabwe.

In Bonn a senior US government official said that the United States and some of its European allies are consulting on what measures to take against South Africa if it fails to respond to Western pressure to change.

The official, who declined to be identified, said the talks covered the type of punitive steps which could be adopted against Pretoria if it continues to reject dialogue with black leaders and focused on possible co-ordination between US and European

moves.

"President Reagan has not said he rules out further steps (against South Africa) and we are looking ourselves at further possible measures," the official added.

The official said possible measures could include a ban on landing rights for South African planes, a ban on investments in the country and restrictions on visas for South African citizens.

Soares, Eglin share views

THE visiting Portuguese Deputy Minister of Foreign Affairs, Mr Azevedo Soares, said on Saturday that he shared several common points of view with the Leader of the Opposition, Mr Colin Eglin.

Speaking after an hour and a half of talks with Mr Eglin in Cape Town, Mr Soares said among these were shared opinions on the consequences of sanctions, and the need for the South African Government to move "in the correct direction and at the right pace".

"We had a global discussion on the situation here," he said. "I expressed the Portuguese Government's point of view on the situation, and Portugal's stand with the European community."

Mr Eglin said the discussions had covered sanctions both "as an external issue" and with regard to the internal South African situation.

— Sapa

Muslims rally over Ahmadi court ruling

By EBRAHIM MOOSA
MORE THAN 1 500 Muslims attended a rally at the Habibiya Mosque in Rylands Estate yesterday in protest against "gross interference in religious matters" by the Supreme Court.

The rally was called by an ad hoc committee of leading Muslims to pro-

test against a Supreme Court decision earlier this year which declared a member of the controversial Ahmadi sect to be a Muslim.

Dr Muhammad Fathi Uthman, an academic and editor of the London-based "Arabia" Magazine, told the assembly he found it "unusual" that a court arbitrated on a strictly theological issue.

It was the court's duty to establish the right of Muslims to allow into their faith and place of worship those whom it considered to be legitimate members, he said.

Sheikh Nazeem Mohamed, president of the Muslim Judicial Council, said Muslims considered it to be an "affront" to have rulings imposed on them by the court.

UDF hits at 'decrees'

Staff Reporter

PRESIDENT P W Botha's "decrees" would not stop the United Democratic Front "from reaching our people and articulating their demands for democracy in our country", the Western Cape executive of the UDF said in a statement last night.

Responding to Mr Botha's changes to the emergency regulations, the UDF said: "His contempt for the judiciary is matched only by his cynical desire to act without restraint on his powers or those of the security forces."

"With a stroke of his pen, P W Botha has ridden roughshod over recent courageous decisions by the courts that went some way to restoring the rule of law," the statement said.



Kaunda move to keep Britain out

London Bureau

ZAMBIA'S President Kenneth Kaunda proposed yesterday that a Commonwealth committee — excluding Britain — take the lead in co-ordinating sanctions against South Africa.

His proposal, which came on the eve of the seven-nation Commonwealth summit on South Africa, was seen as a bid to strike a compromise and avert a break-up of the Commonwealth.

Speaking to journalists hours before the opening of the summit, President Kaunda said that he would be prepared to settle for any list of sanctions drawn up by a Commonwealth sub-committee consisting of Canada, Australia and India.

Once such a committee had been selected Zambia would be prepared to play a role in co-ordinating a sanctions programme with the United States, Japan, West Germany, France and Britain.

Punitive

If his proposal is accepted as the basis of a compromise it will still leave a wide gulf over the contents of a sanctions package but will mean that the implementation of limited sanctions will be shifted towards the end of the year, or October at the earliest.

President Kaunda's intervention reflects a mood of compromise among Commonwealth leaders based on a determination to preserve Commonwealth unity and — if possible — prevent the calling of an emergency 49 nation summit next month.

But President Kaunda insisted that Britain should be excluded from the sub-committee because its Prime Minister, Mrs Margaret Thatcher, was alone in opposing punitive measures against South Africa.

'It is essential that this programme of action is left in the hands of people who are committed to an effective line of action.'

'The British Prime Minister is not committed to this and she should not be part and parcel of it,' President Kaunda said.

His proposal appeared to have support among other Commonwealth leaders but British Government officials said that South Africa's major trading partners would have to be represented on the committee.

'Otherwise it would have no clout,' one Whitehall official said.

The proposal was discussed over a lunch for the seven Commonwealth leaders yesterday hosted by the Indian Prime Minister, Mr Rajiv Gandhi, ahead of the summit opening.

President Kaunda warned, however, that he had not abandoned his threat to withdraw from the Commonwealth if a compromise could not be reached.

Other Commonwealth leaders who called on Mrs Thatcher before the summit — including Canadian Prime Minister Brian Mulroney — adopted a more conciliatory tone and were cautiously optimistic that a compromise could be reached.

Mr Mulroney later met Australian Prime Minister Bob Hawke and Zimbabwe's Robert Mugabe separately to discuss the basis for a compromise.

Mr Gandhi, who arrived in London yesterday amid tight security following assassination threats by Sikh extremists, also predicted an accord but warned that he was not prepared to settle for less than the sanctions drawn up at the Bahamas Commonwealth summit last year.

Interned

Dr Kaunda told journalists yesterday that he had warned President Botha when they had met in 1983 that Zambia would retaliate if South Africa 'overran' his country.

'When you overrun us we will bring down at least some of your planes,' he told Mr Botha.

He repeatedly referred to South Africa's rulers as 'nazis'.

'South Africa is run by nazis today. We all know that people running South Africa today were interned by General Smuts during World War II because they supported Hitler,' he said.

He said the front-line states were aware that they were no match for South Africa's combined military and economic strength.

But they had decided on a course of sanctions because it was the only hope of producing quick change and preventing an explosion in the region.

He accused the West of openly supporting South African destabilisation of its neighbouring states.

'I would love to invite the Soviets to come and help me but then I would be inviting an East-West confrontation on a massive scale. So, I must sit down,' he said.

It's canoe polo



Canoe polo — a cross between water polo and canoeing — came to Durban's Rachel Finlayson swimming pool at the weekend when teams from the Transvaal, Northern Transvaal and Natal competed. Here, Umzinyathi Canoe Club battle it out with the Tukies team from Pretoria in the inter-club event.

Picture by ALAN COXON

Boy jumps in river to escape axe-man

Mercury Correspondent

PORT ELIZABETH—A schoolboy jumped into the Swartkops River and swam for his life when he was viciously attacked with a bottle and an axe while he and a friend were fishing at the weekend.

Police said three men and a woman were later arrested near the scene.

They said 16 year old Alex Stander went to the river with a friend on Friday night. Four people approached them and demanded money, then one of the men suddenly hit Alex with a bottle, gashing his head.

Alex jumped into the water to evade the attack, and when he climbed up the river bank, he was assaulted again with a bottle and an axe.

He again jumped into the river to escape and was picked up by an angler in a boat and taken to the Swartkops police station.

Girl (7) escapes limpet mine blast in Cape

Mercury Correspondent

CAPE TOWN—A seven-year-old girl had a narrow escape when a limpet mine exploded near Mulzenberg in the Cape Peninsula at the weekend.

The mine had been placed in a plastic litter bin near a post office, according to the Bureau for Information in Pretoria.

Malinda Schmit, 7, who was delayed from going to the cafe to buy her mother cigarettes because she could not find her mother's purse, was about to turn into the road which passes the post office when the mine exploded.

If she had left the house a minute earlier she would have walked straight into the blast.

Visibly shaken by her daughter's narrow escape, Mrs Bessie Schmit told how the blast had taken out the windows at the back of their home 20 m from the explosion.

baby, who had left seconds earlier, she said.

The postmaster, Mr George Lazzarich, 65, was opening the front door of the post office when the blast rocked the building, sending a shower of splintered glass inside.

One of his fingers was cut by flying glass and he was treated by ambulancemen for shock.

Waves from the blast shattered windows in the area and woke up late sleepers as far as 3 km from the scene.

Race disaster

SYDNEY—A woman was killed and nine people were injured when a racing car flew off the track and ploughed into spectators here yesterday — (Sapa).

Prop paralysed after neck injury

Mercury Correspondent

PORT ELIZABETH—The tighthead prop of Crusaders' first rugby team here, Brian Jones, 24, was carried off the field with a severe neck injury on Saturday and flown to the Conradie Hospital in Cape Town by Red Cross aircraft yesterday.

After the injury, which he received in a set scrum shortly after the start of the match, Mr Jones was admitted to the Port Elizabeth Provincial Hospital unconscious.

According to other members of the Crusaders team,

Maize crop

LUSAKA—Zambia expects a record maize crop of

Mr Jones fell backwards after a scrum and told them that he had no feeling in his body. Shortly after this, he lost consciousness.

A hospital spokesman yesterday said the prop had regained consciousness, but had no sensation from his chest downwards.

Mr Jones's father, Mr B C Jones of Wyndham Street, Victoria Park, said X-rays taken locally were sent to Cape Town with his son.

He said he had spoken to his son yesterday morning and it was clear that the injured man 'did not yet realise what had hit him'.

He said it appeared that his son had a cracked vertebrae and a bruise to his spinal chord, which has left

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Introducing
new quality
designed for the

New TUFFSTEEL is the development in high quality exhaust systems at greatly reduced costs. Available parts replacement or complete TUFFSTEEL will probably last twice as long, at almost the price.

As Thatcher softens on sanctions, US Congress demands get harder

Pressure is on Reagan

By Neil Lurssen,
The Star Bureau

WASHINGTON — The slight softening of British Prime Minister Mrs Margaret Thatcher's opposition to sanctions on South Africa is likely to widen the gap between President Reagan and the United States Congress over the issue.

Sources in Washington say Mr Reagan is determined to

stand by Mrs Thatcher, whom he admires deeply, and who was the only Western European leader to support the American air strike against Libya.

In addition to the President's sense of loyalty to Mrs Thatcher, the Reagan Administration has admitted that it wants Britain to take the lead on sanctions because of the stronger historical ties and greater British financial stake in South Africa.

With Mrs Thatcher's statement that she is ready to go along only with a ban on the promotion of South African tourism, and that she will not stand in the way of some limited sanctions imposed by the European Community, it is unlikely that President Reagan will be ready to support tougher measures.

But this will bring him into conflict with Congress, especially the Senate, where his fellow Republicans have joined the Democrats in rejecting his constructive engagement policy, and have drafted a measure that goes beyond mere harassment and seeks to weaken the South African to hasten the end of apartheid.

The Senate's sanctions legislation has become enmeshed in a political squabble involving a Bill on the multi-billion dollar Federal debt ceiling and an-

other on US military aid to Nicaragua, but it is expected that the way will be cleared soon for a debate and final floor passage — perhaps as early as this week.

Republican leaders in the Senate want President Reagan to join in support of the Bill but, with an eye on the Congressional elections in November, they are prepared to inflict a serious political defeat on him if he refuses.

Override veto

Such a defeat is in the offing for Mr Reagan if, as expected at this stage, he vetoes the sanctions Bill when it comes to his desk for signing. The Senate leaders are confident there are sufficient votes in both congressional chambers to override a veto.

Meanwhile Dr Chester

Crocker, Assistant Secretary of State for Africa Affairs, returns to Washington today after a weeklong trip to European capitals, where he consulted Foreign Ministers on a possible unified approach to South Africa.

Dr Crocker's report will get priority treatment at the White House.

In an editorial yesterday, the *Washington Times* — which has an influence in the White House out of proportion to its relatively small circulation — accused the Senators of making a serious mistake last week by approving sanctions on South Africa.

"The spirit of the day carried the vote, but history will find the Senators to have been in error," the newspaper said. "If sanctions are imposed, we can just turn on the meter and watch the death toll rise."

Mrs Margaret Thatcher addressing a Press conference last night after six Commonwealth countries had agreed to harsher sanctions on South Africa. Only Britain held out for a limited package.



Thatcher Yes to limited sanctions

Dispatch Bureau

LONDON — Britain and the Commonwealth are to adopt wide-ranging sanctions against South Africa but the rift between them has widened.

While the British Prime Minister, Mrs Margaret Thatcher, has agreed to a limited package of sanctions as a "mark of disapproval" against apartheid, the other six Commonwealth leaders who attended a mini-summit here are to recommend a more wide-ranging package of punitive measures including a ban on air links and on the import of South African fruit and wine, and further restrictions on trade credit and government-to-government commercial links.

This is the essence of the compromise reached shortly before midnight last night after two days of deliberations which threatened to shatter Commonwealth unity and widen the gap between Mrs Thatcher and the British monarch.

But the rift between Britain and the 49 nations that once made up the British Empire stopped short of withdrawals, expulsions, the imposition of sanctions against Britain or the summoning of an emergency 49-nation summit.

The British package includes a voluntary ban on new investment and on the promotion of tou-

rism and a ban on the import of coal, steel, iron and gold coins from South Africa.

The package almost matches a list of Common Market sanctions due for consideration at the end of September.

The other six Commonwealth leaders dismissed the package as "cosmetic" and insufficient to preserve the integrity and credibility of the Commonwealth.

They appeared to be banking on the Reagan administration adopting tougher sanctions between now and the end of September.

Mrs Thatcher made the concessions during a lively — and at times heated — opening session yesterday morning which included a clash between her and the Zimbabwean Prime Minister, Mr Robert Mugabe, over stepping up African aid to the African National Congress.

Mrs Thatcher was also said to be holding out against mounting Commonwealth pressure for a "Berlin-style" aid operation to secure the survival of the frontline states.

Commonwealth officials indicated that the conciliatory mood which prevailed on the opening day was based as much on a commitment to Commonwealth unity as on a determination to preserve the credibility of the Commonwealth.

The leaders of Canada, Australia, India, Zimbabwe and Zambia were still insisting last night that a package of eight sanctions earmarked for further consideration at the Bahamas summit last year represented the minimum for an accord in London.

The ban on new investment and the promotion of tourism were two measures from the Bahamas list which included a ban on air links, a ban on the import of agricultural products, the termination of double taxation agreements, and a ban on all government-to-government commercial links with South Africa.

According to British sources, Mrs Thatcher told Commonwealth leaders yesterday that Britain — the current European Community president — would not "stand in the way of the EC" if it decided to impose an embargo on the import of coal, steel, iron and gold coins from South Africa when they met to consider progress at the end of September.

● Sapa-Reuter reports from Washington that the US Senate is likely to vote on a package of moderate sanctions against South Africa next week and Senate aides said yesterday a final anti-apartheid bill could reach President Reagan's desk by the end of September.

Sabrita steps up drive to develop trade links

By Frank Jeans

Even at a time when the threat of economic sanctions worsens, the South Africa Britain Trade Association (Sabrita) is playing a key role in the drive to step up bilateral trade between this country and the UK.

In a statement, Sabrita says: "The association stands behind the recently-formed Committee for British Industry in South Africa (Bicsa), for only by continuing to promote trade and investment between the two countries can sufficient jobs be created to provide employment for the ever-increasing numbers who are coming on to the labour market.

INCALCULABLE HARM

"It is one thing for our enemies to pressurise this country to eliminate apartheid but it is a totally different matter for them to take the additional steps of imposing comprehensive sanctions.

"To do the latter would do incalculable harm to the South African economy and to all the nations who trade with us."

To bring the message home, Sabrita has organised a seminar Doing Business with the UK to be held on September 1 at the Johannesburg Country Club.

Speakers will cover topics such as The UK Sales Office — Gateway to the EEC, Currency and Risks Financing, Marketing in the UK, Tax Havens and SA Exporter Incentives.

London

Controversy flared early today as Commonwealth leaders forced Mrs Margaret Thatcher to back sanctions and then shunned her with a new tough sanctions package of their own.

Britain stood alone as the summit drew to a premature close shortly after midnight, an unwilling signatory to limited sanctions which, nevertheless, are dwarfed by tough measures agreed by Canada, Australia, Zambia, India, Zimbabwe and the Bahamas.

Mrs Thatcher was forced to preserve a precarious Commonwealth unity by entering into what she admitted was a "reluctant compromise".

But her refusal to go along with her six summit partners earned her stinging rebuke, a threat of economic retaliation and an accusation that she had become a "slave-master".

A major crisis in the family of 49 nations has been averted and there are no withdrawals, but Britain has been overruled and is being derided.

Intense and "passionate" bargaining throughout yesterday failed to produce a unanimous stand on pressuring Pretoria.

Mrs Thatcher refused to go further than agreeing not to stand in the way of the EEC measures and proposing voluntary bans on tourism promotion and new investment.

But the other six backed all of the Nassau measures — including bans on air links and agricultural imports — and added three more:

- Bans on all new private and public bank loans;
- Withdrawal of consular facilities in South Africa;
- A ban on uranium, coal, iron and steel imports.

The six leaders have urged the rest of the Commonwealth and the "wider international community" to implement the measures urgently.

All seven warn Pretoria that if the "further measures have not had the desired effect in a reasonable time" — or if South Africa retaliates against neighbouring states through economic or other aggression — "still further effective measures will have to be considered".

They also agree, however, to review and rescind all measures if the South African Government ends the State of Emergency, releases Nelson Mandela and other prisoners, unbans their organisations and, in "the context of a suspension of violence on all sides", initiates dialogue with a view to establishing a non-racial, democratic government.

A further emergency meeting of all Commonwealth heads of government is not ruled out if the seven leaders believe further effective Commonwealth action is required.

Tension mounted yesterday as the talks went on into the night, with Mrs Thatcher's six adversaries refusing to compromise and refusing to accept anything less than a compromise from her.

Split revealed

Finally, the communiqué, an agreement to disagree, emerged amid a flurry of almost simultaneous Press conferences at Lancaster House, the St James Press Centre and the Inn on the Park hotel.

Chairman of the summit, the Prime Minister of the Bahamas, Sir Lynden Pindling, broke the news, revealing the split between Britain and the others.

He described the sanctions backed by the six to be "meaningful", adding: "They will hit apartheid in the front pocket, the side pocket and back pocket and they will hit apartheid in the bank account."

Attention soon focused on Mrs Thatcher who resisted suggestions that Britain's measures were insignificant.

"Because of the extent of our interests and those of Europe, the measures we are taking will have a considerably greater impact than measures in the Nassau Accord which the rest of the Commonwealth is backing."

She admitted her agreement was a compromise. "I have been very reluctant to come to this decision. Yes, I am reluctant. I do not like the idea that here we should decide who should be out of jobs (in South Africa)."

She said she believed the package Britain backed was consistent with the UK's commitment to the EEC and the Commonwealth and was therefore in the UK's interests.

Speaking immediately after her, Zimbabwe's Mr Robert Mugabe said Mrs Thatcher's stand was "terribly disappointing" and amounted to "support for apartheid".

He accused her of being a "slave-master" and of letting Africa down.

He warned Zimbabwe would consider retaliatory measures against UK companies in his country.

While the Canadian Prime Minister, Mr Brian Mulroney, said Mrs Thatcher had "endorsed sanctions very emphatically", Mr Rajiv Gandhi of India said: "these (Britain's measures) do not constitute sanctions at all."

Summit backs tough new SA sanctions

By Michael Morris, The Star Bureau

Reluctant Thatcher left out on a limb

SA reaction to sanctions is varied

Staff Reporters

The new British and Commonwealth measures against South Africa amounted to "rifle-shot sanctions" and would not ruin the economy, the president of the Johannesburg Chamber of Commerce, Mr Pat Corbin, said today.

And spokesman for the South African Tourism Board and the British Tourist Authority said the new measures should not affect their business.

They were reacting to sanctions announced after the seven-nation Commonwealth summit ended last night.

Mr Corbin said the sanctions "looked good on paper" but were essentially designed to minimise damage to the participating countries.

He warned that the South African Government could start "flexing its own economic muscle".

"If these countries don't want to buy certain South African products, the Government may be reluctant to handle similar goods from other countries which pass through our ports," Mr Corbin added.

A spokesman for the Federated Chamber of Industries (FCI) said businessmen believed the situation in South Africa was very complex and that sanctions would do more harm than good.

With sanctions in place, the business community will have to do what it can to survive but it will retain its interest in trying to keep open the options for peaceful negotiations," he said.

South Africa's Ambassador to London, Mr Denis Worrall, said last night that the sanctions would hurt the country economically but should not stop the process of political reform.

NOT AFFECTED

The manager of the British Tourist Authority in South Africa, Mr David Spain, said: "In theory, the package should not affect our operations at all. We work predominantly with the South African market and we promote tourism to Britain from here."

"At present, we don't see the proposal as referring to tourism from here to Britain. Whether or not the South African Government will take a different view remains to be seen."

A voluntary ban on South African tourism promotion in the United Kingdom would not adversely affect the operations of the SA Tourism Board or the promotion of tourism to this country, SATB executive director Mr Spencer Thomas said today.

S Africa waiting to see full sanctions text

By TOS WENTZEL,
Political Correspondent

BEFORE reacting officially the South African Government was today waiting for the full text of the sanctions communiqué issued after the Commonwealth mini-conference.

This was confirmed today by a spokesman for the Department of Foreign Affairs.

The initial impression was that there had been a Commonwealth agreement to disagree; with Mrs. Margaret Thatcher maintaining her opposition to outright punitive sanctions, but agreeing to some milder measures.

A curtain of secrecy has dropped over Government plans to counter the growing moves for sanctions.

There was still no confirmation of international speculation that the Government had appointed the former executive general manager of Armscor, Mr Fred Bell, to head a sanctions-busting group.

SECRECY

It was understood there could be legislation to protect the secrecy of sanctions-busting operations.

Meanwhile, the Progressive Federal Party warned today that South Africa faced serious economic consequences as a result of the latest Commonwealth decisions.

Mr Harry Schwarz, finance spokesman of the PFP, said the most-ominous aspect of the latest development was that South Africa was being confronted with creeping sanctions which steadily tightened the screws — more dangerous than a one-off package of measures would have been.

The British decision to ban the marketing of tourism as well as a ban on coal, steel and iron from South Africa could cause big problems and result in unemployment.

COAL MINES

Mr Schwarz said the coal mines would be particularly affected by sanctions.

The ban on new investment would have little impact, because South Africa was attracting little new investment anyway.

Mr Schwarz warned that the latest measures on sanctions would not be the last word.

Further action was likely to be taken by the European Economic Community (EEC) and the American Congress.

The Government's position on sanctions might be spelled out when President P.W. Botha addresses the extraordinary federal congress of the National Party in Durban next week.

Minister denies Zimbabwe trade embargo charge

PRETORIA — The decision to monitor all imports from Zimbabwe with an import licensing system from Friday should not be interpreted as an embargo on trade, a spokesman for the Minister of Trade and Industry, Dr Dawie de Villiers, reiterated in Pretoria yesterday in response to reports from Harare that it was a move to impose economic sanctions.

Referring to the announcement, made on Friday, he said: "we stand by it... this measure is an economic one instituted to protect our foreign sources of supply."

According to yesterday's report, quoting Zimbabwe's Herald newspaper, "the move... should be seen for what it is: economic sanctions against this country."

One of the anticipated developments was "ob-

viously the weakening of Zimbabwe's economy to try to stifle our outspokenness about the evils of apartheid.

"The Boers probably also expect manufacturers who will be affected by the licensing system to exert pressure on the government to change its South Africa policy, or if that fails, to close down and move to bantustans or countries with liberal attitudes towards the apartheid state," according to the Herald.

On Friday, a spokesman for Dr de Villiers said the decision to monitor imports should not be seen as a deviation from South Africa's trade policy.

Importers of Zimbabwean products would still be able to obtain their import licences, and the measure was purely administrative.

— Sapa

(280) DD 5/8/86

Airlines make plans to beat air links ban

Dispatch Correspondent

JOHANNESBURG — Airlines in frontline states are making contingency plans to circumvent possible landing rights bans on SA.

At least one airline yesterday admitted such plans — which would include the use of frontline state airports — were being considered.

Two airports are being rebuilt to gear up for greater traffic — one in Gaborone and the other in Mauritius.

But spokesmen for Botswana and Mauritius airlines yesterday denied the work was in any way related to the possibility of curbs on SA air travel.

A SAA spokesman Francois Louw yesterday refused to comment on the existence of any contingency plans, saying only: "Until sanctions are imposed, everything is speculative."

He denied reports that SAA had sold several of its Boeing 747s to foreign banks in lease-back deals, in preparation for sanctions and a ban on overseas landing rights.

It is believed airlines, that fear sanctions may force links to be cut with SA, are considering the use of traffic rights in neighbouring states — possibly Botswana, Swaziland or Lesotho — as a gateway to SA.

Air Zambia's (AZ) representative Tony O'Brian said the airline had been working on plans that met with the Zambian government's approval.

"We are looking at neighbouring states for alternative traffic rights, which will suit SA traffic and

hopefully provide connections to SA from states like Swaziland and Botswana," he said.

Royal Swazi National Airways' regional manager Van Morrison said any comment at present would be speculative.

Air Zimbabwe's Loft Dundas said he was not aware of any contingency plans that would affect Zimbabwe.

A travel industry source said LAM, Mozambique Airlines had recently considered Maputo as a gateway, if flights between New York and Johannesburg were stopped.

Air Botswana's GM in Gaborone, Charles Pollock, said the airline was not at this stage involved in any lease-back deal with SAA.

But he admitted there had been a rise in the number of inquiries for landing rights in Botswana.

He dismissed the suggestion that applications by British Airways (BA) and British Caledonian to fly to Gaborone, were linked to the threat of a ban on air links with SA.

BA's Johannesburg manager Micheal Hirst also dismissed the link.

Most airline managers who were canvassed for comment said it was premature to comment. They were waiting for the outcome of various talks.

Off the record, several people in the industry commented that "most people are making contingency plans".

Derision over Maggie's ^{STILL STAY} 'teeny-weeny' sanctions ²⁸⁰

The Star Bureau

LONDON — Instead of taking some of the pressure off her government, Mrs Thatcher and her offer of limited economic sanctions against South Africa have attracted a hail of criticism and derision.

And commentators here have already calculated that the effect on Britons of her suggested package would be negligible — affecting perhaps two percent of the annual trade between South Africa and the United Kingdom.

Just about the only comfort she could muster from the day was that she had managed to avoid excessively alienating her own conservative right wing.

Mr John Carlisle, the most vocal of the pro-South African lobby, said he was dismayed that she had conceded too much and had mounted "the first step on the escalator to sanctions". But he predicted his colleagues would "swallow hard and accept it".

Mrs Thatcher's three-part package proposes banning the import of coal, iron, steel and Krugerrands and to back a voluntary boycott on holiday promotion.

'DOING NOTHING EFFECTIVE'

Liberal leader Mr David Steel attacked the Prime Minister for her shift "from teeny-weeny sanctions to teeny-weeny-weeny ones". Mr Donald Anderson, the Labour foreign affairs spokesman, said: "By this half-hearted mini-gesture, Mrs Thatcher gets the worst of all worlds by managing to put up the backs of the Commonwealth while doing nothing effective about South Africa."

Social Democratic Party leader Mr David Owen saw Mrs Thatcher's suggestion as little more than a basis for negotiation, and predicted that the Commonwealth would not accept it as final.

Nor will Mrs Thatcher be able to claim that these measures will cause large job losses in Britain.

South African coal makes only a tiny impact on Britain's energy needs (725 000 tons last year) and steel presents a similar picture. Only R132 million worth of iron and steel was imported from the Republic last year, and officials say this "fractional" amount could easily be replaced from alternative sources.

Mr. Topsy 5/8/86

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Sanctions 'gesture toward unity'

From IAN HOBBS

LONDON. — The Times of London yesterday correctly anticipated that Margaret Thatcher would commit the Commonwealth to a limited sanction by accepting South Africa.

In an editorial, the newspaper said that minor sanctions should be preferred as "a gesture towards Commonwealth unity — but one which makes clear that Commonwealth unity is a low place in the priorities of

(British) foreign policy and cannot be regularly employed by other countries to alter British policy".

The Times said it would be "wrong and absurd" to impose sanctions that would have effects such as increased malnutrition among poor black South Africans for the sake of a moral gesture.

Cutting air links with South Africa, which would damage tourism and the jobs of some 60 000 blacks, was also an unacceptable sanction, The Times

said.

The newspaper again proposed "positive measures", such as foreign government assistance for black housing and education.

"If Commonwealth unity is not to be a one-way street, Britain's concessions on negative sanctions should be matched by a willingness by others to consider these positive measures."

The Daily Mail said the Commonwealth was too often a stage "dominated by the caving of those two ugly

sisters — humbug and bluff".

Threats to leave "this most exasperating club" deserved a "sceptical yawn" — "nor need we lose too much sleep over sanctions from those who have little to lose," the conservative Daily Mail added.

The British media again gave major coverage to all aspects of the South African crisis with strong comment on the damage South Africa could inflict through retaliatory sanctions against black frontline states.

Limited package is 'cosmetic'



● THATCHER

Thatcher says 'yes' to sanctions

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BUS DAY

LONDON — British Prime Minister Margaret Thatcher has agreed to a limited package of sanctions as a mark of disapproval against apartheid.

It includes a voluntary ban on new investment and the promotion of tourism, and a ban on the import of coal, steel, iron and gold coins from SA.

But Sapa-Reuter reports Commonwealth conference sources as saying the mini-summit is deadlocked and could end in disagreement because the other six leaders feel that Thatcher should have gone farther.

This would almost certainly mean a full Commonwealth heads of government summit will be called, probably in September.

Sources said yesterday the six and Britain would issue separate final statements.

The sanctions package is similar to a list of European Community (EC) sanctions due for consideration in September.

Commonwealth leaders have dismissed the package as cosmetic and insufficient to preserve the integrity and credibility of the group.

Thatcher made the concessions during

JOHN BATTERSBY

a lively, and at times heated, opening session yesterday morning. It involved a clash between her and Zimbabwean Prime Minister Robert Mugabe over increased African aid for the ANC.

The seven heads of government convened for a third session late last night in a bid to break the stalemate, but the mood appeared to have hardened against Thatcher.

She was also said to be holding out against mounting Commonwealth pressure for a massive Berlin-style aid operation to secure the survival of the Frontline states.

There were indications Thatcher might be prepared to add a ban on fruit and wine to the list, but it was doubtful whether this would clinch a Commonwealth consensus.

Commonwealth officials said that the conciliatory mood which prevailed on the opening day was based as much on a commitment to the group's unity as on a determination to preserve its credibility.

The leaders, Canada, Australia,

● To Page 2

Club leaders disgruntled

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From Page 1

India, Zimbabwe and Zambia were insistent that a package of eight sanctions earmarked for further consideration at the Bahamas summit last year represented the minimum for an accord in London.

Australia's Bob Hawke said: "I don't think the six are going to accept the lowest common denominator position, which is not consistent with a position of integrity. I hope we can get agreement. We will certainly be working towards it."

The seven-nation meeting, which could prove vital to the future of the 49-nation Commonwealth, is being chaired by Sir Lynden Pindling, Prime Minister of the Bahamas.

All seven leaders spoke yesterday. Zambia's President Kenneth Kaunda, the elder statesman of the group, was the first. He was followed by India's Rajiv Gandhi, Hawke, Mugabe, Thatcher and Canada's Brian Mulroney.

After a Downing Street lunch hosted by Thatcher, the leaders went into private session before another plenary ses-

sion between 5pm and 6pm. They reconvened at 9pm in a bid to break the deadlock.

The ban on new investment and the promotion of tourism were two measures from the Bahamas list which included a ban on air links, a ban on the import of agricultural products, the termination of double tax agreements, and a ban on all government commercial links with SA.

Besides the ban on tourism promotion, the sanctions were also listed for further consideration by the 12 European Community (EC) leaders in The Hague in June.

British sources said Thatcher had told Commonwealth leaders yesterday that Britain — the current EC head, — would not stand in the way of the EC if it decided to impose an embargo on the import of coal, steel, iron and gold coins from SA.

2 Cape Times, Thursday, August 28, 1986

By RONNIE MORRIS
Education Reporter

THE decision by the Ministers' Council to withdraw the stop-order facility for membership fees for the Union of Teachers' Associations of South Africa was the worst form of oppression and constituted a devastating blow to Uta.

This was said yesterday by Mr Franklin Sonn, president of Uta — a national umbrella body of four teacher organisations, and of the Cape Teachers' Professional Association, when he addressed about 300 CTPA members at a meeting at Modderdam Senior Secondary School in Bonteheuwel. He said the measure was a bitter blow to the teaching profession.

He was reacting to a statement by the chair-

Utasa head: 'Bitter blow' to teachers

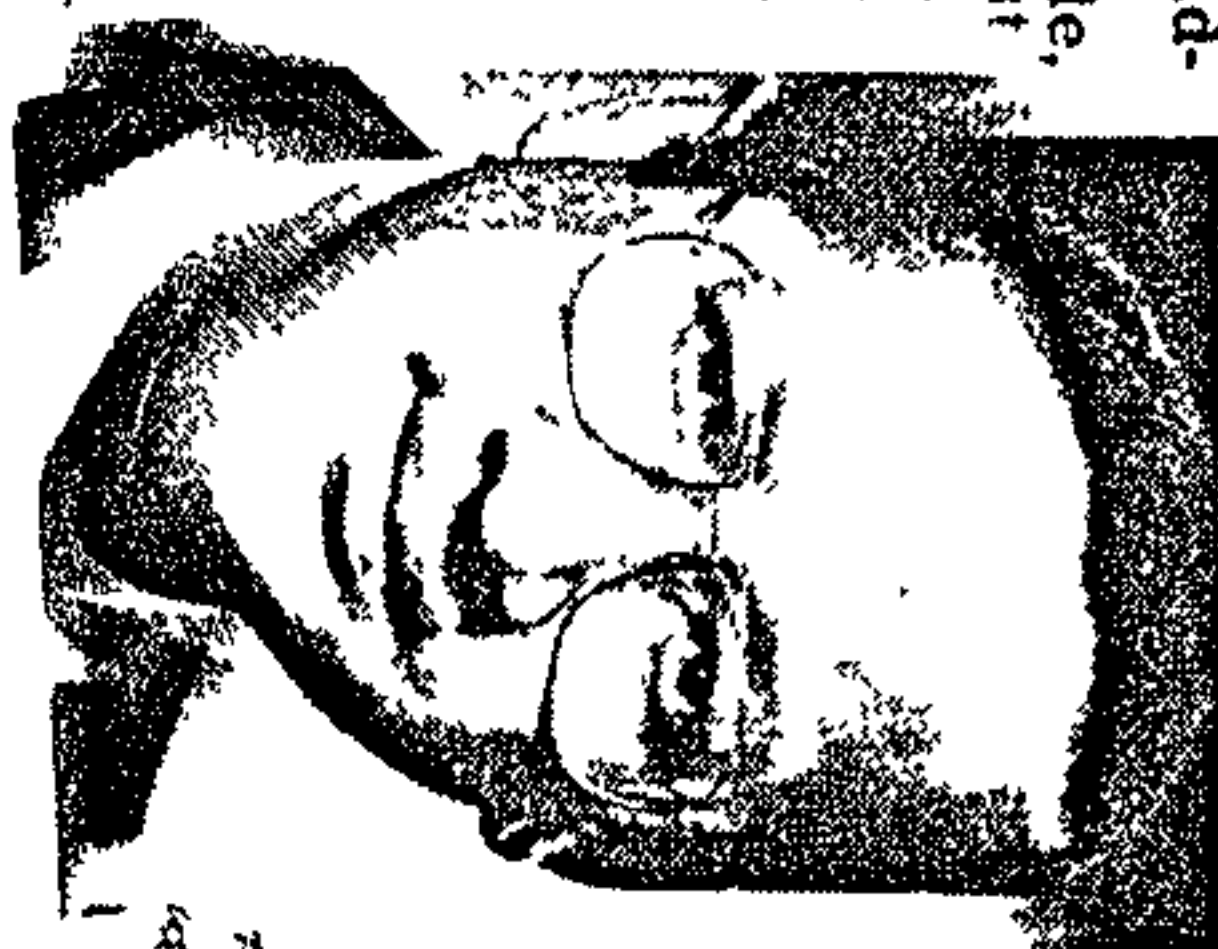
discontinue their studies.

It also had 14 people, some with full-time employment and would have to tell them that it might not be able to employ them any more.

Numerous Saturday and vacation projects for matriculants also were being run. Many teachers gave of their time and the projects were

run by the teachers' association. It could not be expected if it could not

be expected if it could not be expected if it could not



Mr Franklin Sonn.

all the sweeping powers accorded the police, constant reports of detained members and community leaders and the "eternal Catch-22 situation" of on the one hand working within the structures in order to bring about change, while on the other hand the point had been reached where "one's presence in these structures could lend credibility to the abhorrent 1986 model of apartheid education".

'Revulsive'

The straw which broke the camel's back was the "enraging and revulsive" reports of party-political interference in educational matters, Mr Sonn said.

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the South African Government has said that it is not prepared to accept the terms of the new constitution which would give the black majority a veto over the white minority.

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Sanctions 'gesture toward unity'

From IAN HOBBS

LONDON. — The Times of London yesterday correctly anticipated that Mrs Margaret Thatcher would compromise at the Commonwealth mini-summit by accepting limited sanctions against South Africa.

In an editorial, the newspaper said such minor sanctions should be presented as "a gesture towards Commonwealth unity — but one which makes clear that Commonwealth unity has a low place in the priorities of

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The British media again gave major coverage to all aspects of the South African crisis with strong comment on the damage South Africa could inflict through retaliatory sanctions against black frontline states.

Suzman urges 'growth'

NEW YORK. — Veteran PFP MP Mrs. Helen Suzman has encouraged the United States to forego economic sanctions and rather adopt measures to encourage economic growth as a way to give blacks more economic and political muscle.

She wrote in an article in Sunday's New York Times that economic sanctions would inevitably lead to "a siege economy, more oppression and more violence".

An expanding economy, however, would grant blacks more power which, "through increased trade union action would be a potent force not only in the work place but also in the socio-political sphere".

"Strikes and consumer boycotts — both of which can be used as temporary expedients, unlike divestment and mandatory sanctions — are the most powerful weapons for blacks to use to resolve important issues like power-sharing".

Mrs. Suzman said adopting effective punitive actions "would undermine the most significant power-base that blacks could acquire". — Sapa-Reuter.

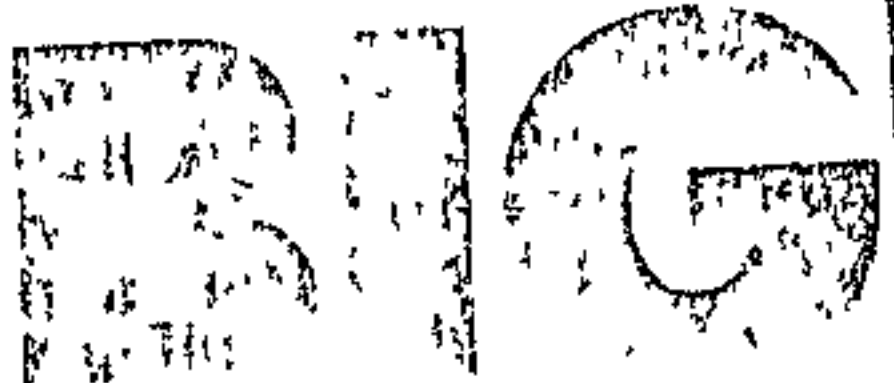


**ORANGE
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TO PLEIN
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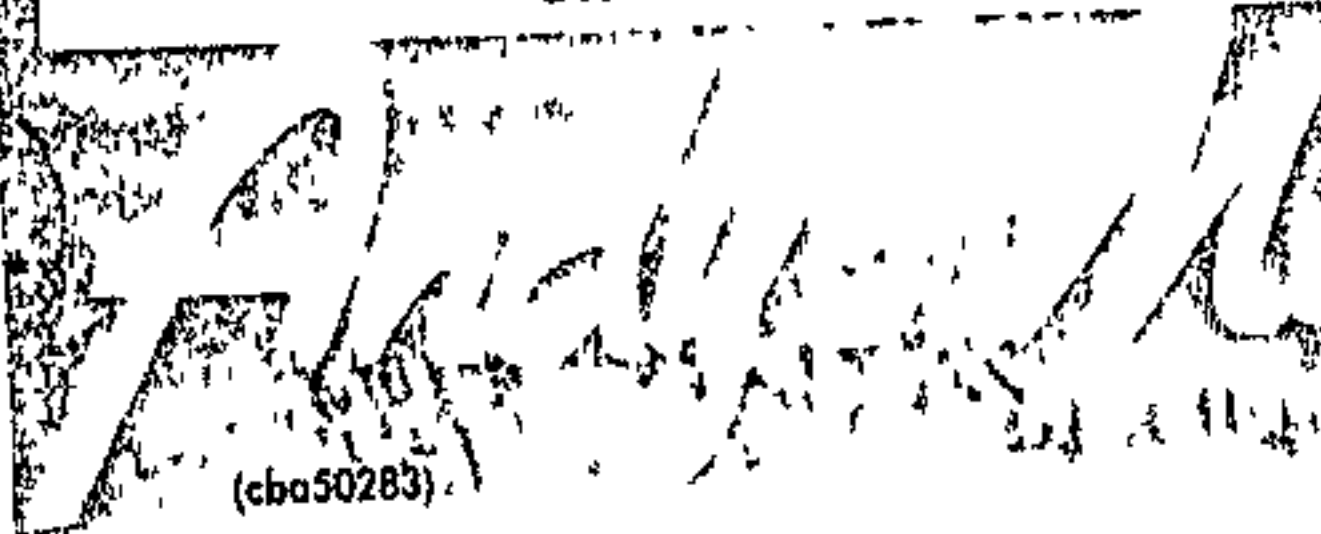


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Suzman urges 'growth'

NEW YORK. — Veteran PFP MP Mrs Helen Suzman has encouraged the United States to forego economic sanctions and rather adopt measures to encourage economic growth as a way to give blacks more economic and political muscle.

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From MICHAEL MORRIS
The Argus Foreign Service

LONDON. — Senior Commonwealth leaders are mounting a tough sanctions campaign against South Africa and hope the world will follow their example.

The stormy summit of seven ended in the early hours today — 12 hours ahead of schedule — with Dr Kenneth Kaunda of Zambia, Mr Robert Mugabe of Zimbabwe, Mr Brian Mulroney of Canada, Mr Bob Hawke of Australia, Mr Rajiv Gandhi of India and Sir Lynden Pindling of the Bahamas backing a more extensive sanctions package than those listed in the Nassau Accord.

The six agreed to:

- A ban on air links.
- A ban on new bank loans.
- Withdrawal of consular facilities in South Africa to all but their own nationals and the nationals of countries to whom they render consular services.
- A ban on the import of uranium, coal, iron and steel.
- A ban on agricultural imports.
- A ban on tourism promotion.
- A ban on new investment and reinvestment of profits earned in South Africa.
- An end to taxation agreements with South Africa.
- An end to government help to invest in and trade with South Africa.
- A ban on government contracts with majority-owned South African companies.
- A ban on government procurement in South Africa.

The six countries expressed "concern and regret" at Britain's decision not to agree to this list of measures.

Mrs Thatcher has agreed to "accept and implement any European Economic Community decision" (likely to be made next month) to ban the import of coal, iron and steel and to put a voluntary ban on new investment and a voluntary ban on the promotion of tourism to South Africa.

Zimbabwe's Prime Minister, Mr Robert Mugabe, said he was "dismayed that Britain has failed us ... Britain has let the people of South Africa down, has let Africa down".

Dialogue

But the seven nations warned Pretoria that if "further measures have not had the desired effect in a reasonable time" or if South Africa retaliates against neighbouring states economically or otherwise "still further effective measures will have to be considered".

They also agreed to review and rescind all measures if the Government ends the emergency, releases Nelson Mandela and other prisoners, unbans organisations and, in "the context of a suspension of violence on all sides", initiates a process of dialogue with a view to establishing a non-racial, democratic government.

Mrs Thatcher's limited sanctions have attracted criticism and derision.

But she calmed her own Conservative right wing.

Mr John Carlisle, the most vocal of the pro-South African lobby, said he was dismayed that she had conceded too much and had mounted "the first step on the escalator to sanctions". But he predicted his colleagues would "swallow hard and accept it".

Liberal leader Mr David Steel attacked the Prime Minister for her shift "from teeny-weeny sanctions to teeny-weeny ones".

Mr Donald Anderson, the Labour foreign affairs spokesman, said: "I would have thought by this half-hearted, unenthusiastic mini-gesture Mrs Thatcher gets the worst of all worlds by managing to put up the backs of the Commonwealth while doing nothing effective about South Africa."

(Turn to Page 3, Col 2)

Sanctions: Six plan campaign against SA

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(Continued from Page 1) 280

Mrs Thatcher defended her support for limited sanctions but claimed her Government is not legally empowered to ban new investment and tourism promotion.

The measures Mrs Thatcher has "reluctantly" agreed to are intended as "mark of disapproval".

She said the measures agreed at the summit were consistent with Britain's commitment to the European Economic Community and the Commonwealth.

Companies will not be forced to cease new investment or cease promoting tourism but will be "exhorted and persuaded" to do so. She said no law existed in Britain to force such bans.

The South African Tourist Board would not be forced to close its London office "That's what freedom means," she said.

ENTITLED

She rejected any suggestion that Britain might withdraw consular facilities in line with her six summit partners.

She said: "There are 800 000 people in South Africa who hold or are entitled to British passports and that makes consular services more important for us than it might be for other countries."

● The Argus Political Correspondent reports that of the six Commonwealth states campaigning for sanctions — including the withdrawal of consular facilities — only Canada and Australia have diplomatic relations with South Africa.

Australia has consulates in Pretoria and Cape Town. Canada has a consulate in Pretoria throughout the year and in Cape Town for the first six months of the year

P.T.O. for picture

The sanctions list

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280
criticism

Commonwealth six plan campaign against SA as Britain faces criticism

SUNDAY 5/8/86

THE Great Sanctions Debate is in full swing, and unless President Botha gives the sanctions campaigners what they want — which he is not going to do — it is going to run for months and years. The meeting in London this past weekend was just another instalment.

There are three main groups of participants in the debate. One is the Thatcher group, which abhors sanctions but is being forced against its will into supporting selective sanctions. Included in this group are the governments of SA's major trading partners.

Then, in the middle, there are those who share the Thatcher group's view that President Botha can be persuaded to mend his ways — but who believe that persuasion will succeed only if it is accompanied by compulsory selective sanctions. The Commonwealth falls into this group.

Finally, there is the group which wants total sanctions against SA because it does not believe that President Botha is capable of changing course. Its motive is not to try to reform the Pretoria regime but to break it.

Only now is the immensity of this full-scale sanctions undertaking becoming apparent. There is nothing in modern history that is comparable. SA is *sui generis*. Sanctions against Rhodesia were paltry compared with what is contemplated now.

Thatcher clearly understands this. So do the protagonists of full-scale sanctions. They know they will not achieve comprehensive sanctions now, or possibly even in the immediate future, and that this will give Pretoria time to prepare its siege economy. Nevertheless, they are sure they will win in the end.

The protagonists of the total onslaught — for that is what it is — brush aside the warning President Botha gave Sir Geoffrey Howe about foreign "meddling".

SA, they say, meddles constantly — militarily and economically — in the affairs of all its neighbours; and, they add, some abuses of human rights are so "gross" that anyone is entitled to meddle in the affairs of a country that practises them.

The argument that sanctions will fail is similarly dismissed. The protagonists accept that SA's contingency plans probably are far advanced, that a whole sub-culture of sanctions-busters will emerge to help SA out of its difficulties (and make themselves a few Rand in the process) and that Pretoria will distribute the effect of sanctions far and wide before white South Africans come under real pressure themselves.

We know all this, the protagonists of the total onslaught declare;

Advancing Pretoria's day of reckoning

STANLEY UYS in London



□ THATCHER... playing for time

but, they warn, the SA economy is already winding down, white living standards are falling and unemployment adds daily to the ranks of black revolutionaries.

So whatever effect sanctions have, therefore, it is argued — however marginal the effects might be at first — inevitably they will advance the day of reckoning.

Sanctions-busting, it is pointed out, is a very expensive exercise, as evasion of the arms and oil embargoes against SA has shown. Your average sanctions-buster is motivated by greed, not love of SA.

Some protagonists of the total onslaught have their own worst case scenario — worst case, that is, from white SA's point of view.

They anticipate that Pretoria will make some of its black neighbours suffer first, visibly and painfully, probably singling out Zimbabwe as the chief victim; that Southern Africa could be plunged into crisis and forced to appeal urgently to the international community for help; and that internally in SA confusion will reign, remaining civil rights will disappear, all elections could be called off and the constitution might even be suspended. The country then would come under security management.

Protagonists of the total onslaught hope that sanctions will be a quick, surgical operation that will bring the Pretoria regime speedily to its knees; but they accept that it could be drawn-out, messy, probably even bloody, and that it could turn SA into a wasteland.

The Commonwealth, as a whole, is not yet in this apocalyptic frame

of mind. Although it has tough, graded sanctions in view, it wants Pretoria to respond before the worst-case scenario unfolds.

Why do protagonists of the total onslaught want to embark on what might turn out to be a catastrophe for SA?

The answer, they say, is that SA's black leaders (those who are outside the apartheid system) want it, and so do Frontline states like Zimbabwe and Zambia — for the simple reason that they can't take apartheid any longer.

How rapidly will the sanctions campaign advance? It is impossible to tell. A year ago it seemed unthinkable that SA's major trading partners would even consider taking serious action against SA, and yet by October the Commonwealth conference had agreed on a list of sanctions and had appended a second, enlarged, list which was under consideration in London this past weekend. Other lists will follow endlessly.

Over the years, volumes have been written about sanctions and their likely effect. Now a new and detailed study has appeared, written by Richard Moorsom and published by the Catholic Institute for International Relations here in London.

It is an absorbing document, which gives a remarkably good insight into the careful thought that is being put into the modern sanctions campaign.

As the sanctions campaign gathers momentum, Thatcher can only play for time. Clearly, she intends to fight sanctions every inch of the way, but the international climate

is against her. She and SA's other major trading partners are on a slippery slope.

In her stand against sanctions she has clashed with her own Foreign Secretary, Sir Geoffrey Howe; with a number of her own MPs, who fear that Britain will pay a heavy price for its opposition to sanctions when a black government takes over in SA; with fellow-members of the EEC; with the Commons' Foreign Affairs Committee; and, of course, with the Queen (no secret).

Electorally, in Britain, Thatcher could also be in trouble over sanctions. The idea is gaining credence in the Conservative Party that she has become an electoral liability. Most voters see her as a hard, uncaring woman, and she is coming out badly in the opinion polls.

The polls indicate an interesting differentiation though — although the majority of voters are critical of Thatcher personally, only a minority support major, specific sanctions against SA.

There is talk that Thatcher may call a general election next year, and the Labour Party, under Neil Kinnock, is visibly grooming itself for office.

This grooming is premature — there is nothing definite to show that the Conservatives are on the skids — but one can imagine how the sanctions campaign against SA would take off if Labour came into office.

Kinnock has committed a future Labour government to the hilt in support of sanctions. Then the worst-case scenario would begin.

Frontline states lay plans for possible ban on SA landing rights

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AIRLINES in Frontline states are making contingency plans to circumvent possible landing rights bans on SA.

At least one airline yesterday admitted such plans — which would include the use of Frontline state airports — were being considered.

Two airports are being rebuilt to gear up for greater traffic — one in Gaborone and the other in Mauritius.

But spokesmen for Botswana and Mauritius airlines yesterday denied the work was in any way related to the possi-

bility of curbs on SA air travel.

SAA spokesman Francois Louw yesterday refused to comment on the existence of any contingency plans, saying only: "Until sanctions are imposed, everything is speculative."

He denied reports that SAA had sold several of its Boeing 747s to foreign banks in lease-back deals in preparation for sanctions and a ban on overseas landing rights.

It is believed airlines, that fear sanctions may force links to be cut with SA,

DOMINIQUE GILBERT

are considering the use of traffic rights in neighbouring states — possibly Botswana, Swaziland or Lesotho — as a gateway to SA.

Air Zambia's (AZ) representative Tony O'Brian said last night the airline had been working on plans that met with the Zambian government's approval.

"We are looking at neighbouring states for alternative traffic rights, which will

suit SA traffic and hopefully provide connections to SA from states like Swaziland and Botswana," he said.

Royal Swazi National Airways' regional manager Van Morrison said any comment at present would be speculative.

Air Zimbabwe's Loft Dundas said he was not aware of any contingency plans that would effect Zimbabwe.

A travel industry source said LAM Mozambique Airlines had recently con-

sidered Maputo as a gateway if flights between New York and Johannesburg were stopped.

"Nothing came of it. I suppose it would be subject to votes and the decision of the governments involved."

Air Botswana GM in Gaborone, Charles Pollock, said the airline was not at this stage involved in any lease-back deal with SAA.

But he admitted there had been a rise in the number of inquiries for landing rights in Botswana.

THE day after Zimbabwe's budget was presented last week, South Africa announced the introduction of an import licensing scheme for Zimbabwean goods, seen in Harare as a hint of grim reprisal measures to come against the most outspoken of the Frontline States.

Budget blues

From MICHAEL HARTNACK, in HARARE

THE forebodings of Mr Robert Mugabe's government, that Zimbabwe is about to be plunged into a sanctions war with South Africa, were clearly reflected in the budget tabled in Parliament last week.

The day after it was presented, South Africa announced the introduction of an import licensing scheme for Zimbabwean goods, seen here as a hint of grim reprisal measures to come against the most outspoken of the Frontline States.

The still largely white dominated business community, made wary of voicing alarm by past accusations that it is disloyal to the nation, has reacted with bland comments or with silence.

The state-controlled news media said a "no shocks budget" had been presented by the Minister of Finance, Economic Planning and Development, Dr Bernard Chidzero, but could not gloss over the dismay recorded by western diplomats and other overseas aid agency observers at some of its features.

Most ominously, Dr Chidzero announced that the budget deficit was expected to increase by about R1.5 billion out of a total R7 billion.

Allocations to the security-orientated ministries were boosted by well over 20 per cent to make the provision for them about a quarter of total spending. Published estimates appear to confirm reports that Zimbabwe's intervention in the Mozambican civil war is costing this country at least R1.5 million a day.

Some 3 000 to 5 000 Zimbabwean troops believed to be defending the vital corridor to the port of Beira — thus allowing at least six to seven per cent of "their country's trade to be routed away from the South African Transport System."

Dr Chidzero noted that the R966 million vote for the Ministry of Defence was still below the R1 064-million for the top spending ministry — Education — keystone of Mr Mugabe's cherished plans for uplifting Zimbabwe's 8.5-million black people through schooling.

REGARDLESS of the political situation and financial constraints, the government was also pressing ahead with spending on its socialist-style health and land settlement programmes.

But there were increases on the same scale as that for the Ministry of Defence in the votes for the para-military Zimbabwe Republic Police (which falls under the Ministry of Home Affairs) and the powerful secret service net-



Harare businessmen — many white — have reacted with bland comments — or silence.



Mugabe

work the Central Intelligence Organisation (under Mr Mugabe's own office).

These spearhead Zimbabwe's internal defence and security effort, particularly in the unrest areas of Matabeleland.

The Confederation of Zimbabwean Industries, which last month passed a controversial resolution declaring "unequivocal support" for comprehensive, mandatory sanctions against South Africa, described Dr Chidzero's hopes to stimulate renewed economic growth as "brave and encouraging", given the constraints of Zimbabwe's current economic situation. Dr Chidzero cut basic sales tax from 15 to 12 per cent.

However, a local economist who normally supports Dr Chidzero's views, Mr Zdenek Silavecky, said the massive



Chidzero

increase in the budget deficit was "disturbing". It "will not look good to international observers who do not understand the details of our situation," he said, in a clear reference to the International Monetary Fund and the World Bank.

Dr Chidzero himself made a brief and guarded allusion to the main source of Zimbabwe's current dilemma in his budget speech.

"In view of our political commitments with regard to the situation in South Africa, it will be necessary for us to make economic sacrifices and face all eventualities on a planned basis, underpinned by unwavering national unity, during the period we are entering into," he said.

There was a "pressing challenge" to the nine countries of the Southern African Development Co-ordination Confer-

ence (SADCC) to obtain routes to the sea free from the threat of disruption.

ONE move announced by Dr Chidzero which will definitely please the World Bank, is further cutting back of consumer subsidies on items such as maize meal. He announced that Mr Mugabe's Government planned to abolish all consumer subsidies on food.

Just over 13 per cent of the total budget is allocated to the service of debt.

Dr Chidzero planned stringent curbs on spending in the 90 000 strong civil service, which has doubled in size since Independence in 1980.

He disclosed that the economy had achieved a seven per cent growth rate in 1985, with a trade surplus of R377.5 million.

There had been a 30 per cent expansion in agriculture, particularly in cereal crops and cotton, but a slight fall in output of tobacco. Beef — Zimbabwe's best "high value low bulk" agricultural export, capable of being flown out of Harare direct to world markets — was still recovering from the 1982-84 drought.

Output of Zimbabwe's manufactures rose by 12 per cent, with its textile industry boosting production by 41 per cent. A Canadian study published last month noted that 49 per cent of Zimbabwe's manufactured exports are bought by South Africa.

ALTHOUGH mining output nominally grew by 15 per cent, there was no real expansion due to the continuing decline of the Zimbabwean dollar on world exchange markets. Much of Zimbabwe's mineral output is exported through Durban and Richards Bay.

Dr Chidzero left company and personal income tax rates unchanged. At present a family taxpayer earning the equivalent of R2 000 a month pays approximately a third of gross income in tax. Lower level employees earning more than R180 but less than R500 a month pay a flat two per cent of gross pay.

Dr Chidzero said a decision had been made in principle to introduce separate taxation for husbands and wives under a single scale of simplified tax rates. He did not say when it would be introduced, however.

He revealed that plans were being considered to make visitors spend more foreign currency while in Zimbabwe — a reference to the fact that thousands of those who come each year from South Africa (many of them former residents) stay with relatives or friends. — Sapa

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Senate's nervous spree

SIMON BARBER in Washington

AS THE Senate Foreign Relations Committee moved into its final prece through the sanctions super-market last week, a number of Senators could be seen nervously investigating their wallets.

They were checking to see whether they might not, perhaps, be about to over-extend themselves. The reality of the cashier began, albeit minimally, to obtrude.

Its most embarrassing obtrusion came on Thursday in the form of a proposal by Republican Senators Charles Mathias and Daniel Evans to punish any country that circumvented the international arms embargo.

Mathias is retiring. Evans makes no attempt to conceal his low opinion of the Senate, so they could afford to have a little fun testing the true convictions of the sanctioners.

"Not later than 180 days after the enactment of this Act," they said, "the President shall submit to Congress a report on the extent to which the international embargo on the sale and exportation of arms

and military technology to SA is being violated, identifying those countries engaged in such sales and exporting with a view to terminating US military assistance to those countries."

Furthermore, should Pretoria fail after 12 months to score four out of five in the end-of-apartheid exam the committee was drafting, the President would be invited to terminate said assistance to the offending parties, one of whom is receiving \$750m in the current fiscal year and carries gigantic political clout.

No points for guessing who the authors were principally referring to. Suffice to say that there is a bon mot making the rounds here that SA's new Cheetah jet fighter should

really be called by another SA name in recognition of its, er... antecedent, the Kfir, a Mirage III clone of Middle Eastern manufacture.

If Senators sweated, which even under the hottest Klieg light they somehow do not, there would have been more than one beaded brow on the Democratic side of the committee dais.

But Senators only bluster when they lose their cool. Nebraska's Ed Zorinsky for, for example, wondered whether it would be altogether wise to make the Soviet Union Pretoria's sole arms supplier. Gulp!

Next morning, the committee met at 8am, largely in hopes of completing work on its sanctions package before some conservative spoilsport on the Senate floor exploited the chamber's arcane rules to call the proceedings to a halt.

The early start had the added benefit of providing an opportunity for the Mathias-Evans unpleasantness to be swept under the carpet before the media was out of bed.

But it refused to be swept. The committee defeated a motion to kill the proposal by a hefty 11-5 margin. Four of the five were Republicans openly opposed to sanctions and not particularly worried where SA got its weapons from.

The fifth was Senator Alan Cranston, the super-sanctioneer from California who is facing an exceptionally tough re-election fight and needs all the help he can get from the friends of the embargo-buster in question.

It wasn't over. Senator Richard Lugar, the committee chairman, permitted a second vote.

This time, Mathias and Evans were defeated as Senators Christo-

pher Dodd, Paul Sarbanes, Claiborne Pell and Ed Zorinsky joined Cranston in making a mockery of the arms embargo.

Next item on the agenda was a motion by Senator Jesse Helms, North Carolina conservative who is fighting a lonely crusade to have Pretoria treated as a close ally in the twilight struggle.

He said all sanctions against SA should be made conditional on the ANC abandoning the "necklace". Naturally enough, the Democrats were contemptuous.

At which point, Evans slid in the stiletto. "I see. We're saying that it's OK to send planes and bombs and dum-dum bullets to the SA government, and when the ANC burns people to death we're saying that's OK, too."

Cranston sat impassive. Dodd, however, knew a palpable hit when

he felt one and started *mea mari-ma culpa-ing*. It was all a horrible mistake, I won't do it again, I really am serious about sanctions, please just one more vote.

Biden was less forthright in his repentance. He was such a busy man, he attempted, that he hadn't understood what he was voting for. Trouble was that since Mathias-Evans had already been voted down it could not be revisited.

Senator John Kerry came to his fellow Democrats' aid, introducing his own version which differed from the original only by giving the President 179 days to name names instead of 180.

Dodd completed his atonement by suggesting that it should be the "sense of the Senate" that the ANC stop incinerating critics. Both ideas were promptly accepted — except by Cranston.

It will be interesting to see how the full Senate copes with the dilemma. My guess is that Evans' and Mathias' ill-mannered demand that Congress live up to its high morality is headed for the memory hole.

Harare paper accuses S A of trade sanctions

PRETORIA—The decision to monitor all imports from Zimbabwe with an import licensing system from Friday should not be interpreted as an embargo on trade, a spokesman for Dr Dawie de Villiers, Minister of Trade and Industry, reiterated in Pretoria yesterday.

He was responding to reports from Harare that it was a move to impose economic sanctions.

Referring to the announcement, made on Friday by the department, he said: 'We stand by it... this measure is an economic one instituted to protect our foreign sources of supply.'

Zimbabwe's leading Herald newspaper — which usually reflects official thinking — said: 'The move by the Pretoria regime... should be seen for what it is, economic sanctions against this country.'

One of the anticipated developments was 'obviously the weakening of Zimbabwe's economy to try to stifle our outspokenness about the evils of apartheid.'

'The Boers probably also expect manufacturers who will be affected by the licensing system to exert pressure on the Government to change its South Africa policy, or if that fails, to close down and move to Bantustans or countries with liberal attitudes towards the apartheid State,' said the Herald.

Administrative measure

On Friday, a spokesman for Dr de Villiers said the decision to monitor imports should in no way be seen as a deviation from South Africa's official trade policy.

This was that it would not unnecessarily interfere in foreign trade, and also that it was against trade embargoes and sanctions against a trading partner.

Importers of Zimbabwean products would still be able to obtain their import licences without any problems, and the measure was purely administrative.

South Africa is one of Zimbabwe's major export markets.

— (Sapa)

Mark of disapproval UK 'yes' to sanctions

CAF-TIMES 5/1/86
(16)
(280)

From JOHN BATTERSBY

LONDON. — The British Prime Minister, Mrs Margaret Thatcher, has agreed to a limited package of sanctions against South Africa as a "mark of disapproval" against apartheid.

The package includes a voluntary ban on new investment and on the promotion of tourism and a ban on the import of coal, steel, iron and gold coins from South Africa.

The package almost matches a list of Common Market sanctions due for consideration at the end of September.

But other Commonwealth leaders dismissed the package as "cosmetic" and insufficient to preserve the integrity and credibility of the Commonwealth.

They appeared to be banking on the Reagan administration adopting tougher sanctions between now and a possible full summit of the Commonwealth in New Delhi at the end of September.

Mrs Thatcher made the concessions during a lively — and at times heated — opening session yesterday morning which included a clash between her and the Zimbabwean Prime Minister, Mr Robert Mugabe, over stepping up African aid to the African National Congress (ANC).

The seven heads of government convened for a third session late last night in a bid to break the stalemate, but the mood appeared to have hardened against Mrs Thatcher.

Mrs Thatcher was also said to be holding out against mounting Commonwealth pressure for a massive "Berlin-style" aid operation to secure the survival of the frontline states.

There were indications that Mrs Thatcher might be prepared to add a ban on fruit and wine to the list, but it was doubtful whether this would clinch a Commonwealth consensus.

Commonwealth officials indicated that the conciliatory mood — which prevailed on the opening day — was based as much on a commitment to Commonwealth unity as on a determination to preserve the credibility of the Commonwealth.

Minimum for accord

"Attempts to find unity on the basis of the Bahamas proposals will not be at the expense of Commonwealth credibility," a Commonwealth spokeswoman told journalists.

The leaders of Canada, Australia, India, Zimbabwe and Zambia were still insisting last night that a package of eight sanctions earmarked for further consideration at the Bahamas summit last year represented the minimum for an accord in London.

Australia's Mr Bob Hawke said:

"I don't think that the six are going to accept the lowest common denominator position, which is not consistent with a position of integrity."

The seven-nation summit, which could prove vital to the future of the 49-nation Commonwealth, is being chaired by Sir Lynden Pindling, Prime Minister of the Bahamas.

The ban on new investment and the promotion of tourism were two measures from the Bahamas list which included a ban on air links, a ban on the import of agricultural products, the termination of double taxation agreements and a ban on all government-to-government commercial links with South Africa.

Apart from the ban on promoting tourism, the sanctions were also listed for further consideration by the 12 leaders of the European Community (EEC) in The Hague in June.

According to British sources, Mrs Thatcher told Commonwealth leaders yesterday that Britain — the current EEC president — would not "stand in the way of the EEC" if it decided to impose an embargo on the import of coal, steel, iron and gold coins from South Africa when they met to consider progress at the end of September.

Maggie 'yes' to limited sanctions

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London Bureau

BRITISH Prime Minister Margaret Thatcher has agreed to a limited package of sanctions against South Africa.

Buffel victims were engaged

Mercury Reporter

TWO of the soldiers killed when an army Buffel troop carrier collided with a private car in Lamontville, Durban, at the weekend were engaged to be married.

The names of two of the three soldiers killed were released yesterday by a SADF spokesman.

L/Cpl Robert Dennis Sterling, 26, who is survived by his parents, Robin and Lynne Sterling of 62 Lancaster Grove, Rosehill, Durban, was engaged to Jeanette Poulson.

'He was such a placid boy and had a lovely nature,' Mrs Sterling said when interviewed at their home last night.

L/Cpl Sterling, a plate

This emerged from discussions on the second day of the Commonwealth summit meeting here.

Summit sources said the package included a voluntary ban on new investment and on the promotion of tourism and a ban on the import of coal, steel, iron and gold coins from South Africa.

The package almost matches a list of Common Market sanctions due for consideration at the end of September.

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Hardened

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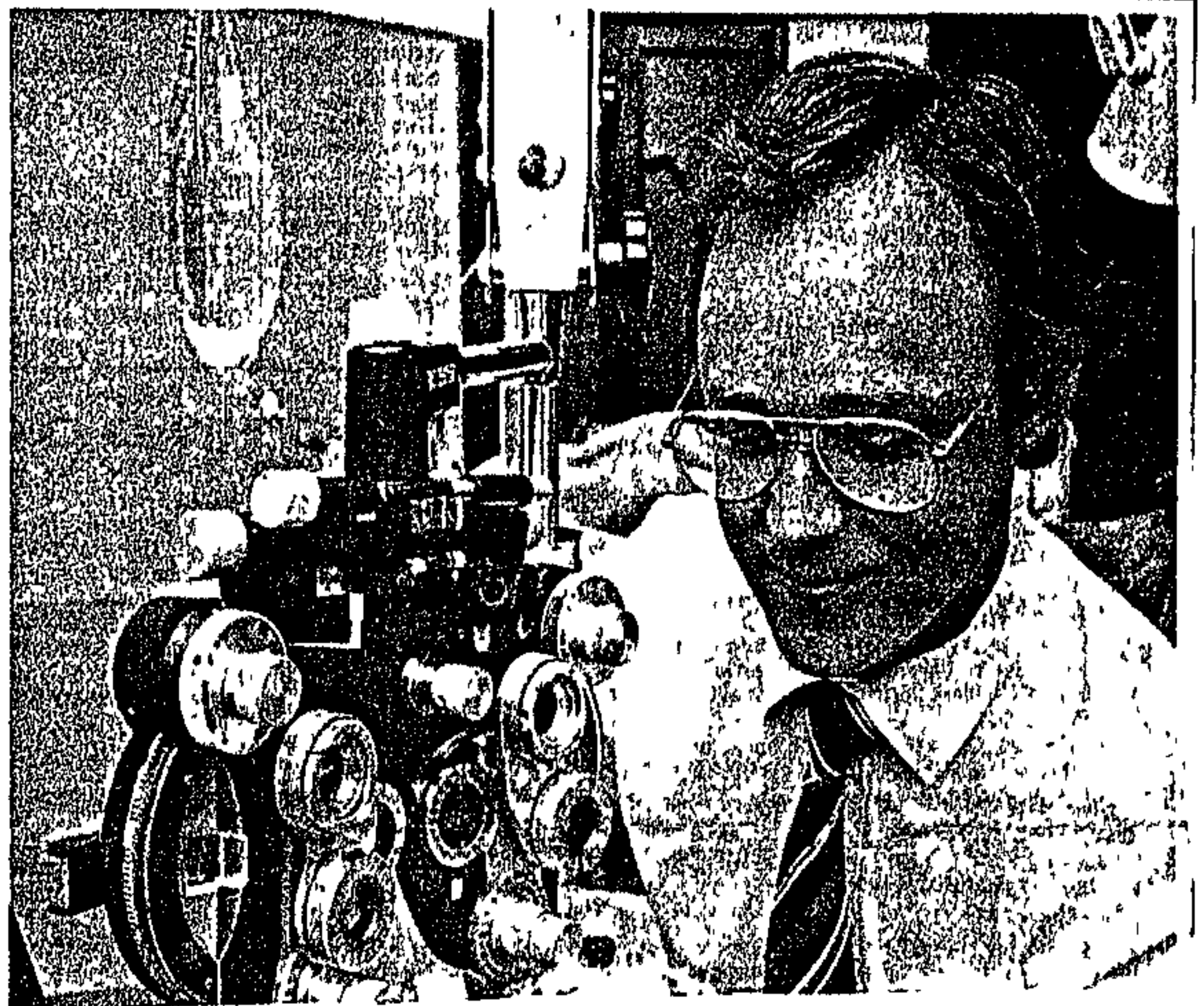
Commonwealth officials indicated that the conciliatory mood which had prevailed on the opening day had been based as much on a commitment to Commonwealth unity as on a determination to preserve the credibility of the Commonwealth.

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See Editorial Opinion

Researcher's eagle-eyed helper



Britain warns on effect of sanctions

Dispatch Bureau

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LONDON — Britain has sounded a further warning to the frontline states that there will be no special compensation for those who suffer from the imposition of sanctions against South Africa.

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This was spelled out yesterday by the British Foreign Secretary, Sir Geoffrey Howe, following the widening of the Commonwealth rift on sanctions.

His warning also followed a defiant stand by Zimbabwe's Prime Minister, Mr Robert Mugabe, who said he would sooner choose sanctions and the hope for a South Africa he could live with than live indefinitely with the burden of apartheid.

The threat of South African retaliation against the frontline states hung over the two-day summit like a dark cloud but no agreement was reached on the proposal by a leader outside the summit, New Zealand's Mr David Lange, that a Berlin-style airlift was needed for the survival of the frontline states.

Sir Geoffrey said that Britain was prepared to fulfil its contribution to the frontlines states by improving its transport systems and protecting them against disruption.

● Sapa-Reuter reports Mrs Thatcher entered hospital yesterday for an operation on her right hand, just hours after leaving the troubled Commonwealth summit.

She has a condition known as Dupuytren's contracture which, untreated, can cause loss of use of the hand.

Sanctions — the pressure

Mugabe slams U.K. 'slave-masters'

London Bureau

ZIMBABWE preferred a one-party state to the 'hypocritical democracy' of Britain, Zimbabwean Prime Minister Robert Mugabe said here yesterday.

Speaking in the familiar surroundings of Lancaster House, where Zimbabwe won its independence six years ago, Mr Mugabe launched his term as the leader of the Third World with an astonishing and vitriolic attack on British Prime Minister Margaret Thatcher.

He implied that she was a racist, and he threatened unilateral Zimbabwean sanctions against Britain.

At the forthcoming summit of the 100-nation Non-Aligned Movement in Harare later this month, Mr Mugabe will take over the chairmanship from India's Rajiv Gandhi.

He said yesterday that the movement would seek broader Third World support for the Organisation of African Unity's decision to press for mandatory economic sanctions against South Africa.

Hinting at the nationalisation of British investments in Zimbabwe — a move used by Nigeria before Zimbabwean independence in 1979 — Mr Mugabe said Mrs Thatcher 'should not be allowed to get away with it'.

Dismissing with contempt her argument against sanctions on the grounds that it would exacerbate black unemployment, he said: 'We would rather face sanctions, linked to a fixed time-scale, in the hope that in the end we would have a South Africa we could live with rather than continuing to bear the brunt of apartheid and South Africa destabilisation.'

He rejected Mrs Thatcher's argument that blacks would suffer most from the imposition of sanctions.

'What is more important to the people of South Africa — maintaining a job as a semi-slave or acquiring political rights which enable them to shape their own destiny?'

Earlier, Mr Mugabe had clashed sharply with Mrs Thatcher when he had confronted her with the OAU's decision last week to step up aid to the black liberation movements.

He accused Mrs Thatcher of being an 'ally of apartheid' and the British Government of being the 'slave-masters' of blacks in South Africa.

'I wish to register my utter dismay and dissatisfaction at the stand taken by Britain at this summit,' he said.

Mr Mugabe called a Press conference early yesterday, shortly after Mrs Thatcher had completed her explanation of Britain's position.

Congratulating the other five Commonwealth leaders, he said the summit had 'got nothing from Britain'.

Zambia

Sapa-Reuter reports that President Kenneth Kaunda of Zambia also accused Mrs Thatcher of being an ally of apartheid.

Speaking at a separate Press conference, he said the degree to which Mrs Thatcher found herself isolated on sanctions had persuaded him against pulling his country out of the Commonwealth.

'Mrs Thatcher cut a very pathetic picture at that summit,' he told reporters, adding that he held out hope that President Reagan would be quicker to alter his position.

Dr Kaunda had repeatedly threatened to pull out of the 49-country Commonwealth if the grouping of former British possessions did not impose effective sanctions.

Like Mr Mugabe, Dr Kaunda pointed to possible punitive action against Britain.

India

Indian Prime Minister Rajiv Gandhi said his country had not considered any retaliatory moves against Britain, such as the withdrawal of most-favoured-nation status.

At the summit, Mrs Thatcher reluctantly consented to a ban on coal, iron and steel imports and a voluntary halt to new investment and promotion of tourism in South Africa.

Canada

The Canadian Prime Minister, Mr Brian Mulroney, and the Australian Prime Minister, Mr Bob Hawke, though believing she had not gone far enough, refused to join in the Africans' recriminations.

Mr Mulroney described Mrs Thatcher's concessions as 'serious movement' from an earlier position that any sanctions were immoral.

Mr Hawke said he thought her decision not to stand in the way of possible European Community sanctions was very significant.

Bahamas

Sir Lynden Pindling, Prime Minister of the Bahamas, regretted all seven

could not concur but said the meeting 'has chosen the option of credibility over unanimity'.

Sweden

In Helsinki, Swedish Foreign Minister Sten Andersson said the Nordic countries might decide early next week to impose a total trade embargo on South Africa.

The Danish, Finnish, Swedish and Norwegian prime ministers and foreign ministers are scheduled to meet then in Denmark to construct a common policy towards Pretoria.

West Germany

In Bonn, a senior West German official said sanctions could no longer be ruled out after Britain's acceptance of limited measures against Pretoria.

Deputy Foreign Minister Juergen Moellmann told West German radio that the West faced a major test of credibility over its attitude to human rights in South Africa.

Japan

In Tokyo, Japanese Government officials said their country, South Africa's second-largest trading partner, surely would observe sanctions.

Japanese policy was to co-ordinate with the United States and European Community any sanctions aimed at forcing Pretoria to change its racial separation policy, they said.

Holland

From The Hague, Sapa-AP reports that the Netherlands, which championed sanctions during its recently-expired Common Market chairmanship, predicted yesterday that the trade bloc would meet soon to discuss their implementation since Britain had agreed to the trade measures.

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SANCTIONS AND SOUTH AFRICA



Mrs Thatcher 'alone and wrong'

From MICHAEL MORRIS, The Argus Foreign Service, LONDON

MRS Thatcher has come under withering fire from all quarters after refusing to back tougher sanctions against South Africa.

Politicians, activists, black nationalists and trade unionists united in condemning Britain's attitude, claiming Mrs Thatcher's government was pandering to apartheid and, by doing so, had given up the moral leadership of the Commonwealth.

But Foreign Secretary Sir Geoffrey Howe has struck back angrily, accusing critics of being "unjust".

He told television viewers "When I visited South Africa, President Botha regarded me as an unwelcome emissary

from the world uttering a message he was unwilling to accept. I was there speaking not just for Britain, not just for Europe, but for the Commonwealth, indeed most of mankind.

"To have us described as an ally of apartheid is frankly an unjust conclusion"

THE Foreign Office butressed his view, disclaiming suggestions that Britain had lost its place at the head of a Commonwealth family.

A spokesman said: "There is no leadership. It's a free grouping, so how could Britain have lost the leadership"

Praise for Mrs Thatcher came also from right-wing Torydom. Conservative MP

Mr Enoch Powell said that even if she was alone she was right. He said the measures agreed to by the other Commonwealth leaders would not help bring change in South Africa.

But others rounded on Britain, accusing it of failing to take the moral stand which the evil of apartheid demanded.

□ **PRESIDENT** Kenneth Kaunda returned home on what he believed was a "sad day", a day when a British Prime Minister "failed to realise the importance of this critical hour" Mrs Thatcher, he said, "cut a very pathetic picture at the summit — a very pathetic picture indeed".

□ **INDIA'S** leader Mr Rajiv Gandhi said Britain had

"compromised its principles for economic ends". He was the first to suggest Britain had lost its leadership role in Commonwealth affairs.

□ **LABOUR** Party leader Mr Neil Kinnock said: "Mrs Thatcher is alone and wrong and she is alone because she is wrong — she has abandoned the millions of people who need the help of this democracy to gain democracy for themselves."

□ **LABOUR'S** Africa spokesman Mr Donald Anderson said Mrs Thatcher was speaking increasingly without the support of her cabinet, her party and public opinion in Britain. She was "mistrusted by black and white, right and left, throughout the Commonwealth".

Cynical, evil says Pik

The Argus Correspondent, PRETORIA

A DEFIANT Minister of Foreign Affairs, Mr Pik Botha, yesterday pledged that South Africa would go so far and no further and was prepared to pay the price for standing alone in the face of a "cynical, evil campaign" of sanctions.

He announced a number of economic steps which would and could be taken to protect the economy.

Speaking at an international Press conference in Pretoria, he warned it had been decided that levies would now — for the first time — be imposed on imports passing through South Africa.

Other envisaged steps against frontline states included the introduction of import licences and stricter border control measures which could be enforced to protect the South African economy from the full ravages of international sanctions.

South Africa, he said, would not take the blame for any harm that befell the economies of these countries. The blame rested with those who implemented sanctions.

LAMBASTING those governments who had called for the implementation of this "cynical and irrational campaign", Mr Botha said he was confident that the majority of South Africans supported the Government's stand and were prepared to pay the price for their ideals to decide alone and without interference in their future.

"We are not going to take this lying down... there will always be ways and means to circumvent sanctions."

He challenged Zimbabwe and Zambia to set an example: "We invite them to initiate total and comprehensive sanctions" and "to put their money where their mouths are."

"The time has come for the South African Government and our people to declare once

and for all that we stand united and firm and to show the world that we are not prepared to put the destiny and the future of this country in their hands"

South Africa, he added, had two options:

□ To capitulate to increasing pressure and see the country and what it stood for destroyed; or

□ Say "so far and no further".

The Government had realised that no amount of reform would stop sanctions as it had done everything the Commonwealth powers were demanding to avoid sanctions.

"The Government cannot understand why this action was taken against us," he said.

HOWEVER, he added that the Government remained committed to negotiating with authentic black leaders who had abandoned violence. Further, sanctions would not deter the Government from implementing the announced reform programme.

Warning of the possible harm sanctions — and not South Africa — would have on the economies of neighbouring countries, he said he hoped the Canadian and Australian parliaments would vote the funds needed to assist them

South Africa had estimated that the 2-million workers who worked here probably contributed to the livelihoods of about 12-million people living in these southern African countries.

He accused the Commonwealth powers of "having a hidden agenda". "They simply cannot say that they are motivated by morality," he said.

There was no logic in the continuation of this vendetta. There was no morality behind it, and "their insistence on punishing us when we introduced more and more reform" pointed to a hidden agenda, he explained.

Mini-summit's sanctions package on South Africa

LONDON — The London communique — adopted by seven Commonwealth leaders at a summit on South Africa this week — will form the basis of international efforts to co-ordinate a package of punitive sanctions against South Africa over the next three months.

It is a thinly-veiled attempt by the rest of the Commonwealth to override Mrs Margaret Thatcher's resistance to sanctions.

All the measures listed in paragraph 7 of the Nassau Accord apply, namely:

A ban on air links with South Africa.

A ban on new investment or re-investment of profits earned in South Africa.

A ban on the import of agricultural products from South Africa.

The termination of double taxation agreements with South Africa.

The termination of all government assistance to, investment in, and trade with South Africa.

A ban on all government procurement in South Africa.

A ban on government contracts with majority-owned South African companies.

A ban on the promotion of tourism to South Africa.

The following additional measures:

A ban on all new bank loans to South Africa — whether to the public or private sectors.

A ban on the import of uranium, coal, iron and steel from South Africa.

The withdrawal of all consular facilities in South Africa except for Commonwealth nationals and nationals of third countries to whom consular services are rendered.

● The British Government, while taking a different view on the likely impact of economic sanctions, declares it will: Put a voluntary ban on new investment in South Africa, put a voluntary ban on the promotion of tourism to South Africa, and accept and implement any EC decision to ban the import of coal, iron and steel and of gold coins from South Africa. — DDC

Sanctions: Hawke takes helm

The Star Bureau

London

Australia, Canada and India are expected to form a joint leadership of the Commonwealth to strengthen sanctions.

As the conference ended yesterday Commonwealth sources suggested it was inevitable the "triumvirate" of leaders — India's Mr Rajiv Gandhi, Australia's Mr Bob Hawke, and Canada's Mr Brian Mulroney — would take over Britain's place at the helm.

The Australian Government has moved to speed up the introduction of tough new economic sanctions with Mr Hawke ordering off to investigate ways of shortening legal notification periods required to terminate South African Airways flights to Australia, to stop South African agricultural imports and ban certain official contacts. And there were unconfirmed suggestions Mr Mulroney would be having an early meeting with President Reagan to try to win his backing for tougher measures.

The Commonwealth Secretary General, Sir Shridath Ramphal, has begun co-ordinating the implementation of the measures which all but Mrs Thatcher agreed to.

These were all the measures in the Nassau accord, including a ban on air links, a ban on the import of agricultural products, and a ban on government contracts with majority owned South African companies.

Others were a ban on the import of uranium, coal, iron and steel and the withdrawal of consular facilities in South Africa.

Implementation of some of the measures is expected to take place in some countries almost immediately, but others will clearly take longer.

Mrs Thatcher regards the outcome of the mini-summit as satisfactory despite the strong criticism of her stand.

Interviews

During a series of radio and television interviews, she expressed satisfaction with the communiqué, saying: "The result is reasonable for all concerned and we finished up as friendly as we started."

She also said if South Africa "took some of the steps we wish to see, like releasing Nelson Mandela and unbanning the African National Congress, then we will review the situation and possibly rescind the measures that we have so far taken."

"That is a real carrot and something for them to look forward to."

In Australia, Mr Hawke has also ordered a review of Australian Wheat Board attempts to sell wheat to South Africa.

Mr Hawke ordered the official review of lead times on the new range of sanctions before leaving London after the Commonwealth leaders' meeting on sanctions. He wants preliminary advice available to him when he arrives back in Canberra.

Under the formal agreement allowing SAA landing rights in Australia it would take more than a year before the flights could be stopped. But Mr Hawke believes a way may be found to reduce greatly that lead time.

A SAA spokesman has claimed a ban on the airline's weekly flight to Perth alone would cost the Australian economy about R90 million a year.

SAA

SA AIRWAYS

on air links with SA. But it could take more than a year before air links with SA. international countries were severed. If Commonwealth ban to World Court. The bans would ultimately force SAA to turn to contingency plans, which might include leasing out or selling off some aircraft.

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So said Leon Kok of the SA Institute of International Affairs yesterday in the wake of the Commons yesterday announcement that a ban on air links with SA were included in its sanctions package. Mr. Schoeman yesterday announced the issue or any further discussion. Minister Hendrik Schoeman yesterday announced the issue or any further discussion. Minister Hendrik Schoeman yesterday announced the issue or any further discussion.

DOMINIQUE GILBERT

SA Set to lose millions in wake of landing-rights ban

SA Airways would lose millions of rands as a result of a Commonwealth ban on air links with SA. But it could take more than a year before air links with SA. international countries were severed. If Commonwealth ban to World Court. The bans would ultimately force SAA to turn to contingency plans, which might include leasing out or selling off some aircraft.

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Fruit sanctions and the future

Staff Reporter

MORE than one million people in the Western Cape would be affected if South African fruit became the target of international sanctions, the Deciduous Fruit Board (DFB), said yesterday.

The DFB general manager, Mr Louis Kriel, announced that 2,5 percent of the board's business would be affected by the sanctions package proposed by six members of the Commonwealth group in London. The countries which favoured sanctions included frontline states and both Canada and Australia.

Estimate

Mr Fred Meintjies, the DFB's public relations manager, pointed out that the Western Cape fruit industry employed nearly 250 000 people in farming, canning and the dried fruits industries.

A conservative estimate of five persons in a family brought the total number of dependants on this labour force to about 1,25 million people, he said.

About 95 percent of this work force were blacks and coloureds.

The fruit industry was primarily export-oriented and had been so for almost a century.

"At this stage about 70 percent of our fruit is exported to some 34 countries in the Far East and North America. This season alone could generate a gross turnover of R600 million. European Economic Community (EEC) countries receive 85 percent of all Western Cape fruit exports."

'Disappointed'

Advances in social development for workers on farms, such as schools, housing and recreational facilities which were unparalleled in the world, relied heavily on the profits generated from imports, Mr Meintjies added.

Mr Kriel said that he was not surprised that Britain was opposed to sanctions as the DFB was the largest employer of semi-skilled and unskilled labour and "possibly the most enlightened in the agricultural world".

He said that Australia's aim in supporting sanctions were "transparent" as it would only gain in the deciduous

fruit world market while the poorer frontline states will have to pay the price for sanctions.

"We are disappointed in Canada's action as they are well aware of the real situation in our industry as well as the wishes as the vast majority of workers in the export fruit industry."

● The SA Dried Fruit Co-operative is preparing for sanctions by speeding up shipments originally intended for later in the year and by looking for alternative markets.

But its assistant general manager (marketing), Mr L C Tolmay, said he hoped dried fruit exports would not be affected by sanctions "since we are less visible than the Deciduous Fruit Board, which handles immense volumes".

Mr Tolmay said that dried fruit was exported throughout the year "but we have asked the packers to speed things up so that shipments originally intended for later in the year can be dispatched in September".

"We are trying to send off as much as we can before any crunch comes."

ARGUS 6/8/86

Israel could be lifeline for S Africa

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JOHANNESBURG. — Israel could become South Africa's economic lifeline.

Israel's official policy is to go along with "mainstream Western opinion" in whatever sanctions are decided. But the wide range of response within the Western world to the sanctions call has given Jerusalem considerable room to manoeuvre.

A top-level Israeli delegation is due in South Africa this week to hold wide-ranging economic talks.

The talks highlight Israel as a potential weak link in the chain of international sanctions against South Africa.

Heading the delegation will be Dr Emmanuel Sharon, director-general of the Finance Ministry, the country's top Treasury official.

"DIFFICULTIES"

Also participating will be representatives of the Ministry of Industry and Trade and the Government's chief scientist's office, which funds research projects in South Africa.

Experts have predicted that the effect of sanctions will not be felt immediately.

Dr Johan van Zyl, executive director of the Federated Chamber of Industries, (FCI), said much depended on Britain, West Germany, Japan and the United States.

"If they decide to orchestrate a combined sanction campaign against us, we will be in real difficulties," Dr van Zyl said.

Experts said a boycott of South Africa's coal — one of the measures called for by the Commonwealth — could lead to the retrenchment of 35 per cent of the sector's 110 000 employees of all races.

A total economic boycott would signal the end of a significant growth phase for this country's coal industry, during which production increased from 57-million tons in 1971 to 173-million tons in 1985.

Measures such as the ban on new bank loans to the private and public sector would un-

doubtedly disrupt the economy in the long term.

There would be little immediate effect because there was already very little international investment in both the private and public sectors.

In the short term this meant that the Commonwealth sanctions would not bring much of a change in the economy.

"The ban on international investment will start hurting in the next year or two," Dr van Zyl said.

Agricultural spokesmen said a ban on exports would be a setback for the country's farmers — but superior products would still find overseas markets.

● Pretoria has imposed a levy on goods in transit through South Africa to Zambia.

The move was not a retaliatory measure against that country's call for sanctions, the Commissioner for Customs and Excise, Mr D J Colesky, said today.

COINCIDENTAL

Foreign Minister Mr Pik Botha warned yesterday that the Government would introduce tighter economic control affecting trade with neighbouring states as a result of the sanctions announced by Commonwealth leaders.

The Government would consider stricter border controls, import licences and levies on neighbouring states, he said.

Mr Colesky said the deposit required on goods destined for Zambia via South African ports had been introduced since Monday and the timing of the measure was purely coincidental.

The measure had been applied to goods destined for Zambia because of certain customs frauds which had recently come to light with regard to this traffic, he said. — The Argus Correspondent and Political Staff.

● Thatcher "alone and wrong" — Page 14.

Transit deposits 'not retaliation'

By David Braun, Political Correspondent

CAPE TOWN — The new deposit system on goods bound for Zambia through South Africa is not in retaliation for that country's call for sanctions, the Commissioner for Customs and Excise, Mr D J Colesky, said today.

Foreign Minister Mr Pik Botha warned yesterday that the Government would introduce tighter economic control on trade with neighbouring states as a result of Commonwealth sanctions and would consider stricter border controls, import licences and levies. Mr Colesky said the deposit required on goods for Zambia had been in force since Monday but the limit was coincidental. The measure did not apply to any other goods — it followed recently exposed customs frauds.

DEPOSIT REFUNDED

It was normal for a country used as a transit station to ask for a cash deposit to the value of duty ordinarily payable on goods. Once proof had been furnished that the goods had arrived in the receiving country, the deposit was refunded. South Africa had used similar measures as recently as a year ago, he said.

Progressive Federal Party finance spokesman Mr Harry Schwarz said the Government could not argue against the principle of sanctions, then indirectly seek to impose them.

Mr Schwarz said it was very important that neighbouring states felt they were part of Southern Africa of which South Africa was a leader. It would be far better for the Government to approach neighbouring governments to try to convince them of the consequences of sanctions and that they would be the fault of people imposing them.

He said a campaign should be directed at neighbouring states to explain what had been done in South Africa and what could be and would still be done.

A conference of regional leaders should be supported because if the future of Southern Africa did not lie in negotiation there was going to be growing conflict within and outside South Africa.

US to work with Western allies

WASHINGTON — The United States said yesterday it would work with its Western allies to find a common approach to ending apartheid in South Africa but would not comment on Commonwealth sanctions.

"We plan to continue to work with key industrial countries to find a common approach," a State Department spokesman, Mr Charles Redman, told reporters.

He declined to comment on sanctions

agreed to by six Commonwealth nations in London early yesterday that left Britain a lone dissenting voice in the 49-member grouping of former British colonies on the issue of strong measures.

US officials, who asked not to be identified, said Mr Redman's comment meant only that Washington could not co-ordinate action with the Commonwealth countries expected to go along with the majority at the London mini-summit. — Sapa-RNS

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New measures may give SA time, says Assocom

JOHANNESBURG — The Association of Chambers of Commerce of South Africa remains opposed to the further sanctions on South Africa as proposed by the Commonwealth meeting in London.

In a statement Assocom said although, not unexpected, they regarded the proposed sanctions as counter-productive and potentially harmful to economic growth and employment in South and Southern Africa.

"The selection of the economic measures on South African exports also seems to favour certain trading countries with whom South Africa competes.

"If the proposed measures do eventually affect South Africa's foreign exchange earnings, then the return to normality which South Africa is seeking in its foreign debt arrangements may well be delayed," said the statement.

Assocom nonetheless

also sees the Commonwealth decision on sanctions as fraught with loopholes. "There is a strong voluntary element in the proposals and international co-operation is far from assured.

"Previous experience of sanctions suggests that the technique of slowly applying pressure over time will give South Africa the opportunity to adjust — to find alternative outlets or suppliers, and to build new alliances," the statement said. — Sapa

It's business as usual for airlines, airports

HARARE. — Regular commercial flights continued yesterday between South Africa and Zambia and Zimbabwe despite the agreement to ban all air links with South Africa.

It was not immediately clear when services between Zambia and Zimbabwe and South Africa would be cut, as agreed by six Commonwealth leaders in London.

Spokesmen for airlines that will suffer most from the ban declined to comment until they received instructions from the Zimbabwe Government.

"All I can say is that nothing has changed and our flights are running normally," a spokesman for South African Airways told reporters in Harare. "We are continuing to take bookings months ahead."

Business Day reports that SAA could lose hundreds of millions of rand through the bans.

But it could take 14 months before air links are severed and if Commonwealth countries and airlines renege on international air treaties before then South Africa would have a watertight case in

the World Court.

The Minister of Transport, Mr Hendrik Schoeman, yesterday slapped restrictions on "any further discussion" or comment from his department or the SAA on the issue or any related issue such as existing bi-lateral agreements affecting SAA.

Dr Andre Thomashousen of the Institute of International and Comparative Law at Unisa said that "theoretically air traffic cannot be completely cut off". In terms of international law, this would amount to war against SA.

Mr Leon Kok of the SA Institute of International Affairs yesterday said the bans would ultimately force SAA — which would then be stranded with large sums of idle capital — to turn to contingency plans, which might include leasing out or selling off some aircraft.

Most airline sources and legal experts canvassed for an opinion agreed that most parties involved are likely to be "only too glad to circumvent" air curbs placed on South Africa and that it is likely frontline states would serve as a go-

between for SAA flights.

Spokesmen for airlines in Harare and their representatives in Johannesburg whose services would be heavily affected because of their direct flights to South Africa said they have so far received no instructions on what the ban means or its implementation.

Air Malawi's Johannesburg manager, Mr Mike Mangisa, said: "Embargoes are State matters and we will do whatever our government tells us to do."

The Zimbabwe airline said it was operating as usual.

"We have had no instructions thus far and until such time as our Prime Minister tells us what to do we will operate normally," an official who did not want to be named said.

Royal Swazi Airways' Mr Mick Macdonagh said they would handle bookings for their six weekly flights to South Africa and operate them as before until their government announced any changes.

The South African Tourist Board (Satour) is continuing its efforts to promote South Africa. No official notification of

a decision taken by the six Commonwealth partners to withdraw all consular facilities in South Africa, had been made by yesterday evening to the various consular offices in South Africa.

Satour's chief director, Mr Campbell Smith, said they were monitoring the situation and were in constant touch with their offices in Canada, Australia, Zimbabwe and the UK.

Mr Smith said Britain was an important market for South Africa and Satour had made contingency plans to deal with sanctions. — Sapa-AP

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Cape Times, Wednesday, August 6, 1986

Key elements of Commonwealth communique

LONDON. — The London communique — adopted by seven Commonwealth leaders at a summit on South Africa this week — will form the basis of international efforts to co-ordinate a package of punitive sanctions against South Africa over the next three months. It is a thinly-veiled attempt by the rest of the Commonwealth to override Mrs. Margaret Thatcher's resistance to sanctions.

JOHN BATTERSBY has sent this edited version of the communique reflecting its key decisions.

The communique was signed by the heads of government of Britain, Australia, Canada, India, Zambia, Zim-

babwe and The Bahamas.

"We receive the findings of the Commonwealth Eminent Persons Group (EPG) with disappointment and deplore the conduct of the South African Government whose actions—including the raids on neighbouring countries at a crucial moment of the EPG's work—terminated its efforts for peaceful change.

"We continue to believe with the EPG that the cycle of violence in South Africa must end.

"It is clearly established that the situation in South Africa constitutes a serious threat to regional peace and security...

"Accordingly, in the light of

our review and of our agreement at Nassau, we have considered the adoption of further measures against the background of the EPG's conclusion that the absence of effective economic pressure on South Africa—and the belief of the South African authorities that it need not be feared—are actually deferring change...

"The British Government's position is set out separately below.

"The rest of us have agreed as follows:

"The adoption of further substantial economic measures against South Africa is a moral and political imperative to which a positive re-

sponse can no longer be deferred.

"We ourselves will therefore adopt the following measures and commend them to the rest of the Commonwealth and the wider international community for urgent adoption and implementation.

"(1) All the measures listed in paragraph 7 of the Nassau Accord namely:

- A ban on air links with South Africa.
- A ban on new investment or re-investment of profits earned in South Africa.
- A ban on the import of agricultural products from South Africa.
- The termination of double taxation agreements

with South Africa.

- The termination of all government assistance to, investment in, and trade with South Africa.
- A ban on all government procurement in South Africa.
- A ban on government contracts with majority-owned South African companies.
- A ban on the promotion of tourism to South Africa.
- The following additional measures:
- A ban on all new bank loans to South Africa—whether to the public or private sectors.
- A ban on the import of uranium, coal, iron and steel from South Africa.

"The withdrawal of all consular facilities in South Africa except for our own nationals and nationals of third countries to whom we render consular services.

"While expressing both concern and regret that the British Government does not join in our agreement, we note its intention to proceed with the measures below.

"We feel, however, that we must do more...

"The British Government, while taking a different view on the likely impact of economic sanctions, declares it will:

- Put a voluntary ban on new investment in South Africa.

"Put a voluntary ban on the promotion of tourism to South Africa.

"Accept and implement any EEC decision to ban the import of coal, iron and steel and of gold coins...

"As a further element of our collective commitment to effective action, we have requested the secretary-general, with assistance from our governments, to co-ordinate the implementation of the agreed measures and to identify such adjustment as may be necessary in the Commonwealth countries affected by them...

"If Pretoria responds posi-

tively... and takes the other steps for which we called in terms of the Nassau accord—we stand ready to review the situation...

"On the other hand, we are equally mindful of our mutual commitment at Nassau that—if in a reasonable time even these measures have not had the desired effect—still further effective measure will have to be considered.

"We trust that the authorities in Pretoria will recognize the seriousness of our resolve. Acts of economic or other aggression against neighbouring states, by way of retaliation or otherwise will activate that resolve...

EC likely to follow UK lead

Thatcher sees embargo biting



● THATCHER

LONDON — A European Community ban on the import of SA coal, iron and steel would have a considerable impact on the SA economy, British Prime Minister Margaret Thatcher said yesterday.

The ban is considered the most significant sanction to emerge from the two-day mini-summit which ended yesterday with disagreement between Britain and the rest of the Commonwealth.

Thatcher insisted these steps had been necessary in Britain's national interest and to demonstrate Britain's commitment to the Commonwealth and the EC.

British government officials said Thatcher's agreement to "accept and implement" the embargo meant its adoption by the EC next month was little more than a formality.

West Germany and Portugal, the other two EC opponents of immediate sanctions, have indicated they would not hold out once Britain acquiesced.

Unilateral embargoes by Denmark and France on coal imports have already had an impact on the SA coal industry. A full EC ban is bound to bite further.

While an EC decision would be binding on its 12 members, there was nothing to force Japan to implement such a ban, the officials said.

JOHN BATTERSBY

Thatcher said she would not move beyond limited measures against SA by imposing a ban on agricultural imports. The effect of such a ban on about 200 000 farmworkers would be "infinitely more devastating than what we are proposing", she said.

Zimbabwean Prime Minister Robert Mugabe led Thatcher's critics by accusing her of giving away nothing and for showing herself as "an ally of apartheid".

The sanctions agreed to by Thatcher will have more impact on the SA economy than the much larger package adopted by the other 48 Commonwealth nations, which do little trade with SA.

A voluntary ban on new investment will mean the UK government will ask British industry not to make any further investment in SA. As new investment has all but dried up this will have no immediate impact.

Thatcher said she had opposed the Commonwealth proposal for a withdrawal of consular facilities because Britain had more nationals in SA entitled to British passports than in any other country.

She stressed Britain still believed apartheid should be ended through negotiation. She had no plans to go to SA.

Row over South African sanctions rages on in Britain

Thatcher under fire

By Michael Morris,
The Star Bureau

LONDON — Mrs Thatcher came under withering fire from many quarters yesterday after her refusal to back tougher sanctions against South Africa.

Politicians, activists, black nationalists and trade unionists united in condemning Britain's attitude, claiming Mrs Thatcher's Government was pandering to apartheid and, by doing so, had given up the moral leadership of the Commonwealth.

But British Foreign Secretary Sir Geoffrey Howe struck back angrily. He told television viewers: "When I visited South Africa, President Botha regarded me as an unwelcome emissary from the world, uttering a message he was unwilling to accept. I was there speaking not just for Britain, not just for Europe, but for the Commonwealth — indeed, for most of mankind."

"To describe us as an ally of apartheid is, frankly, an unjust conclusion."

Praise for Mrs Thatcher came from right-wing Torydom. Conservative MP Mr Enoch Powell said that, even if she was alone, she was right. He said the measures agreed by the other Commonwealth leaders would not help bring change in South Africa.

But others rounded on Britain, accusing it of failing to take the moral stand the evil of apartheid demanded.

Zimbabwe 'is SA model for future'

The Star Bureau

LONDON — Zimbabwe is South Africa's perfect model for the future, according to Prime Minister Mr Robert Mugabe.

And, if a future apartheid-free South Africa followed Zimbabwe's example, whites would remain privileged.

Mr Mugabe spoke about life in his country since Mr Ian Smith's rule at a Press conference in the early hours yesterday after the announcement of the Commonwealth sanctions package.

He was pressed by a European journalist to comment on the "fear" felt by many whites in South Africa that conceding to black nationalist demands would mean ultimately living under a one-party state.

Mr Mugabe replied: "I prefer a one-party state to the hypocritical democracy like here in Britain."

President Kenneth Kaunda of Zambia returned home on what he believed was a "sad day", a day when a British Prime Minister "failed to realise the importance of this critical hour". Mrs Thatcher, he said, "cut a very pathetic picture at the summit — a very pathetic picture indeed".

India's leader, Mr Rajiv Gandhi, said Britain had "compromised its principles for economic ends". He was the first to suggest that Britain had lost its leadership role in Commonwealth affairs.

Labour Party leader Mr Neil Kinnock said: "Mrs Thatcher is alone and wrong and she is alone because she is wrong. She

"At least," the journalist said, "they have free elections."

Mr Mugabe continued: "Ian Smith is still alive today. We did not hang our enemies..."

The journalist again interrupted: "Do you mean you are opposed to the Nuremberg trials?" Mr Mugabe said: "I do not know what you are saying now, but I want to say that whites who fought against us are still receiving pensions, even here in the UK."

Mr Mugabe said his country set an example for South Africa.

"Zimbabwe is a real model for South Africa. They (South African whites) can run their own farms like those in Zimbabwe still continue to do."

He said of his wish to introduce a one-party state: "We prefer a one-party state, one family, one government, with freedom to govern for all the people in that family. "That's the concept we believe in."

has abandoned the millions of people who need the help of this democracy to gain democracy for themselves."

Labour's Africa spokesman Mr Donald Anderson said Mrs Thatcher was speaking increasingly without the support of her Cabinet, her party and public opinion in Britain. She was "mistrusted by black and white, right and left, throughout the Commonwealth".

Leader of Britain's Trades Unions Congress, Mr Norman Willis, warned that increased union action against apartheid was imminent — a warning that Mrs Thatcher's claim that she was concerned at the impact of

sanctions on blacks. Blacks supported sanctions, he said, and they deserved the right to choose that course of action.

The African National Congress condemned Britain's stand as a "policy of appeasement of racism". The congress was encouraged by the other leaders who backed tougher sanctions and refused to "bustress Botha's intransigence".

The Anti-Apartheid Movement expressed "deep disappointment" at Mrs Thatcher's attitude, but welcomed the decision by the other six leaders. The "End Loans to Southern Africa" group welcomed the inclusion of a ban on new bank

loans to South Africa's public and private sectors but criticised Britain for weakening the measure by refusing to support it.

Mrs Thatcher's stand was both praised and blamed in editorials in Fleet Street newspapers today.

The *Daily Express* said she had one overriding concern at the meeting — Britain's best interests — and these she safeguarded "unmoved by threats and bluster".

The *Daily Mirror*, in an editorial headed "Deaf and Blind," said Mrs Thatcher had proposed ineffective measures which would alienate the Commonwealth and most other Western nations.

In a critical editorial, *The Guardian* said Pretoria would be the only beneficiary "as a shaming dispute about apartheid between Britain and the rest destroys the consensus which held the multiracial Commonwealth together until this week".

But *The Times* said that the Prime Minister's candour "contrasts favourably with the unconvincing high-mindedness of her critics".

The paper felt that Britain would be in a strong position to influence whatever was finally agreed between all the parties. "Mrs Thatcher should use that influence to ensure the final package includes positive measures to improve black housing, education and employment prospects in South Africa."

Schwarz: SA 'being pushed into violence'

Political Reporter

BOTH the Nationalist Government and those countries imposing sanctions against South Africa were pushing the country further into violent conflict, Mr Harry Schwarz, Progressive Federal Party finance spokesman, warned yesterday.

He expressed this opinion following the announcement by six Commonwealth countries that they would impose sanctions against South Africa.

Mr Schwarz said the government had recon-

ciled itself to sanctions and is prepared to live with it. "I do not accept that situation because it does not satisfy the objectives of democracy which can be achieved without suffering and without suffering being imposed on others."

Sanctions may provide a short-term economic boost to the South African economy, Mr Schwarz said. In the long term it would lead to stagnation and greater unemployment which would mean greater conflict and violence.

Dr Van Zyl Slabbert, former PFP leader, said South Africans must learn to cope with the consequences of sanctions.

"Living under sanctions will be a lot tougher and a lot longer than people think," he said.

Mr Richard Dudley, president of the New Unity Movement (Neum), said sanctions will in the short-term have a "dramatic effect" while in the long-term the effect of it will not be felt because of South Africa's diversified economy.

Bleeding

Sanctions gave the impression that the future of the oppressed in South Africa depended on the actions of those countries that have been bleeding SA and its people of their national wealth for centuries, Mr Dudley said.

The Association of Chambers of Commerce of South Africa (Asso-com) said in a statement it remained opposed to sanctions as proposed by the Commonwealth meeting in London.

"The selection of the economic measures on South African exports also seems to favour certain trading countries with whom South Africa competes."

● EEC ban will have impact, page 4

● Fruit sanctions and the future, page 7

British **warning to** **front-line** **states**

London Bureau

BRITAIN has sounded a further warning to the front-line states that there will be no special compensation for those who suffer from the imposition of sanctions against South Africa.

This was spelt out yesterday by British Foreign Secretary Sir Geoffrey Howe following the widening of the Commonwealth rift on sanctions.

His warning also followed a defiant stand by Zimbabwe's Prime Minister, Mr Robert Mugabe, who said he would sooner choose sanctions and the hope for a South Africa he could live with than live indefinitely with the burden of apartheid.

It appeared that implementation of the packages adopted independently by Britain and the six would take months rather than weeks.

The threat of South African retaliation against the front-line states hung over the two-day summit, but no agreement was reached on the proposal by a leader outside the summit, New Zealand's Mr David Lange, that a Berlin-style airlift to ensure the survival of the front-line states was needed.

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It's the 'height of hypocrisy'

LONDON—The South African Ambassador to Britain yesterday dismissed the Commonwealth summit meeting which adopted new economic sanctions against his country as the 'height of hypocrisy'.

Dr Denis Worrall said the ban on the import of coal would result in the loss of 13 000 black jobs in South Africa and would 'be another country's gain, a white country's gain. I am talking about Australia'.

In Cape Town, the Leader of the Opposition, Mr Colin Eglin, said South Africans should not allow sanctions to make them lose sight of the fact that the fundamental task before them was an internal one.

Bishop Desmond Tutu said in Hiroshima he was relieved that Britain had agreed to impose limited sanctions.

The president of the Johannesburg Chamber of Commerce, Mr Pat Corbin, said the new measures amounted to 'rifleshot sanctions' and would not ruin the economy.

The Association of Chambers of Commerce of South Africa commented: 'The selection of the economic measures on South African exports seems to favour certain trading countries with whom South Africa competes.'

In Cape Town, the Deciduous Fruit Board said more than 1 000 000 people in the Western Cape would be affected if South African fruit became the target of international sanctions. — (Sapa-Reuters)

LONDON — A seven-nation Commonwealth mini-summit ended yesterday with agreement to disagree, avoiding a permanent split which had been feared over British opposition to South African sanctions.

After a day of intensive talking which saw Britain's Prime Minister, Mrs Margaret Thatcher, soften her hardline opposition to sanctions, the seven issued a joint communique in the early hours of yesterday morning.

The statement underlined Britain's decision to implement two limited measures immediately, together with a commitment not to stand in the way of European Community (EC) sanctions to be decided on September 15 and 16 in Brussels.

But it also carried the agreed views of the other six nations — Zambia, Zimbabwe, Canada, Australia, India and the Bahamas — that a fuller list of sanctions would be implemented immediately.

The conference chairman, Sir Lynden Pindling, read the communique, saying: "If Pretoria responds positively to this call we stand ready to review the situation and to rescind the measures we have adopted if appropriate."

The communique also made clear that despite disagreement, all signatories reaffirmed their commitment to the 49-strong Commonwealth group of nations.

Britain agreed only to put an immediate voluntary ban on new investment and also on the promotion of tourism. It also promised to accept any EC decision to ban the import of coal, iron and steel.

Mrs Thatcher said she had been reluctant to agree even to these measures, because of her belief that sanctions would not bring about internal change in South Africa.

"But it matters to Britain that we move some way because we have to work in concert with the Commonwealth on other things," she said.

The six other countries agreed on a package going beyond the elements of last October's full Commonwealth accord in Nassau. It includes bans on air links with South Africa, new investment and the import of agricultural products.

The six also agreed to ban all new bank loans to South Africa, the import of uranium, coal, iron and steel from the country, and to the withdrawal of most consular facilities.

● The Dispatch London Bureau reports that an EC ban on the import of coal, iron and steel would have a "considerable" impact on the South African economy, Mrs Thatcher said yesterday.

British Government officials said yesterday that Mrs Thatcher's agreement to "accept and implement" the embargo meant that its adoption by the EC next month was little more than a formality.

While an EC decision would be binding on the 12 members there was nothing, however, to hold Japan to implement such a ban, the officials said.

A voluntary ban on new investment will mean that the British Government will ask British industry not to make any further investment in South Africa. As new investment has all but dried up this will have no immediate impact.

Likewise a voluntary ban on the promotion of tourism to South Africa is unlikely to have much practical impact. "We will do everything in our power to persuade the travel organisations not to promote tourism. But we have no power under existing legislation to impose a compulsory ban on the promotion of tourism," Mrs Thatcher said.

She said she had opposed the Commonwealth proposal for a withdrawal of consular facilities on the basis that Britain had more people in South Africa entitled to British passports than any other country. "There are about 800 000 people entitled to British passports which makes consular services rather more important to us than other Commonwealth countries," Mrs Thatcher said.

She repeatedly stressed that Britain still believed that apartheid should be ended through negotiation but said that she had no plans to travel to South Africa to put her case directly to President P. W. Botha.

● It is reported from Brussels that trade between South Africa and the 12 EC nations totalled \$14.8 billion last year, a billion dollars less than in 1984, the EC's executive commission said yesterday.

Its figures showed the EC's 1985 trade with South Africa was \$2.4 billion more than in 1983.

● Reports from Harare say that the ban on air links with South Africa would heavily affect services in the six Commonwealth states of Southern Africa.

Spokesmen for airlines in Harare that have direct flights to South Africa said they have so far received no instructions on what the ban means and if or when it will be implemented. Bookings were being taken as usual and flights yesterday proceeded as normal.

● Reports from Tokyo say that Japan, South Africa's second largest trading partner, will almost certainly observe sanctions agreed by the West against Pretoria, government officials said yesterday.

Japanese policy is to co-ordinate with the United States and EC any sanctions aimed at forcing Pretoria to change its racial separation policy, they said.

Local newspapers, quoting government sources, said Tokyo might announce a ban next month on iron ore and coal imports and on tourists and flights from South Africa. These sanctions are of the kind expected to be approved by an EC meeting in Brussels on September 15 and 16.

Japan sold \$1.02 billion worth of goods to South Africa last year. Imports from South Africa last year were worth \$1.84 billion and consisted mainly of coal and iron ore. This was about one tenth of Japan's consumption of these materials. Sapa-

AP-RNS-DDC

General will hit hard — Thatcher

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Britain won't stand in way of EC embargo

LONDON.— The South African Ambassador to Britain yesterday dismissed the Commonwealth summit meeting which adopted new economic sanctions against his country as the "height of hypocrisy."

"We regard this whole exercise with a certain amount of contempt," the ambassador, Dr Denis Worrall, told British television.

"We think that what is going on is the height of hypocrisy."

Mr Worrall said the ban on the import of

Worrall: 13 000 black workers will lose jobs

coal agreed on by all of the leaders would result in the loss of 13 000 black jobs in South Africa and would "be another country's gain, a white country's gain."

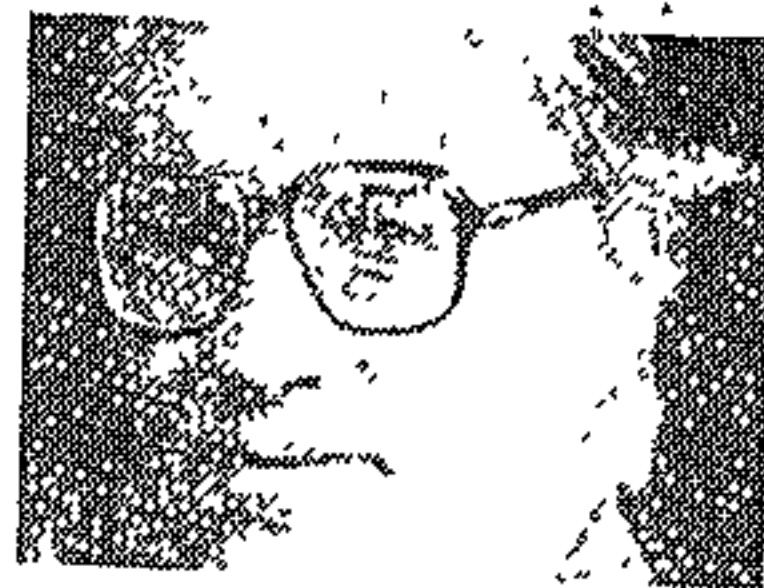
"I am talking about Australia."

He derided the Indian Prime Minister, Mr Rajiv Gandhi's comment to reporters that Britain had sullied its traditional human rights record by failing to back all of the Commonwealth actions against

South Africa for reasons of economic gain.

"We're not uninformed or stupid," the ambassador said

"We know something about the Indian situation." — Sapa-RNS



DR WORRALL

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Coal, iron ban may cost R3-bn

Own Correspondent
JOHANNESBURG. — Concerted action by Europe, Japan and the US to ban imports of SA steel, coal and iron ore could cost SA over R3 billion foreign earnings and cause 50 000 people, mostly blacks, to lose their jobs.

Some industry sources, however, believe contingency plans are available to lessen the blow.

Worst-hit by sanctions would be the coal sector.

Nearly all SA's coal exports are bought by Japan and the European Economic Community.

Japan is by far the biggest customer, taking 8,5m tons of SA's total export of 44m tons in 1985.

EEC nations took up

almost all the rest, with the US, Korea, Taiwan and black Africa taking minor tonnages.

More likely, according to industry sources, is that SA could continue to export 30m tons of coal a year by offering an average 30% discount, resulting in a 50% drop in export income.

Exports of iron ore, totalling R312m in 1984, would probably be eliminated completely under sanctions, say analysts, and the worldwide glut in pig iron production means that exports of that commodity, worth R42m in 1984, would also be wiped out.

The steel industry stands to lose about R300m a year as a result of sanctions.

However, industry

spokesmen say they are already laying plans to expand into other markets.

If they fail, say observers, at least 10 000 jobs could be at risk in the iron and steel sectors.

"Losing Britain as a window for SA steel is worrying, especially in a buyers' market. But we intend to sell these tonnages elsewhere," an Iscor spokesman said.

Steel exports, making up more than 40% of total steel production because of reduced local demand, are budgeted to earn Iscor and its competitors more than R1,5 billion this year.

Much of that will remain safe in traditional south-east Asia and Middle East markets.

However, SA stands to

lose 70 000 tons of steel exports to Britain and over 600 000 tons as its 0,42% share of US steel consumption.

Middelburg Steel & Alloys marketing director Leo Melvill said the loss of Britain and Commonwealth markets would cost the stainless and speciality steel-maker R15m — and a further R25m from an EEC boycott.

Commodity Index	1447,5
Platinum	\$467,75
Palladium	\$113,85
Raw Sugar	£101,50

Unless otherwise stated, all financial news in this issue was compiled by Gordon Kling and sub-edited by Godfrey Heynes

Britain's commitment to

Mugabe attacks UK 'hypocrisy'

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Own Correspondent

LONDON. — Zimbabwe preferred a one-party state to the "hypocritical democracy" of Britain, Zimbabwean Prime Minister Robert Mugabe said here early yesterday.

Speaking in the familiar surroundings of Lancaster House, where Zimbabwe won its independence six years ago, Mr Mugabe launched his term as the leader of the Third World with an astonishing and vitriolic attack on the British Prime Minister, Mrs Margaret Thatcher.

He threatened unilateral Zimbabwean sanctions against Britain and hinted at nationalisation of British investments in Zimbabwe.

At the forthcoming summit of the 100-nation Non-Aligned Movement (NAM) in Harare later this month Mr Mugabe will take over the chairmanship from India's Mr Rajiv Gandhi.

British 'slave-masters'

He said yesterday that the NAM would seek broader Third World support for the OAU's decision to press for mandatory economic sanctions against South Africa.

"We would rather face sanctions — linked to a fixed time-scale — in the hope that in the end we would have a South Africa we could live with rather than continuing to bear the brunt of apartheid and South African destabilisation," Mr Mugabe said.

"What is more important to the people of South Africa: Maintaining a job as a semi-slave or acquiring political rights which enable them to shape their own destiny?" he asked.

Earlier the Zimbabwean leader accused the British Government of being the "slave-masters" of blacks in South Africa.



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At an international and means of circumventing sanctions. Press conference in Pre-

At an international press conference in Pretoria yesterday on the sanctions announced by the leaders of six Commonwealth countries after their summit meeting in London, the Mims-venting sanctions. "But we are prepared to accept a lowering of our standards of living. We are prepared to make sacrifices for what we believe in."

He warned that until the "hysterical stampede" was brought to a halt, the cycle of sanctions would continue.

Mr Botha said it was clear to the government that at least six of the seven Commonwealth

The leaders of Australia, Canada, Zambia, Zimbabwe, India and the Bahamas agreed that Pretoria was making in-

Suffering

"It is not possible for the government to accept that they are motivated by morality, because their actions will lead to the suffering of a wide range of punitive economic measures.

The measures include millions of black people," Mr Botha said.

"The government has in the past months scrapped dozens of apartheid laws and stated its commitment to dialogue. These coun-

Invitation

Mr Botha yesterday singled out Zimbabwe and Zambia and invited them to impose total and comprehensive sanctions against South Africa immediately.

A faction of the African Nationalist Congress is opposed to dialogue and regards peaceful negotiations as a betrayal of their cause.

These countries must

Asked what contingency plans the government have a hidden agenda, he said.

had made in anticipation of sanctions," Mr Botha said. "We are not going to take this lying down. There are ways

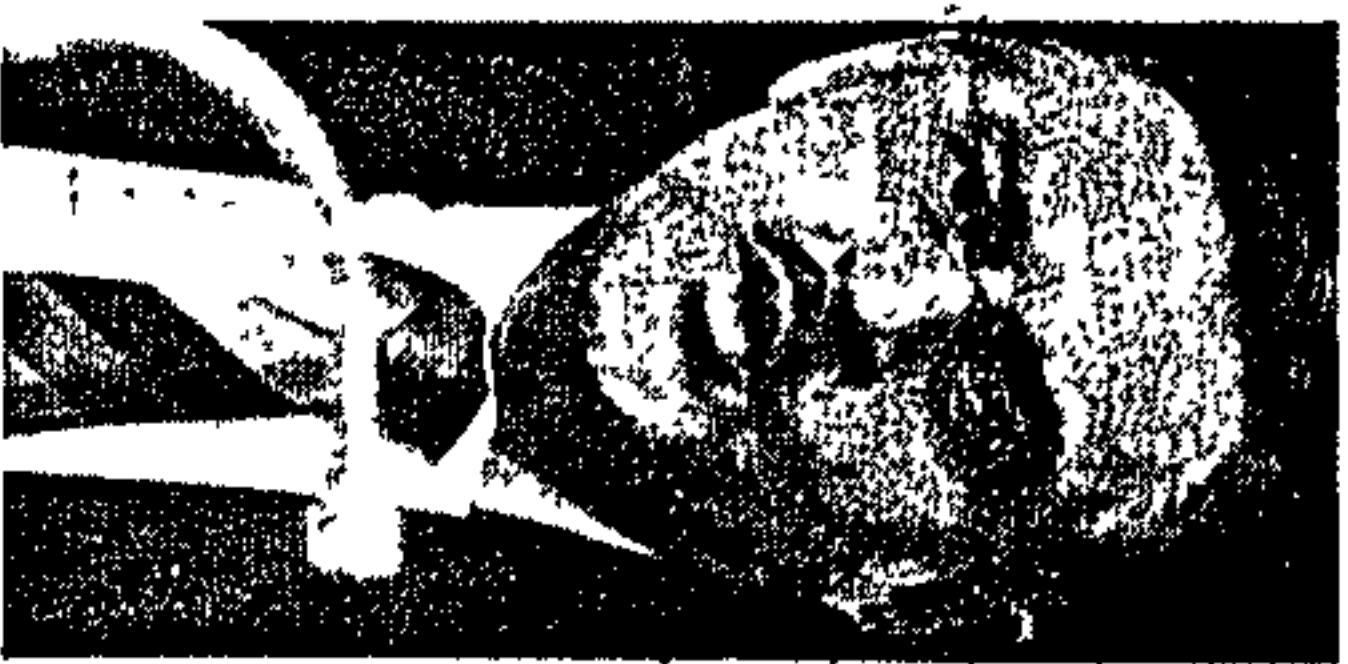
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Mr Botha at the press conference:

Thatcher paves way for EC

BRUSSELS. — The British Prime Minister, Mrs Margaret Thatcher, by softening her hard-line opposition to sanctions against South Africa, has finally paved the way for European Community restricted measures, EC diplomats said yesterday.

West German diplomatic sources said that Bonn, the other EC government that has taken a hard line against sanctions, was now also likely to follow Britain in agreeing to measures such as the ban of imports of coal and steel.

The West German Deputy Foreign Minister, Mr Juergen Moellmann, yesterday said

After sanctions of the kind expected to be approved by an EC meeting in Brussels on September 15 and 16, Reilly pledged his support yesterday for the measures. He said that once fully reported the outcome of the meeting had been received by the government, a paper would be presented to the New Zealand Cabinet seeking

And Japan, South Africa's second largest trading partner, will almost certainly observe sanctions aimed at curbing investment and the promotion of tourism.

Other diplomats said some EC nations, such as Denmark and the Netherlands, would despite their disadvantages.

new press for a decision on sanctions even before the September 30 deadline.

"After Thatcher has paved the way for sanctions it is not

**"After Thatcher has paved and coal imports and on tour-
the way for sanctions it is not ists and flights from South**

Meanwhile Mr David Lange, able. — Sapa-Reuter-AP and New Zealand's Prime Minister. — Own Correspondent

able. — Sapa-Reuter-AP and
Own Correspondent

INSIDE

Maties team Zola flops

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BACK
PAGE**

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in their coal mines, robbing thousands of South African blacks of their jobs. Australia stands to gain in every respect from the sanctions decision. It will be interesting to see how Prime Minister Mr Bob Hawke will explain the morality of that," Mr Botha said.

Mr Botha even suggested that there might have been secret deals between the ANC leadership and the governments of Australia, Zambia and Zimbabwe.

Coal

The minister denied that South Africa would take retaliatory action against neighbouring states — "because South Africa does not believe in sanctions". It would not be South Africa who would damage their economies, but the sanctions itself, he said.

If the export of coal was stopped, thousands of black workers would be sent back. The more than two million foreign workers in South Africa provided for some 12 million people in their home countries, he said.

"Any reduction in trade or boycott will damage their economies. South Africa is providing valuable technological, agricultural, aviation, health and mining aid to these countries that will have to stop."

The minister said South Africa could capitulate and meet the demands, but that that would only lead to more demands and eventually chaos.

"The alternative is for South Africans to stand together firmly and declare that they will not be told how to create a new South Africa by people who rule their own people in a very repressive way," he said.

Meanwhile, the South African Ambassador to Britain has dismissed the Commonwealth summit meeting as the "height of hypocrisy".

"We regarded this whole exercise with a certain amount of contempt," Dr Denis Worrall told British television. "We think that what is going on is the height of hypocrisy."

Grim outlook for coal, iron, steel

50 000 jobs in jeopardy if ban enforced

CONCERTED action by Europe, Japan and the US to ban imports of SA steel, coal and iron ore could cost more than R3bn in foreign earnings and throw 50 000 people, mostly blacks, out of work.

Some industry sources, however, believe contingency plans are available to lessen the blow.

Worst-hit by sanctions would be the coal sector. Nearly all coal exports are bought by Japan and the European Community (EC).

Japan is by far the biggest customer, taking 8,5-million tons of SA's total export of 44-million tons in 1985. EC nations took up almost all the rest, with the US, Korea, Taiwan and black Africa taking minor tonnages.

There is disagreement on the exact value of SA's coal exports. Official Japanese trade statistics say Tokyo spent R1,31bn in 1985 on SA coal. Local analysts say the total value of exports, based on world market prices of between \$22 and \$24 a ton, is about R2,5bn.

Exports make up about one-third of SA

Business Day Reporters

coal production. The Chamber of Mines warned last month that, in the face of total sanctions, 33% of the workforce would be laid off.

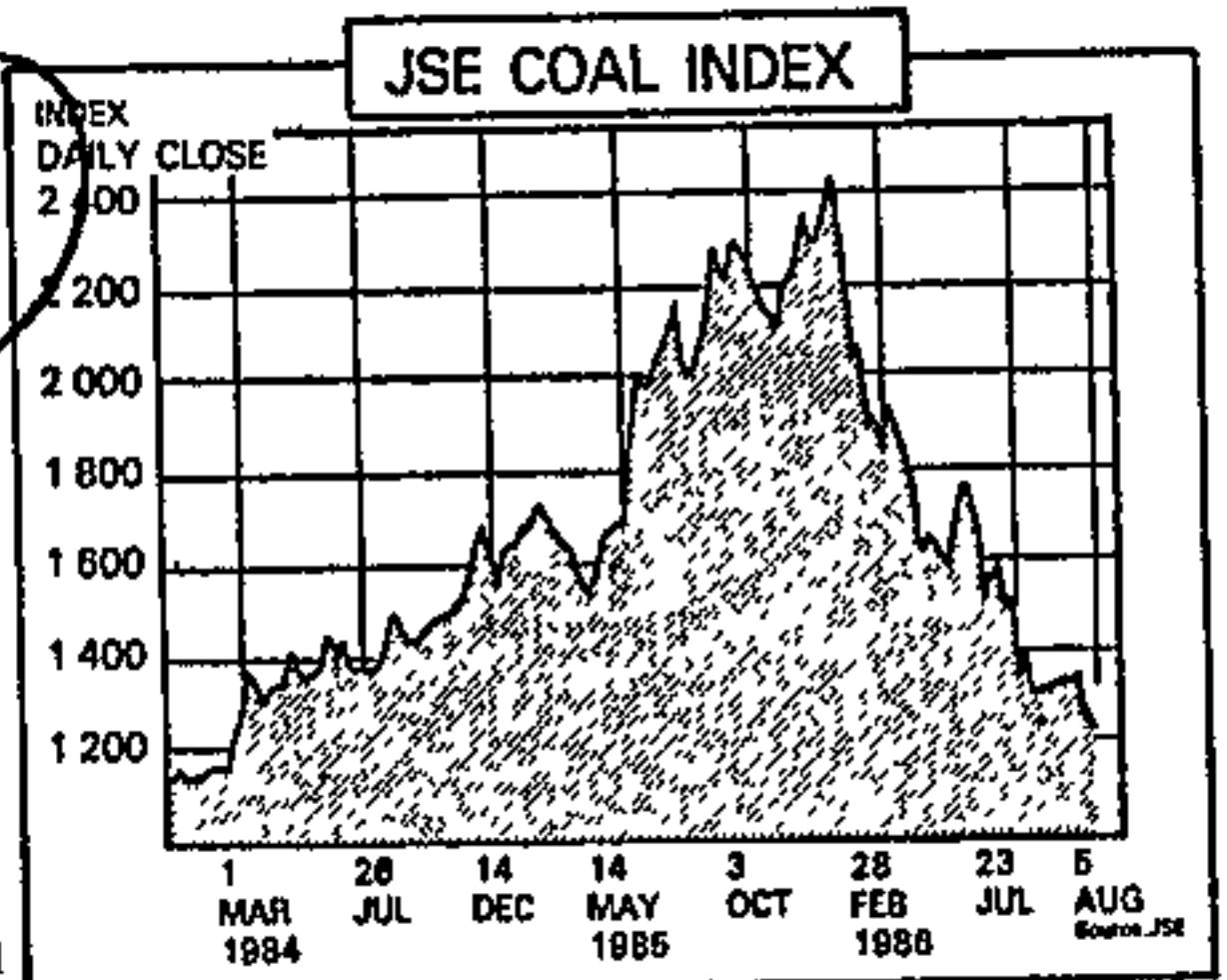
More likely, according to industry sources, is that SA could continue to export 30-million tons a year by offering an average 30% discount, resulting in a 50% drop in export income.

Exports of iron ore, totalling R312m in 1984, would probably be eliminated completely under sanctions, say analysts. The worldwide glut in pig iron production means that exports of that commodity, worth R42m in 1984, would also be wiped out.

The steel industry stands to lose about R300m a year as a result of sanctions. However, industry spokesmen say they are already laying plans to expand into other markets.

If they fail, say observers, at least

● To Page 2



Confirmation of Commonwealth sanctions against SA coal exports sent coal shares plummeting on the JSE yesterday with the coal index falling 5,4% to 12 272. Panic-selling by small investors pushed the JSE coal index back to March 1984 levels.

Analysts say that talk of Japan joining the boycott could knock prices further.

50 000 jobs on the line

10 000 jobs could be at risk in the iron and steel sectors.

"Losing Britain as a window for SA steel is worrying, especially in a buyer's market. But we intend to sell these tonnages elsewhere," says an Iscor spokesman.

Steel exports, making up more than 40% of total steel production because of reduced local demand, are budgeted to earn Iscor and its competitors more than R1,5bn this year.

Much of that will remain safe in traditional south-east Asian and Middle East markets. However, SA stands to lose 70 000 tons of steel exports to Britain and more than 600 000 tons as its 0,42% share of US steel consumption.

Middelburg Steel & Alloys marketing director Leo Melvill says the loss of Britain and Commonwealth markets would cost the stainless and speciality steel-maker R15m — and a further R25m from an EC boycott.

He declines to comment on export

prospects for the company's 3CR12 alloy, but analysts say the company will almost certainly maintain overseas sales through manufacturing licensing agreements in other countries.

Exports of coal and mineral fuels in 1985, including those from Lesotho, Swaziland, Botswana and Namibia, totalled R3,22bn, SA trade data show. Iron and steel exports were R2,26bn, Sapa-Reuter reports.

Japan imported R317m of ferro-chromium and R710m of non-monetary gold lumps, Japanese statistics show. Total imports from SA in 1985 were worth R5,86bn.

SA and neighbouring countries exported R2,47bn of mineral products, largely coal, to Europe in 1985. Of those, R525m went to Italy, R520m to the Netherlands, R334m to France, R268m to West Germany and R244m to Belgium. The UK imported just R98m in this category.

B RITAIN WILL face demands for further sanctions against SA in the next few months. Following Prime Minister Margaret Thatcher's concessions to the Commonwealth and the Common Market, Britain is likely to face renewed pressure from the Reagan administration for tougher measures next month.

The Commonwealth has already adopted an 11-point package which goes well beyond the British position. This package is backed up — and taken further — in a Bill currently taking shape in the United States Congress.

On September 9 — the renewal date for a sanctions package imposed by a US Executive Order last year — President Ronald Reagan is expected to announce further measures which could step up pressure on Britain.

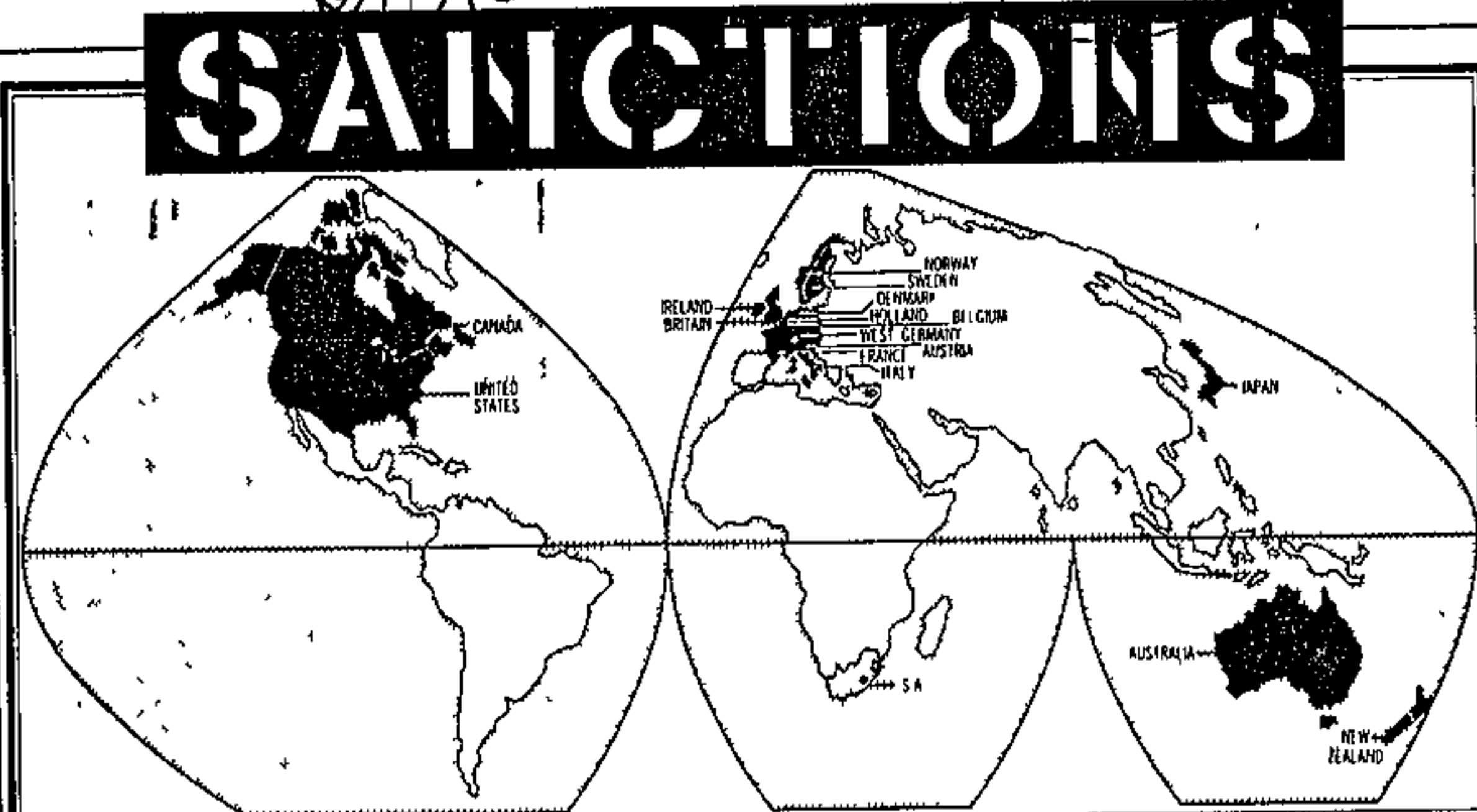
It is now considered a mere formality that the European Common Market will adopt a further package of sanctions outlined at The Hague summit in June.

In March next year, international banks will meet for a 12-month review of existing loans to SA in a bid to reach a debt rescheduling agreement.

In October next year the Commonwealth is likely to impose further measures at its October summit in Vancouver unless meaningful progress towards the establishment of an inter-racial dialogue is made in SA.

Here our London Bureau Chief outlines the tightening net of economic pressure on SA. Sanctions adopted against SA over the past 12 months can be divided into six groups:

- 1 — **THE REAGAN PACKAGE:** adopted in an executive order on September 9 last year (RP).
- 2 — **THE BRUSSELS PACKAGE:** adopted by the EEC on September 10 last year (BP).
- 3 — **THE NASSAU (A) PACKAGE:** adopted at the Commonwealth Bahamas summit last October (NAP).
- 4 — **THE NASSAU (B) PACKAGE:** which Commonwealth countries agreed to consider if the Eminent Persons Group peace mission failed (NBP).
- 5 — **THE HAGUE PACKAGE:** adopted by the 12 EEC nations for further consideration at its summit at the end of June this year (HP).
- 6 — **THE LUGAR PACKAGE:** proposed measures drawn up by the US Senate Foreign Relations Committee under the guidance of Senator Richard Lugar (LP).
- 7 — **THE MARLBOROUGH PACKAGE:** adopted by six Commonwealth leaders at the London mini-summit — but not Britain — for consideration by Britain and the rest of the international community (MP).



Turning the screw

JOHN BATTERSBY in London

BRITAIN — NEW SANCTIONS:

- ☐ Voluntary ban on new investment (HP);
- ☐ Voluntary ban on the promotion of tourism (HP);
- ☐ Ban on the import of coal, steel, iron and gold coins (HP), subject to approval of EEC by September 30

BRITAIN — EXISTING SANCTIONS:

- ☐ Embargo on the export and import of arms;
- ☐ Refusal to co-operate in the military sphere (Simonstown Agreement);
- ☐ Recall of military attaches (BP);
- ☐ Discouraging scientific events except where they contribute to the ending of apartheid (BP);
- ☐ Cessation of oil exports to SA (BP);
- ☐ Prohibition of new collaboration on nuclear matters (BP);
- ☐ Cessation of export of computers and scientific equipment to the SA police (RP);
- ☐ Banning of all new government-to-government loans (NAP);
- ☐ Banning of the import of all gold coins from SA (NAP).

BRITAIN — UNDER PRESSURE TO IMPLEMENT:

- ☐ Ban on air links with SA (NAP);
- ☐ Ban on re-investment of profits earned in SA (NAP);
- ☐ Ban on the import of agricultural products (NAP);
- ☐ Termination of double taxation agreements (NAP);
- ☐ Termination of all government assistance to, investment in and trade with SA (NAP);
- ☐ A ban on all government pro-

curement in SA (NAP);

- ☐ A ban on government contracts with majority-owned SA companies (NAP);
- ☐ A ban on all new bank loans to SA — whether to the public or private sectors (LP);
- ☐ A ban on the import of uranium, coal, iron and steel (MP);
- ☐ The withdrawal of all consular facilities in SA, except for British nationals and nationals of third countries to whom Britain renders consular facilities (MP);
- ☐ Denial of visas for SA officials (LP);
- ☐ A ban on the use of the banking system by SA entities, whether public or private (LP);
- ☐ A plan to reduce dependence on SA strategic minerals, including diamonds, chromium, cobalt, manganese and platinum (LP);
- ☐ Authority to sell gold reserves as a means of depressing world gold prices (LP);

US — EXISTING SANCTIONS:

- ☐ Prohibition on export-import bank transactions;
- ☐ Pressure on US to vote against International Monetary Fund loans involving SA;
- ☐ Prohibition of US exports to the SA police and military;
- ☐ Non-recognition of "independent" homelands;
- ☐ UN arms embargo (imports and exports);
- ☐ Prohibition of commercial bank loans to the SA government (RP);
- ☐ Ban on sale of computers and technology to apartheid-enforcing

arms of the SA government (RP);

- ☐ Ban on nuclear collaboration with SA for other than humanitarian reasons (RP);
- ☐ Ban on the import of Krugerrands into US.

SANCTIONS — IN THE PIPELINE:

☐ All measures listed under the Lugar Bill (LB) above, as well as the possibility of a total trade embargo in terms of a Bill passed by the House of Representatives but certain to be vetoed by President Reagan;

☐ All EEC countries — except Britain — operate a visa regime for SA passport holders;

☐ In addition to the Brussels package observed by all 12 EEC countries, the following Community members have gone further:

FRANCE:

- ☐ Ban on all new investment;
- ☐ Ban on bank loans;
- ☐ Withdrawal of its Ambassador to SA

DENMARK:

- ☐ Total trade embargo;
- ☐ Termination of diplomatic links;
- ☐ Ban on air links

WEST GERMANY:

- ☐ Ban on certain export credits;

BELGIUM:

- ☐ Termination of risk cover on medium and long-term credits for exports to SA.

HOLLAND:

- ☐ Termination of export credit guarantees for middle and long-term transactions with SA;

☐ Selective termination of banking agreements.

IRELAND:

- ☐ No official assistance for economic relations with SA;
- ☐ Ban on health agencies from importing from SA or dealing with SA authorities;
- ☐ Ban on agricultural imports.

ITALY:

- ☐ Closure of immigration offices in Italy and discouragement of emigration to SA;
- ☐ Controls on the export of civilian aircraft to SA

OUTSIDE THE EEC:

SWEDEN:

- ☐ Ban on new investment, loans, credit and security for SA public debts;
- ☐ Ban on coal imports;
- ☐ Ban on imports of fruit and wine;
- ☐ Ban on Krugerrand imports;
- ☐ State scheme to seek alternative supplies of strategic minerals;
- ☐ Trade and maritime traffic officially discouraged;
- ☐ Ban on air links.

NORWAY:

- ☐ Ban on new investment;
- ☐ Tightening of ban on oil supplies;
- ☐ Official register for Norwegian ships calling at SA;
- ☐ Licensing system for trade with SA to be introduced with compensation for Norwegian companies;
- ☐ Ban on imports of fruit and wine;
- ☐ Withdrawal of consular facilities;
- ☐ Ban on air links.

JAPAN:

- ☐ Ban on direct investment in SA by Japanese companies;
- ☐ Discouragement of Japanese banks of lending to SA;
- ☐ Restricting export insurance for trade with SA;
- ☐ Ban on the sale of computer equipment to the SA police;
- ☐ Official discouragement of the sale of Krugerrands

AUSTRIA:

- ☐ Suspension of all investments in SA by public enterprises;
- ☐ Ban on government guarantees for export credits.

NEW ZEALAND:

- ☐ Termination of diplomatic relations.

In the Commonwealth, AUSTRALIA and CANADA have already gone a long way down the road towards the further Commonwealth sanctions adopted this week.

Other Commonwealth countries — barring the Frontline States — have minimal trade links with SA.

The majority of countries in the Organisation of African Unity — with the exception of the Frontline States — have no formal trade links with SA. The same applies to the 100-nation Non-Aligned Movement. Apart from the Frontline States, nations which have refused to impose sanctions against SA include Israel, Taiwan and Switzerland.



● BOTHA

Black states stand to take knocks, Pik warns

MAX DU PREEZ
Political Correspondent

FOREIGN Minister Pik Botha warned yesterday that government would have to consider stricter border controls, import licences and levies on neighbouring states when sanctions became a reality.

At an international Press conference in Pretoria, Botha invited Zimbabwe and Zambia to impose total and comprehensive sanctions against SA immediately.

Asked about contingency plans made in anticipation of sanctions, Botha replied: "We are not going to take this lying down. There are ways and means of circumventing sanctions."

"But we are prepared to accept a low-

ering of our standards of living. We are prepared to make sacrifices for what we believe in."

He warned that until this "hysterical stampede" was brought to a halt, the cycle of sanctions would continue.

Botha said it was clear that at least six of the seven Commonwealth leaders were not interested in the sharing of power, the extension of democracy or the upliftment of blacks. Their actions would lead to the suffering of millions of blacks.

SA challenge on sanctions

6/8/86

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Polo tourists prepare



The touring South American polo team, the Jaguars, had no sooner landed in Durban than they were at Shongweni yesterday practising for the test match against the Springboks on Sunday. Seen here getting the feel of South African conditions is Maximo Paz. Picture by ALAN COXON

PRETORIA—Zimbabwe and Zambia have been warned that levies will be placed on all their imports passing through South Africa and Pretoria has challenged its neighbours to 'put their money where their mouth is'.

The warning and challenge were delivered by the Minister of Foreign Affairs, Mr Pik Botha, at an international Press conference here during which he said South Africa would not take the Commonwealth sanctions package lying down.

Speaking of the 'catastrophic' consequences sanctions against South Africa would have on its neighbours, Mr Botha said South Africa challenged Mr Robert Mugabe and Dr Kenneth Kaunda to 'put their money where their mouth is and institute sanctions'.

'We want them to introduce total comprehensive sanctions' if the security situation deteriorated 'we will have to introduce stricter border control measures', he added.

The decision to set levies, which already apply to Zambia, followed international practice and it had been decided to introduce them now because of the sanctions threat 'and particularly because of the attitude of Zimbabwe and Zambia'.

Deposit

The South African Government would not retaliate against the pro-sanctions African countries because it did not believe in boycotts.

'But in view of the sanctions we will have to consider import licensing to protect our suppliers and to make sure we know what is passing through South Africa', Mr Botha said.

The Department of Trade and Industries announced last week a system of import licensing on Zimbabwe's imports through South Africa would be introduced on Friday, but insisted the move should not be interpreted as a trade embargo.

Approached for clarification on the levy issue, the Commissioner of Customs and Excise, Mr DJ Colesky, said this was a cash deposit to ensure goods passing through South Africa to other states reached their destination. He said this

was accepted international practice.

He was not aware of any decision to implement this, although it already existed in the case of Zambia, where customs and excise problems had arisen, and had applied to other African countries in the past.

Mr Botha said there would be 'ways and means' to circumvent sanctions.

Sacrifices

'But even if we can't, we are prepared to accept a lowering of our standard of living. We are prepared to make sacrifices for what we believe in.'

'We are told this action is to force us to end, dismantle or remove apartheid, but the South African Government is committed to do that, and has in fact over the past few months repealed or amended dozens of laws, proclamations and regulations which discriminate on the basis of race.'

'We are told this action is necessary to force us to conduct dialogue with authentic leaders, but we are committed to conduct such negotiations on condition that those who participate abandon violence.'

'We do not understand this because we are committed to do what the Commonwealth seven alleged we ought to do in order to avoid sanctions.'

'It has thus become clear to the Government that at least six of the seven are not interested in power sharing, the removal of apartheid, the extension of democracy in South Africa and the upliftment of black people.'

Morality

'They simply cannot be interested in that. They must have a hidden agenda and I'm afraid we are not aware of the full particulars of that agenda.'

On the move to halt imports of South African coal, Mr Botha said one of the six, Australia, might employ thousands of whites in its coal mines while robbing thousands of South African blacks of their jobs and income.

This was a new kind of morality which the Australian Prime Minister, Mr Bob Hawke, could best explain to his people.

Australia stood to gain in just about every respect from the punitive measures which Mr Hawke advocated.

Replying to a question Mr Botha said he had no reason to feel relieved the sanctions measures were not worse.

Minerals

He said one option was to give in to the demands and unban the ANC and the PAC, but the next round would be the threat of more sanctions if these organisations' demands were not acceded to.

'We are not prepared to be told how to form a new South Africa by leaders who govern their countries under the most repressive forms of government,' he said.

If the case of Zambia and Zimbabwe, and the emotional way in which their leaders had insulted Mrs Margaret Thatcher, 'I ask myself could it be that the ANC leadership fooled them into believing they

rica's mineral production?'

'Could it be that Australia entered into an agreement with the ANC leadership on the future marketing of coal?'

The South African Government calculated that the 2 000 000 foreign workers in this country provided a livelihood for up to 12 million people, and the question was who would pay for this if they lost their jobs.

Another factor was that 'at the very moment Mr Mugabe was insulting Mrs Thatcher, his Government back home quickly initiated very important amendments to our trade agreement' — (Sapa).

See also Page 2 and Editorial Opinion

Golf, Grand Prix for TV

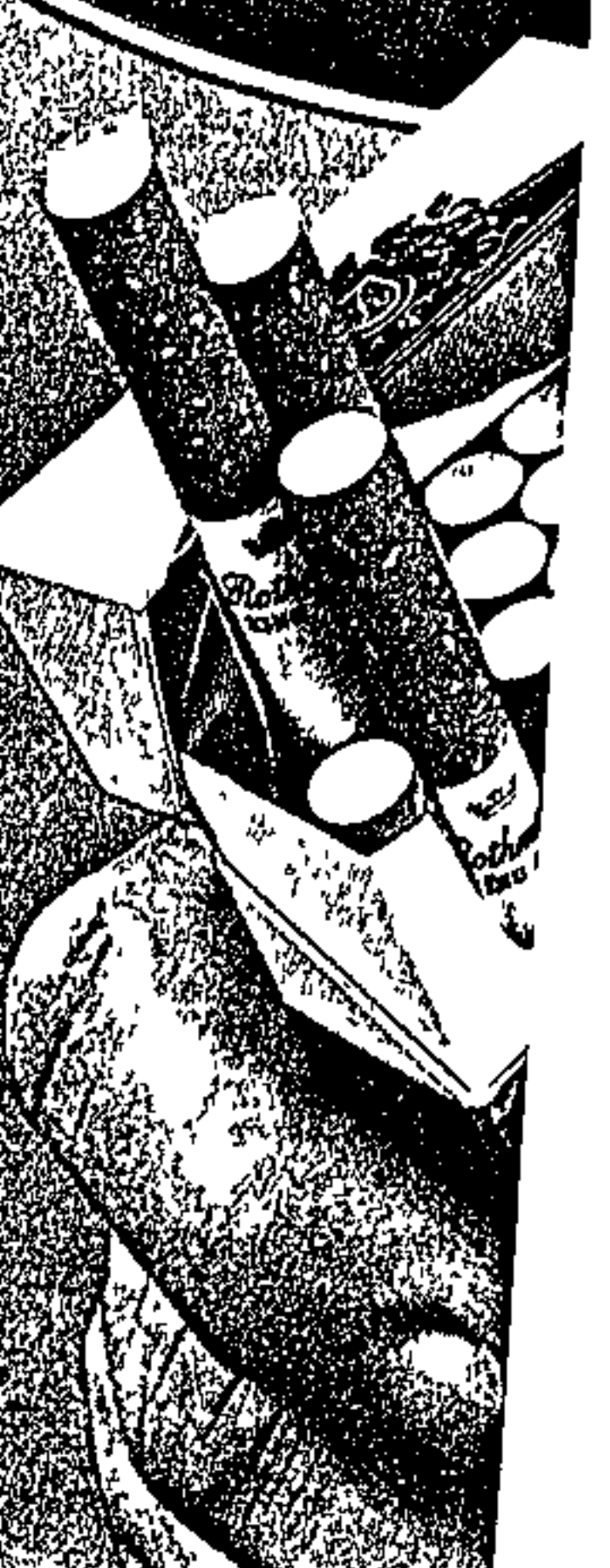
Mercury Reporter

THE United States PGA golf tournament and the inaugural Hungarian Formula One Grand Prix will be screened live by SABC-TV this weekend.

The golf will be broadcast after the normal schedule ends on TV1 on Saturday and Sunday nights, while the Grand Prix, live from Budapest, will begin at 2 20 pm on Sunday on TV4.

An SABC spokesman said there was a possibility that the second part of the Tour de France cycling race would be shown after the Grand Prix, the first part being scheduled for TV4 tonight.

The Great in Cig



400 rush for 150 jobs in Durban factory

Labour Reporter

DESPERATE job seekers besieged a sweet factory at Moberi, Durban, yesterday.

Mr A Zulman, managing director of Beacon Sweets and Chocolates, said the company had been able to employ only about 150 of more than 400 people who had wanted jobs.

'We did not advertise the vacancies. It was spread by word of mouth by our employees last week.'

'Since then, hundreds of people began waiting outside the factory gates daily in the hope of getting a job,' he said, adding that the exceptionally large turn-out yesterday was another indication of the critical unemployment situation.

many Indian and black women who had been re-trenched from other factories during the year.

An Umhlati mother of three, Mrs Gladys Mkhize, said she was so desperate for work that she was prepared to take any job. She said she had been walking the streets of Durban since her retrenchment from a clothing factory more than three months ago and was still unable to find work.

Mrs Shirley Moodley, of Merebank, said she had waited outside the factory gates since 7 am in the hope of getting a job, but all jobs had been taken even before she could be interviewed.

Zola Budd fades to finish fourth

LONDON—Zola Budd has been beaten in her track comeback following injury and the ban on her competing for England in the Commonwealth Games.

The 20-year-old South African born athlete faded badly on the final lap of a 2 000 m race at Gateshead last night and slipped back to finish in fourth place.

Budd was running for a Great Britain team against the Commonwealth and she shot into the lead in the very first lap.

She held that lead all the way into the back straight on the final lap when she was passed by powerful Canadian Debbie Bowker, who won silver medals in both the 1 500 m and 3 000 m in the Commonwealth Games.

Bowker surged away and in the home straight Budd

was almost static as first Christine Benning then Liz Lynch of Scotland swept past to take the minor placings.

The Canadian's winning time of 5 minutes 39 seconds was a full 10 seconds outside the British and Commonwealth record and nine seconds slower than Budd's best.

Budd's time last night was not immediately given, but it was something like 25 seconds slower than her fastest. — (Sapa)

Study ban

MASERU—The Military Council of Lesotho has banned a former minister in the deposed government of Chief Leabua Jonathan, Mr Desmond Sixshe, from studying law at the National University of Lesotho. — (Sapa)

Stricter measures possible says Pik

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Dispatch Correspondent

JOHANNESBURG — South African Foreign Minister, Mr Pik Botha, warned yesterday that his government would have to consider stricter border controls and imposing import licences and levies on neighbouring states when sanctions become a reality.

At an international press conference in Pretoria, Mr Botha singled out Zimbabwe and Zambia and invited them to impose total and comprehensive sanctions against South Africa immediately.

Asked about contingency plans the government had made in anticipation of sanctions, Mr Botha replied: "We are not going to take this lying down. There are ways and means of circumventing sanctions."

"But we are prepared to accept a lowering of our standards of living. We are prepared to make sacrifices for what we believe in."

He warned that until this "hysterical stampede" was brought to a halt, the cycle of sanctions would continue.

Mr Botha said it was clear to the government that at least six of the seven Commonwealth leaders were not interested in the sharing of power, the extension of democracy or the upliftment of black people.

"It is not possible for the government to accept that they are motivated by morality, because their actions will lead to the suffering of millions of black people. Government has in the past months scrapped dozens of apartheid laws and stated its commitment to dialogue. These countries ought to know that the dominant communist faction of the ANC is opposed to dialogue and regard peaceful negotiations as a betrayal of their cause."

Australia might employ thousands of whites in their coal mines, robbing thousands of South African blacks of their jobs. Australia stood to gain in every respect from the sanctions decision. It would be interesting to see how the Australian Prime Minister, Mr Bob Hawke, would explain the morality of that, Mr Botha said.

The minister denied that South Africa would

against neighbouring states, "because South Africa does not believe in sanctions". It would not be South Africa who would damage their economies, but the sanctions themselves.

If the export of coal were stopped, thousands of black workers would be sent home. The more than two million foreign workers in South Africa provided for some 12 million people in their home countries, he said.

Any reduction in trade or boycotts would damage their economies. South Africa was providing valuable technological, agricultural, aviation, health and mining aid to these countries that would have to stop.

The minister said South Africa could capitulate and meet the demands, but that would only lead to more demands and eventually chaos.

The alternative was for South Africans to stand together firmly and declare that they would not be told how to create a new South Africa by people who rule their own people in a repressive way, he said.

Quinera hear ev

Dispatch Reporter
EAST LONDON — The Department of Constitutional Development and Planning is to take evidence here on the boundaries of the controversial Quinera area.

A demarcation board will take evidence in the council chambers at the City Hall on September 12.

Attempts are being made to settle the 1983 division of 2 000 ha of prime residential land shared between the municipalities of East London, Beacon Bay and Gonubie.

The land stretches from the Nahoon River in the west, over the top of Beacon Bay to the Gonubie boundary in the east, and from the Indian Ocean in the south to the main Gonubie and

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Blacks will 'bear the brunt of sanctions'

By Hannes de Wet

The deeper sanctions bit, the greater would be the privilege of being white in South Africa, kwaZulu Chief Minister Mangosuthu Buthelezi said in Johannesburg yesterday.

He told the Executive Women's Club of Southern Africa: "Sanctions will not break Mr P W Botha. It is blacks who are going to suffer first and they are going to suffer bitterly and terribly."

Chief Buthelezi said Western governments had given every indication that they were going to continue with "tokenism morality".

"Every government knows that if Zimbabwe lasted 14 years under internationally orchestrated sanctions, South Africa could last 140 years."

South Africa had not even begun to move into a war-time economy, Chief Buthelezi said.

"I am apprehensive this is in fact what the State President has in mind. Mr Botha will become more defiant. He is in that kind of mood."

RESPONSE

The way in which Mr Botha dealt with Sir Geoffry Howe was "appalling". What he said in response to Sir Geoffry's visit, amounted to saying that he would "bloody-mindedly prove to the West that they cannot cripple South Africa".

Chief Buthelezi said Mr Botha was still the most powerful man in Africa. He has been treating violence by the ANC with "kid-gloves" so far.

"He has pussy-footed around being violent, given his resources of violence."

"There is now every prospect that the state of emergency is likely to become a way of life in our country for some considerable time," Chief Buthelezi said.

Counter-moves by SA against the Frontline states could come at a great cost

Two-edged sword warring

Political Staff

DURBAN — South Africa has warned the world that sanctions are a double-edged sword and moved quickly in reaction to the Commonwealth clamour for economic action to force South Africa to meet international demands.

But counter-sanctions can also have a substantial cost in return.

Mr Harry Schwarz, the Progressive Federal Party spokesman on finance, believes there could be a political cost.

He said another problem was that as South Africa argued that blacks would be the main sufferers of sanctions, counter-sanctions would also hurt the general population of other countries.

Though the rest of Africa is a comparatively minor source of trade for South Africa compared with the United States and Europe, the continent is proving to be a growing market for this country.

From January until June, South Africa exported R828 million in goods to African countries, while importing products with a value of R279 million. The Government does not give a breakdown of these figures, but most of the trade is with immediate-vicinity neighbours.

Product range

This amount is relatively small compared with the roughly R30 000 million worth of goods that South Africa exports and imports annually. But it remains significant and has been growing in recent years. It is also a market which absorbs a different type of

product range than the developed countries.

The economic war against Rhodesia is estimated to have cost Zambia in the region of R800 million, but Rhodesia also saw an annual trade of R70 million drop to virtually nothing.

And when Mr Ian Smith closed the border with Zambia, that country continued to trade with South Africa through Botswana.

Although the main target of the South African Government so far has been to hit the Frontline states, particularly Zimbabwe, by placing hurdles in the way of transit goods, the action has been accompanied with threats of firmer action.

South African Transport Service (SATS) figures show the enormous tonnage of goods which flow in transit through South Africa. The harbours have handled 819 000 tons of export goods bound for Zimbabwe, and another 225 000 for Zambia.

Whip hand

What is worrying business organisations is that even irksome hurdles such as those imposed over the past 10 days could have a counter-effect.

South Africa undoubtedly has the whip hand at the moment. There is not much that Zambia and Zimbabwe can do in direct response, while the idea of New Zealand Prime Minister Mr David Lange of an airlift is generally dismissed as extremely woolly-headed.

Zimbabwe has already been working at reducing its dependence on South Africa with some success.

Business organisations also point out that Zambia and Zaïre could, for instance, get

some goods from Zimbabwe, which has the potential to produce more and a wider range — but they would be more expensive than from South Africa.

The loser then would be South Africa. SATS could also land up losing a profitable source of revenue.

Trade balance

If it ever reached the stage that the borders with the Frontline states were closed as a result of political action from either side, South Africa would have a considerable amount to lose with the balance of trade well in her favour.

There is no doubt the cost to the Frontline states would be equally expensive to bear.

An interesting fact of the Commonwealth sanctions package which Zambia and Zimbabwe pushed so hard to get was that not many of the goods listed by the Commonwealth countries are products imported by the Frontline countries — something of which Mr Robert Mugabe and President Kenneth Kaunda must have been well aware.

They do not import coal, uranium, iron ore or primary steel. Most imported goods are mining equipment, chemicals and fabricated metal products.

Even retaliation in other fields, such as reducing foreign labour, cutting electricity and halting credit facilities will also have a cost for South Africa.

Although he concedes that South Africa has been forced into a difficult position, Mr Schwarz believes that in the end all the parties will have to talk to each other and counter-sanctions can only put up more barriers.



BUS DAY 7/8/86.

(280)

SA will be hit: De Villiers

SOUTH Africa was no stranger to sanctions but the comprehensive sanctions now threatening the country would undoubtedly cause hardship in many sectors of the economy, Minister of Trade and Industry Dawie de Villiers said in Durban last night.

Addressing the SA Cane Grower's Association, De Villiers said the government would have to take cognisance of the increasing attempts to impose sanctions and trade embargoes.

He said SA had reached a point where it had to be cautious and even refrain

Business Day Reporter

from releasing information about its international trade.

There were many people with pretensions as experts in the field of international trade embargoes who publicly offered advice "as to how our businessmen or government should react", De Villiers said.

He also said he was impressed by the steps taken by the business community to make provision for possible international trade restrictions.



● DE VILLIERS

Rhodium price could skyrocket

SA and Russia would reap rich boycott reward

WASHINGTON — Pretoria can damage the US car industry, bolster the Soviet economy and reap windfall profits by refusing to sell rhodium to the West, says an unpublished report by the US Commerce Department.

The platinum-group metal is the key component of catalytic converters used to reduce pollutants in car exhausts.

The only other significant producer, the Soviet Union, would not be able to meet US, let alone Western demand. There is no domestic US production.

Moscow would therefore be tempted by the prospect of massive hard currency earnings to sell the West its own rhodium at a premium and buy the SA product at a discount to meet its domestic needs.

The Commerce Department esti-

SIMON BARBER

mates the market panic triggered by the cut-off of SA supplies would drive the rhodium price to well over \$1 500 an ounce — an attractive proposition for Pretoria, even though it would have to share some of the profits with the Soviets.

The study says: "Just the fear, not the reality, of supply disruptions, let alone the question of prohibited access, caused the price of rhodium to rise from \$470 an ounce at the end of 1985 to \$1 150 an ounce at the end of January this year — a period of just three months."

"Even at a conservative price of \$1 500 an ounce, US purchases of rhodium from the Soviet Union would give that country a foreign exchange injection of \$166m annually."

The purpose of the study is to warn of the possible effects of the total trade embargo proposed by the House of Representatives last June, but it makes clear that SA has a powerful weapon at its disposal if it wants to counterattack.

The author of the report, Commerce Department Southern Africa specialist Sally Miller, says: "If the South Africans want to play hardball, there are a lot of devious things they could do."

The Soviets produced 111 000 ounces of rhodium in 1984 and consumed 73 000 ounces, US Bureau of Mines figures show. The same year, the US bought 97 000 ounces directly from SA and a further 35 000 of SA-origin rhodium refined in Norway and the UK.

The manufacture of Hyundai cars in South Korea for export to the US will consume an extra 2 000 ounces a year if the cars are to meet pollution standards. In 1988, European nations will begin enforcing the use of converters, requiring a further 8 000 ounces annually, the Commerce Department estimates.

Other giants deny re-think

Rank Xerox prepares for sanctions

AMERICAN computer giant Rank Xerox said yesterday it was preparing full-scale business contingency plans in South Africa in case of further US sanctions.

MD of the company's SA operation, David English, said options included a reduced shareholding in the company, or a 100% buy-out by local management.

Other American computer companies immediately denied they were considering similar contingency plans. IBM MD Jack Clarke said IBM would remain in SA "as long as it makes good business sense and while there is a chance we can contribute to peaceful change".

However, their denials were dismissed by industry sources. They said all major corporations would by now have considered ways of circumventing sanctions. Denials of such plans were aimed at the US, in order to avoid political comeback

DAVID FURLONGER
Industrial Editor

from the pro-sanctions lobby.

English said: "It would be stupid and irresponsible if we did not have contingency plans to deal with various scenarios. The future may not be in our own hands."

He said plans were designed to ensure continuity of supply to Rank's 10 000 SA customers.

"We have to consider ways to safeguard them. Any deal depends on guarantees of continuation of supply. The level of our business that would be maintained would depend on legislation.

"Left to our own devices, we would remain a 100%-owned company. But the spate of sanctions bills could jeopardise

● To Page 2



Computer giants think again

that position. Depending on legislation, one of the options under consideration is a local buy-out. We have looked at the question of 100% local ownership. Or we could continue here as Ford has done, with a reduced holding."

The US already bans sales of computers to SA government agencies. Industry sources say companies could get round a total ban on sales to SA by channelling parts from manufacturing facilities around the world for local SA sub-assembly.

English said: "Commerce has always found a way round sanctions."

Sperry MD Pat Cullen yesterday insisted the company had no plans to reconsider its SA operation.

He said: "It is better to break down problems than to run away. They are a long way off, these sort of plans."

Burroughs MD Mias van Vuuren said: "If you leave, you must have a scenario that it is not worth being there. We have been in SA since 1930. It has been our posture all along that we are here in SA as a positive influence."

● From Page 1

Pressure mounts as SA delays border transport

ARGUS 7/8/86 280
PRESSURE on Zambia and Zimbabwe is mounting as South Africa continues to delay the movement of imported goods to the landlocked states.

Freight agents have warned that certain imported goods, such as fuel and mining equipment, could dwindle to a trickle following the customs clamp.

The Minister of Finance, Mr Barend du Plessis, has warned that if sanctions are imposed South Africa's capacity to service its foreign debts would be reduced and it would be forced to impose protective controls on imports.

The customs measures include demands for a substantial deposit on all imported goods destined for Zambia and checks on goods from Zambia and Zimbabwe destined for export through South African ports.

The Department of Foreign Affairs today maintained that the border measures were aimed at gathering statistics.

A spokesman said he was not clear what would be done with the figures but said they were needed for a clearer picture of the cross-border traffic.

In South Africa and overseas the measures have been interpreted as retaliatory steps following threats of sanctions.

Transit goods from Zimbabwe destined for export through South African ports were being subjected to thorough checks at the Beit Bridge border post yesterday.

Heavy lorries were being unloaded, searched and then reloaded by customs officials.

A clampdown on the movement of Zimbabwean goods entering South Africa is imminent at Beit Bridge newspaper reports said in Harare.

The Herald, Zimbabwe's main daily
(Continued on Page 3, col 8)

Border steps: Pressure on

(Cont. from Page 1)

newspaper, quoted a customs clearing agent at the border as saying his company had "been told that from now all Zimbabwean vehicles would have to be searched".

South Africa must make every effort to remain within the international trading community and people who think that sanctions will be good for the country are mistaken, says Standard Bank managing director Dr Conrad Strauss.

Addressing the South African Property Owners' Association annual conference in Johannesburg, he said remaining within the international trading community was one of the four basic requirements essential for economic progress.

The other requirements were a move away from exports of raw materials towards manufactured exports, deregulation and urbanisation and the sale of public assets to private enterprise.

Sanctions pressures were likely to stiffen South African resistance to change, Sir Leslie Smith, chairman of the British Industry Committee on South Africa, said last night.

Reiterating Bicsa's rejection of sanctions, he said such measures had not worked on smaller countries like Cuba and Rhodesia. "Why should they work against a much more powerful state of South Africa?"

One of the first South Africans to be hit by sanctions is schoolboy Norman Immerman, 15, of Kew.

His order for a computer game was returned from a British company with a letter that reads: "Our moral conscience does not allow us to partake in any trade with South Africa."

His father, Mr Len Immerman, said last night his son was stunned by the reply.

Mr Immerman said: "He asked me: 'Why Dad? What have I got to do with it?'" — Political Correspondent, The Argus Correspondent, The Argus Foreign Service, Argus Africa News Service, Sapa-Reuter.

Clamps bite as black neighbours, goods

GOVERNMENT has placed clamps on lines since Monday by checking all consignments moving from the two landlocked countries of Foreign Affairs. The Department of Statistical survey confirmed yesterday that border delays could result from the nature and extent of Zambian and Zimbabwean goods exported through SA ports, with a maximum amount of R10 000 a consignment.

has to be paid for imported goods destined for Zambia before they will be released by the Department of Customs and Excise. SA Association of Freight Forwarders president Patrick Henegan said delays of 24 to 36 hours could occur at the Botswana and Zimbabwean border posts. Trucks were being unloaded and checked "much the same as they did in Lesotho". He said the clamp involves Zambian exports and imports, and Zimbabwean exports.

The deposit applies to Zambian imports. The searches — which began on Monday, according to Renfreight — coincide with the Department of Customs and Excise's imposition of a 125% import levy on all goods in transit through SA to Zambia. The levy is refundable only on receipt of bills of lading.

DIANNA GAMES and LINDA ENSOR

Clamps bite on neighbours

stance adopted by these two countries at the Commonwealth mini-summit in London on Monday. He said the monitoring measures would be enforced as long as it took to compile the information required that sources in Zimbabwe claimed that they had been told only Cape Town and Port Elizabeth could now handle shipments. But this was denied by SA Transport Services yesterday, which said all ports were taking Zimbabwean exports as usual. About 90% of Zimbabwe's exports go

either to or through SA and, according to Zimbabwean Finance Minister Bernard Chidzero, SA earns around Z\$165m annually from freight traffic. About 40% of Zambia's exports go through SA and, as foreign currency problems experienced by the latter move, cash sums required to pay the latter result is predicted to be disastrous for the country's economy.

A Renfreight spokesman said a total delay of 12 weeks could be expected from the time of the cash payment for the goods to the refunding. The large cash outlay required and the remittance of funds for a country with a critical foreign currency situation could only lead to a "chaotic" situation, he said. Foreign Affairs said the statistic-gathering exercise could be extended to cover traffic travelling out of SA, as well.

Chris Badenhorst said the statistic-gathering exercise could be extended to cover traffic travelling out of SA, as well.

Undergo checks

behind the decision to initiate a "limited survey" of goods coming from Zimbabwe and Zambia, which are routed via our transport system. Lesotho and Swaziland members of the Customs Union — were not included as comprehensive statistics were available for these countries related to the Badenhorst refused to say whether these "circumstances" related to the

"THE VIEWPOINT"

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CALL TIM'S
7/8/86 (280)
**Reprisals:
US 'sorry'**

WASHINGTON. — President Ronald Reagan met with his chief Africa official yesterday, and the White House said it regretted Pretoria's economic retaliation against its landlocked black neighbouring states.

Assistant Secretary of State Dr Chester Crocker returned on Tuesday from Europe where he consulted allies on the next steps that might be taken against South Africa.

Spokesman Mr Larry Speakes said: "We regret that punitive economic sanctions are being employed by any party. They are generally counter-productive and will certainly lead to polarization."

He said US policy against sanctions had not changed, although it was constantly being reviewed, and that the latest South African move "will be a factor" in any decision. — UPI



Mrs Margaret Thatcher



Mr PW Botha



Mr Ronald Reagan

No 'back-door option' for SA in dangerous sanctions game

THIS is a dangerous game that we are playing with sanctions.

It is quite clear that President Botha has gone out of his way to challenge the world to impose sanctions in order to expose the threat as an empty one.

That is why South Africa pointedly launched its raids into the neighbouring states while the Eminent Persons Group mission was here, why it declared a state of emergency and began detaining thousands of people while the sanctions debate was at its height, and finally, why President Botha thumbed his nose so publicly at Sir Geoffrey Howe.

He did so confident that South Africa's major trading partners, particularly Britain, West Germany and the United States, would not impose any sanctions that South Africa could not easily survive.

Not only would this call the world's bluff, so ending the constraining effect of the threat, but it would also have some internal political advantages. It would counter far-rightist accusations that the government has been yielding too much to foreign pressure and that this is why it has failed to stamp out the black unrest.

It would enable President Botha to heal the deep divisions in Afrikanerdom by calling on everyone to close ranks in the face of a threat to national survival.

Like Ian Smith, he could justify more authoritarian controls,

particularly of the press, on the grounds that the country was at economic war. And he could ride a wave of patriotic fervour as South Africa triumphed over the easily survivable sanctions.

With Mrs Thatcher and President Reagan continuing to resist, forcing others to compromise, it is clear that South Africa is only going to be confronted with limited sanctions that will not pose any serious problems.

It may seem, therefore, that President Botha has followed a shrewdly calculated strategy and succeeded in his objective. But I fear that it may ultimately turn out to have been one of those historical miscalculations that changes the course of events in a nation.

Yes, South Africa will easily be able to overcome the sanctions that are coming — this time. But the trouble with this kind of action is that once started, it does not easily stop.

The serious aspect about what is happening is not that the sanctions themselves are of a serious nature but that so many countries and international alliances are making the commitment to impose sanctions of some sort.

As Mr Botha himself might put it, they are crossing a Rubicon. There will be no turning back. That first step is the hardest: once it has been taken, the precedent established, it becomes easier for additional sanctions to be added.

Hurt

Already it is clear that the United States is about to add to the package in President Reagan's executive order of last year. Now Mrs Thatcher is taking her first step.

Next year there could

be a Labour government in Britain. By the end of the '80s the socialists could be back in Germany and a Democrat back in the White House. Sanctions will be ratcheted up higher and higher until they really do begin to hurt.

There is a widely held assumption that because South Africa's economy is so well developed it will easily be able to withstand whatever sanctions may be introduced.

I question that. It is precisely this sophistication that makes it vulnerable to dislocation. Trade sanctions don't hurt subsistence economies. The point was underscored last year when a few international bankers threw this country into economic turmoil by refusing to roll over our short-term loans.

Trading

The oft-cited example of Rhodesia's long survival is also misleading. Sanctions did not fail there as many people assume. Mr Robert Mugabe has acknowledged that the Smith regime would not have been forced into the Lancaster House negotiations without them.

The fact that Rhodesia survived so long was because South Africa kept it supplied with essentials and provided a massive back door through which it could continue trading. But South Africa is the end of the line. It has no equivalent ally in Antarctica.

We can easily survive the sanctions that are going to be applied now. We can survive them as they get tougher. In the short-term they may even stimulate increased industrial activity, causing a mini-boom as we go in for import substitution as hap-

pened in Rhodesia.

It is the longer term that is worrying. Yes, it is true that sanctions never succeed in shutting off the lines of trade. There is always someone somewhere who is willing to buy and to sell. But at a price.

What sanctions mean, as Rhodesia found even with its big back door, is that you have to sell cheap and buy at a premium. Soon the artificial mini-boom fizzles out and the attrition of foreign exchange reserves and investment capital begins to take its toll.

Manpower is the other problem. There is an inherent incompatibility between the manpower requirements of running a siege economy and fighting an endless guerrilla war. In a country where the resources of skilled manpower are inadequate to begin with, they can't be stretched to cover both as the demands of both increase.

Attrition

Economic decline and constant compulsory war service also make an unattractive combination as a way of life. People start "taking the gap" and the manpower resources get thinner still. That is what finally finished off the white Rhodesians.

I fear President Botha may have started an economic war of attrition against South Africa. I fear his stubborn refusal to release Mr Nelson Mandela, unban the African National Congress and begin negotiations with it may be committing us to continuous unrest and an increasingly grim war of insurgency.

I fear the combination may steadily erode the strength of the whites to the point where they are finally forced to negotiate from a position of weakness.

The only solution Mr Botha has to offer to avoid this scenario is some limited political role in a National Council for a few black leaders he has chosen to recognize and who are prepared to co-operate with him on his terms.

The history of Afrikaner Nationalism should tell him it cannot work. He knows how his own people felt about the "joiners" and the "smelters". He must know that there can be no peaceful settlement in South Africa until he deals with the black equivalent of Malan and Strijdom.

That is not "national suicide". It is the only



By
ALLISTER SPARKS

CAF Trip 7/8/86 280

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Sanctions: UK warns of 'economic war'

From JOHN BATTERSBY

LONDON. — The British Government warned yesterday against the prospect of "damaging economic warfare" in Southern Africa.

Mrs Lynda Chalker, Minister of State at the Foreign Office, said yesterday her government was still studying South African reprisals against neighbouring states. "But we must avoid a situation which would result in damaging economic warfare. That is why we are promoting the course of dialogue," she said.

Mrs Chalker said Britain had had to take into account the potential impact of sanctions on neighbouring African countries when deciding on what measures to adopt.

But she rejected accusations from frontline state leaders that Britain was an "ally of apartheid".

"No one has the right to say the British Government is easy on apartheid. It is an abhorrent system which must — and will — go soon. But it must and will go through negotiation, not violence," she said.

She said the measures adopted by Britain would have more impact in practice than all those adopted by the rest of the Commonwealth countries.

"The particular measures by the European Community — which we have now said we are prepared to accept and implement — are very significant indeed.

"South African ex-

ports of coal, for example, represent seven percent of all South African exports, and the EC takes around half of these.

"By comparison, even a world-wide ban on the import of South African agricultural products would deprive South Africa of only about five percent of its export earnings," she said.

Asked to respond to criticism from the frontline states and from the African National Congress that Britain had "sided with the whites", Mrs Chalker said: "We have not sided with anyone." Britain had not taken action in support of the South Africa Government but was trying to support black and white South Africans who wanted to live together peacefully.

She said she believed there could be a "growth of understanding" from further contacts with the ANC.

Nationalists

"I believe that the majority of people in the ANC are nationalists. This is certainly true of Oliver Tambo. It is true that some are members of the South African Communist Party (SACP).

"But the longer you delay dialogue, the more you make the ANC a recruiting ground for extremist organizations like the SACP," she said.

Dealing with the voluntary sanctions taken by Britain — against new investment in South Africa and the promotion of tourism — Mrs Chalker said it should be possible to implement the bans more quickly through voluntary measures than through the more protracted course of passing legislation.

Resistance

Meanwhile Dr Denis Worrall, South Africa's ambassador in Britain, yesterday told Britons that one result of sanctions could be to stiffen resistance in South Africa.

He said that Mrs Margaret Thatcher was right, that sanctions were counter-productive.

Xerox prepares for sanctions

Own Correspondent

JOHANNESBURG. — American computer giant Rank Xerox said yesterday it was preparing full-scale business contingency plans in SA in case of further US sanctions.

The company's MD in SA, David English, said options included a reduced shareholding in the company, or a 100% buy-out by local management.

Other American computer companies immediately denied they were considering similar contingency plans.

IBM's MD Jack Clarke said it would remain in SA "as long as it makes good business sense and while there is a chance we can contribute to peaceful change".

However, their denials were dismissed by industry sources.

They said all major corporations would by now have considered ways of circumventing sanctions. Denials of such plans were aimed at the US, in order to avoid political comeback from the pro-sanctions lobby.

English said: "It would be stupid and irresponsible if we did not have contingency plans to deal with various scenarios. The future may not be in our own hands."

He said plans were designed to ensure continuity of supply to Rank's 10 000 SA customers.

"We have to consider ways to safeguard them. Any deal depends on guarantees of continuation of supply."

Post-apartheid aid call

MICK COLLINS

THE West has a moral duty to provide massive aid to a post-apartheid SA, says Durban Chamber of Commerce president Bruce Forssman.

He urges the West to put together something similar to the Marshall Plan under which SA would receive substantial amounts of foreign aid to fund a major upliftment programme.

It would cover education, housing and social amenities subject to the implementation of an agreed political reform process.

In an editorial in the chamber's *Information Digest* he says the aid was necessary to provide an economic base on which reform and democracy could survive.

"Without an economic base the best intentioned reform will fail because SA

does not have the resources to satisfy the expectations and aspirations of its people."

Without the aid, which could run into billions of rands, he says there would be a drift towards authoritarian socialism and a further weakening of the economy.

"America and Britain have an obligation to SA, which I see as a fledgling democracy in a Third World situation, because they are insisting on democratic reforms."

These countries have already accepted their responsibilities to assist other Third World countries but, he says, SA has an advantage because it has a First World component in its society which will see the aid used to best advantage.

States 'seek gain from bans'

SOME of the steps taken against SA were designed to promote the economic interests of countries such as Australia and Canada, the Afrikaanse Handelsinstituut (AHI) said yesterday.

AHI president Christie Kuun said economic growth to encourage reform initiatives was necessary for SA.

The AHI, therefore, deplored the steps taken by the Commonwealth mini-summit in London earlier this week.

"It is clear that some of these steps were taken to promote the economic interests of other countries, such as Canada and Australia, and that strategic minerals of which SA is the major supplier are not affected at the moment," he said.

The situation indicated that economic

and strategic realities would prove to be of more importance than sentiment.

Although SA was in a very strong position to impose sanctions on neighbouring states, the AHI believed economic realities would force these neighbours to adopt a more realistic attitude.

Should they obstinately continue to create difficulties, however, the AHI would support the government if it took appropriate action, after consultation with the private sector, to safeguard SA's interests.

Sanctions would not force SA to its knees, though they could lead to a lowering of living standards.

Kuun said the AHI appreciated British Prime Minister Margaret Thatcher's position on the issue.

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Carb. Tins 7/1/86

Rhodium: A powerful SA secret weapon

From SIMON BARBER

WASHINGTON. — By refusing to sell rhodium to Western buyers, the South African Government could severely damage the United States automobile industry, help poison its air, bolster the Soviet economy and reap windfall profits, an unpublished report by the US Commerce Department shows.

The platinum group metal is the key component of catalytic converters used to lower pollutants in US car exhausts. Alternatives for the converters, which are required under the US Clean Air Act, are thus far only at the drawing board stage.

Without South African supplies of rhodium, the report says, the only other significant producer, the Soviet Union, would not be able to meet US, let alone Western demand, with its own resources. There is no domestic US production.

Moscow would therefore be tempted by the prospect of massive hard currency earnings to sell the West its own rhodium at a premium and purchase the South African product at a discount to meet its domestic needs.

The Commerce Department estimates that the market panic triggered by the cutoff of

South African supplies would drive the metal's price to well over \$1 500 an ounce (about R3 750) — an attractive proposition for Pretoria even though it would have to share some of the profit with the Soviets.

"Even at a conservative price of \$1 500 an ounce, US purchasing of rhodium from the Soviet Union would give that country a foreign exchange injection of \$166-million (about R415-million) annually," the study notes.

The chief purpose of the study is to warn of the possible effects of the total trade embargo adopted by the House of Representatives last June, but it makes it clear that South Africa has a powerful weapon at its disposal if it wants to counterattack Western sanctions.

It specifically notes that similar diversions through the Soviet Union and other countries occurred during the Rhodesian embargo, adding 20 percent to the price of Rhodesia's mineral exports.

"Faced with a prohibition on importing South African rhodium and an unwillingness on the part of the Soviet Union to sell to the US more than current levels, the US would be faced with the necessity of suspending the Clean Air Act," the study says.

Customs unpack trucks on borders

CRK Times 7/8/86

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Own Correspondent

JOHANNESBURG. — The government has since Monday placed clamps on Zambian and Zimbabwean trade lifelines, checking all consignments moving from the two landlocked countries.

According to local news reports, trucks were being unpacked and inspected at South Africa's border crossings with Zimbabwe and Botswana. Some exports from Zambia pass through Botswana on their way to South Africa.

Customs officials said South Africa was closely inspecting trucks ferrying goods from Zambia and Zimbabwe.

Reuter correspondent David Rogers, at the Zimbabwe border, said lorries had been held up for inspection after crossing Beit Bridge, Zimbabwe's only road link with South Africa, but transport was flowing normally over the bridge.

Local officials said trucks and trains with goods from Zambia, Zimbabwe and Zaire for export through South Africa had been subject to search since Monday.

"We decided to start having a look at what's coming through from Zambia and Zimbabwe in transit through the Republic," said Customs and Excise director-general Mr Izak Coetzee.

He said the inspections, which began on Monday, applied only to Zambian and Zimbabwean goods.

'Will be a pile-up'

"It started slowly but obviously these inspections take time. There's an escalation and there will be a pile-up."

The Department of Foreign Affairs confirmed yesterday that border delays could result from the "statistical survey" being undertaken of the nature and extent of Zambian and Zimbabwean goods exported through South African ports.

And a 25 percent cash deposit with a maximum amount of R10 000 per consignment — in addition to the normal duty — has to be paid for imported goods destined for Zambia before they will be released by the Department of Customs and Excise.

The levy is refundable only on receipt by Customs and Excise in South Africa of bills of entry stamped in Zambia.

The president of the SA Association of Freight Forwarders, Mr Patrick

Henegan, said delays of 24 to 36 hours could occur at the Botswana and Zimbabwean border posts.

Trucks were being unloaded and checked "much the same as they did in Lesotho", he said.

The clamp involves Zambian exports and imports and Zimbabwean exports.

A Renfreight spokesman said a total delay of 12 weeks could be expected from the time of the cash payment for the goods to the refunding.

The large cash outlay required and the remittance of funds for a country with a critical foreign-currency situation could only lead to a "chaotic" situation for Zambia, he said.

Foreign Affairs' media liaison officer Mr Chris Badenhorst said the statistics-gathering exercise could be extended to cover traffic travelling out of South Africa as well.

He said "current circumstances" lay behind the decision to initiate a "limited survey" of goods coming from Zimbabwe and Zambia "which are routed via our transport system".

Mr Badenhorst declined to say whether these "circumstances" related to the stance adopted by Zambia and Zimbabwe at the Commonwealth mini-summit in London on Monday.

He said the monitoring measures would be enforced as long as it took to compile the information required.

Sources in Zimbabwe claimed that they had been told only Cape Town and Port Elizabeth can now handle shipments but this was denied by South African Transport Services yesterday which said all ports were taking Zimbabwean goods as usual.

About 90 percent of Zimbabwe's exports go either to or through South Africa.

About 40 percent of Zambia's exports go to or through SA and as foreign-currency problems experienced by Zambia are unlikely to enable it to pay the enormous cash sums required by the new move, it is predicted that the result will be disastrous for the country's economy.

● **Sanctions: UK warns of 'economic war', page 4**

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Post-apartheid aid call

MICK COLLINS

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BUS DAY

7/8/86

Harare firms fear SA threat

HARARE — Businessmen fear that plans by SA to hit back at Frontline states for sanctions, will quietly strangle their trade with red tape.

Rather than provoke an intensified international blockade of SA's own trade, it is feared SA will use other means.

So, instead of detailing specific punitive measures against countries like Zimbabwe — which has been a prime mover in the sanctions campaign within the Commonwealth — Pretoria might tell its railwaymen, harbourmasters and customs inspectors to take their time in processing urgent consignments to or from Frontline states.

Harare sources report that, with more than 3-million tons of maize in silos of its grain marketing board, Zimbabwe has been told only Cape Town and Port Elizabeth can now handle shipments.

This has put an extra R10 a ton, at least, on transport costs. Zimbabwe's maize farmers are paid R250 a ton but the commodity is fetching less than \$36 a ton on a falling world market.

MICHAEL HARTNACK

With 94% of Zimbabwe's trade going to or through SA, only one train a day sets off along the steep gradient line from Mutare to the rundown Mozambican port of Beira.

It remains far cheaper to rail a container from Mutare 2 000km to Durban than send it 300km direct to Beira.

None of Zimbabwe's businessmen nor trade officials is prepared to talk on the record about the threat of SA retaliation.

They expect the SA government to imitate the tactics used with devastating effect by former PM John Vorster to pressure Ian Smith exactly 10 years ago when the Henry Kissinger proposals for black rule were presented to Rhodesia.

Vital supplies, including train loads of war materials, were mysteriously delayed in SA. Pretoria's politicians blamed railway shunters and signalmen for hitches that prevented 4-million tons of Rhodesian maize exports from getting to potential markets.

Zimbabwe's most profitable export crop,

tobacco, is particularly vulnerable, because foreign buyers will order rival Brazilian leaf if deliveries cannot be made by specific dates.

Zimbabwe hopes to produce a record 150-million kg export crop in the coming season. Much of it will go to waste if it cannot be moved via SA ports.

Harare's business community, which has been cowed into silence by accusations that it lacks patriotism and loyalty to the cause of black liberation — feels Mugabe's government would be prepared to see very much more damage to the economy than Smith's regime before it admitted SA economic pressures were too great.

For the moment there is no talk of a reintroduction of fuel rationing in Harare, despite claims by Mozambique's Renamo rebels that they have blown up the vital Beira-Mutare oil pipeline.

If true, this would throw Zimbabwe back on reliance upon the SA rail tanker imports of fuel which kept Rhodesia going during the 1965-80 sanctions years.

Capo Times 8/18/86
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Train delayed 24 hours at border

Own Correspondent

JOHANNESBURG. — A train has been delayed at the Beit Bridge border post for more than 24 hours.

It was expected to have to wait a further 12 hours before continuing its journey.

The delay arose from the search of all goods coming into South Africa from Zambia and Zimbabwe.

A spokesman for Renfreight said the train was delayed 24 hours to yesterday afternoon when it was due to be searched, which he predicted would result in a total delay of about 36 hours.

The Renfreight spokesman said the delayed train's cargo did not include perishables.

There is confusion among freighting agents about how to deal with the requirement by South Africa's Depart-

ment of Customs and Excise that 25 percent of both the value of a consignment and the duty on the consignment has to be paid as a deposit on all goods in transit to Zambia.

At least one agent has contacted its parent operators in Europe for guidelines on how payment and reimbursement of the levy should be effected.

Others are believed to be negotiating deals with clients to avoid delays in releasing consignments, but there are indications that many of the amounts will be large and will be tied up for an unspecified length of time.

The president of the SA Association of Freight Forwarders, Mr Patrick Henegan, said a delay of the proportions of the Lesotho incident was anticipated.

Now Messina is used to check cross-border traffic

Dirk Nel,
Northern Transvaal Bureau

BEITBRIDGE — It was business as usual across the Zimbabwe-South African border yesterday — at a slightly slower rate due to intensified customs checks — with many heavy carriers evidently being sent to nearby Messina for inspection, in the face of concerted media attention on the Beitbridge border post.

When asked whether pictures could be taken of south-bound heavy vehicles, lining up on the Zimbabwe side of the customs gate, an official said: "Definitely not, unless you have prior permission from Pretoria."

The awesome scope of South Africa's trade with its northern neighbours was evident from the fact that heavy-duty trucks in both directions were arriving at Beitbridge at the rate of one every 10 minutes between noon and 3 pm.

There were whispers, however, that the movement of goods was being accelerated in both directions to beat the sanctions axe, which is not likely to fall for several months.

The names on the vehicles tell the whole story. One belonging to Central African Road Services roared through to the Zimbabwean side carrying steel cylinders, while another, bearing the name "Zambezi Carriers, Botswana-Zaire", moved south with a load completely under wraps.

Meanwhile tobacco from Malawi was being loaded from a train on to a heavy-duty road hauler at Messina station. A load of South African cotton arrived by road for transfer to a north-bound railway truck, and a supply of fertiliser stood nearby.

Several large foreign road transport operators have their own depots, served by railway lines, in Messina, and the town is rightly being labelled as this country's "Gateway to Africa".

Timing of Commonwealth ban on air links yet to be decided

By Zenaide Vendeiro,
Transport Reporter

There is still no indication on when the ban on air links with South Africa, agreed upon by six Commonwealth nations after a mini-summit in London this week, will be implemented.

Only three of the six Commonwealth countries — Australia, Zambia and Zimbabwe — have direct air links with South Africa.

South African Airways has not received official notification from these states on the termination of services and Air Zimbabwe and Zambia Airways are awaiting instructions from their governments.

Observers expect the return from London of Zimbabwe Prime Minister, Mr Robert Mugabe, to see the start of Zimbabwe's sanctions measures, including the severance of direct air links.

But Zambian President Kenneth Kaunda has said that implementation will be discussed at a meeting of the 50-nation Organisation of African Unity (OAU) in Rwanda, Burundi, in the next few days.

The International Air Transport Association, of which Australia, Zambia and Zimbabwe are members, stipulates a 14-month notice for cutting established air services. However, an Australian Foreign Ministry spokesman has said the Govern-

ment will try to stop SAA's weekly flights as soon as possible, despite the IATA agreement.

The governments of Zambia and Zimbabwe, the most vociferous proponents of punitive measures against South Africa, may take a similar line.

They have also called on other African countries which still maintain air links with South Africa, such as Malawi and Mozambique, to implement the ban.

There are 12 flights a week between Johannesburg and Lilongwe, shared evenly by the two airlines, and two return services a week between Johannesburg and Maputo.

EXCLUDED FROM BAN

South Africa's most dependent neighbours, Botswana, Lesotho and Swaziland, are not expected to be held to the ban.

There are 36 flights a week between Botswana and South Africa, 14 of them by SAA, 16 flights a week from Lesotho and 12 a week from Swaziland to Johannesburg. All the Maseru-Johannesburg and Manzini-Johannesburg routes are flown by Air Lesotho and Royal Swazi Airways.

Flights to South Africa account for about 75 percent of their airline's international services.

Prime targets of the ban are expected to be Cape Verde, the Ivory Coast and Mauri-

tius, at which SAA aircraft land to refuel on flights to North America, Europe, Australia and the Far East.

Major European carriers which intend to continue operating to South Africa are concerned that African nations will refuse landing rights to aircraft bound for South Africa.

European airlines, such as British Airways, Lufthansa, KLM, UTA, Sabena and Olympic Airways, link Johannesburg with Brazzaville (Congo), Kinshasa (Zaire), Nairobi (Kenya), Lusaka (Zambia), Harare (Zimbabwe) and the Seychelles.

These countries, with the exception of Zimbabwe and Zambia, banned direct air links with South Africa some time ago.

Australia's national carrier, Qantas, fears that South Africa — Zimbabwe's only reliable source of aviation fuel — will cut off supplies to Harare in retaliation for the bans and the airline is believed to be investigating an alternative destination in Africa.

However, about 85 percent of passengers on Qantas flights to Harare take connecting flights to Johannesburg and the airline stands to lose this traffic if it is forced to terminate the Harare service.

British Airways has two flights a week which stop in Harare on flights to and from South Africa, which could also be affected.

Clamp expected soon on Zimbabwe goods

The Star's Africa News Service

HARARE — A clamp-down on the movement of Zimbabwean goods entering South Africa is imminent at the Beit Bridge border, according to Press reports.

The Herald, Zimbabwe's main daily newspaper, quoted a customs clearing agent as saying his company had been told that from now on all Zimbabwean vehicles would be searched.

A circular from South African customs said that all vehicles would have to be unloaded, and customs clearing agents would have to be present during the searching, the agent said.

It is widely expected that the new procedures will retard the movement of tourists and heavy road traffic.

Exporters in Harare said they were still unclear on the mechanisms announced last week for the import licensing system for Zimbabwean exports into South Africa. But they said they feared it would slow down traffic.

"In the present political climate, it's inevitable that the brakes will be put on," said one.

IMPORT LICENCES FOR ALL GOODS NOW

The Herald quoted a spokesman for the South African Trade Mission in Harare as saying that import licences to South Africans would be "freely available".

He said the system of licences, previously applying to only a relatively small range of goods, would now cover all goods entering South Africa from Zimbabwe.

The paper quoted figures showing that between January and November last year South Africa bought goods worth R263 million from Zimbabwe — 10.9 percent of all Zimbabwe's exports. The goods consisted mainly of textiles and clothing, but also significant amounts of tobacco, cotton and other raw materials.

The paper also noted that in 1984 Zimbabwe paid R126 million to South Africa for transport services, including insurance.

ITF congress calls for anti-SA moves

LUXEMBOURG — Seven hundred delegates at a congress of the International Transport Workers Federation (ITF) in Luxembourg called for sanctions against SA yesterday.

The delegates warned of possible industrial action to enforce oil and arms embargoes, officials said.

The delegates unanimously backed a declaration urging members to campaign for "immediate and effective sanctions against the SA regime".

The declaration also called on members "to ensure, if necessary by industrial action, the international embargo on the export of oil and arms to SA" and to extend these bans to all trade with SA, the officials said.

The London-based ITF — com-

prising about 400 transport workers unions — is said to have about 5.5-million members working in road, rail, sea and air transport in 86 countries all over the world, except the Eastern Bloc.

In Oslo the Norwegian daily *Aftenposten* quoted Norwegian Prime Minister Gro Harlem Brundtland as saying Norway would introduce a full trade boycott of SA later this year.

And in Mbabane, a Swazi government spokesman said Swaziland would not take immediate steps to sever air links with SA, despite a call to do so by the Commonwealth.

He said the government was still awaiting further details on sanctions adopted at the Commonwealth summit in London on Monday. — Sapa-Reuter.

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Airline workers could sue Govt over S A ban

SYDNEY—Australians working for South African Airways yesterday vowed to sue the Government if it goes ahead with plans to bar the carrier from Australia.

Mr Allan Dexter, a spokesman for the employees, said the ban, part of a package of sanctions against South Africa promised by the Prime Minister, Mr Bob Hawke, would put about 1 500 Australians out of work.

'It's unfair,' Mr Dexter said. 'We're going to fight back.'

Mr Dexter said 23 airline employees were directly affected by the ban and 1 500 Australians in industry-related jobs faced the prospect of imminent unemployment.

A Foreign Ministry spokesman said the Government would try to stop the airline's weekly flight from Johannesburg to Sydney as soon as possible, although international air agreements call for a 12-month notice period.

Sapa reports from Johannesburg that the British Government is already applying measures on South Africa and has agreed to further measures.

The already imposed sanctions include a mandatory embargo on the export of arms and para-military equipment to South Africa.

A report from Oslo claims Norwegian Prime Minister Mr Gro Harlem Brundtland was quoted yesterday as saying Norway would introduce a full trade boycott of South Africa later this year. — (Sapa-Reuter-AP)

Sanctions may mean widespread return of killer diseases

SPK
280 85 8/8/88

By Joe Openshaw, Medical Reporter

Sanctions could increase the incidence of tuberculosis and other infectious diseases in the long term and lead to the reappearance of typhoid, malaria and cholera in areas where it had been eradicated.

This warning was contained in a statement issued in Pretoria by Dr C E M Viljoen, secretary-general of the Medical Association of South Africa (Masa).

He said: "Without a sound economy it is impossible to run health services and the disastrous results for all, rich and poor, black and white — should the country be forced to its knees economically — must be obvious for all to see.

"Were such a catastrophe to befall us it would not be reversible immediately. In fact, if the results of decades of industrious efforts are destroyed, it would take many years to rebuild them," Dr Viljoen said.

'Economic disaster'

Providing medical facilities depended on the availability of large numbers of trained staff with equipment that was becoming rapidly more expensive.

"Governments of Western countries which despite advanced economies are finding it difficult to afford health services should have no difficulty understanding this.

"The effect of an economic disaster in this country on the general well-being of our people, with the loss of individual earning capacity and resultant malnutrition — already prevalent among certain groups — and the loss of the State's ability to supply and extend public health services such as sanitation, water supplies and control of infectious diseases, would have even more far-reaching effects on the health of the population than would a breakdown in health services as such."

He said there would undoubtedly be an aggravation of the increase in tuberculosis and other infectious diseases caused by unfavourable living conditions.

"In an extreme situation typhoid, malaria and cholera may again become prevalent in areas where it at present no longer occurs."

FAK chief's grim sanctions warning

8/8/86 SAK 280

South Africa could not survive a general sanctions onslaught as this would lead to large-scale unemployment and political unrest, said Mr Hendrik Sloet, chairman of the FAK, a federation of Afrikaner cultural organisations, last night.

Mr Sloet told a Rapportryers function in Pietersburg that South Africa would be able to survive the onslaught only if it could change the attitude of the world, which was slanted against it.

Such a change of attitude would be possible only if South Africa could create peace and stability internally in a way which was acceptable to all its peoples, he said.

Although total sanctions were not yet a reality, Mr Sloet said, selective boycott actions in sensitive areas could have precisely the same effect.

Among these would be a total prohibition on

the handling of freight, including oil, to and from South Africa, and a reduction in the monetary importance of gold which was responsible for 60 percent of South Africa's foreign exchange earnings.

'So-called friendly nations'

Although gold marketing by the Soviet Union, China and Australia could lead to greater competition and lower prices in the future, South Africa's greatest problem lay in its dependence on so-called friendly nations such as Britain and the United States.

"A change of government in those countries could, with the co-operation of other producers, lead to their forcing the gold price down to \$100 an ounce, which would lead to the economic col-

lapse of South Africa," he said.

Referring to the present selective sanctions, Mr Sloet said South Africans could alleviate the consequences of these by buying South African-manufactured goods only and, in cases where imported products had to be purchased, buying goods from friendly nations.

In addition, it would also pay South Africa to establish a minerals exchange and institute a single-channel marketing system for local minerals.

DD
8/8/86

No danger to health services

CAPE TOWN — The Minister of National Health and Population Development, Dr Willie van Niekerk, says health services will continue normally in the event of sanctions.

He said South Africa had strong pharmaceutical companies which would create a furore if sanctions on medicines were proposed.

The black population was the largest consumer of medicine and no country could morally afford to withhold pharmaceuticals, he said.

South Africa would not withhold medical care from neighbouring states if sanctions were imposed.

● The state could save up to R60 m a year in subsidies if medical aid patients at provincial hospitals were charged private hospital tariffs, Dr van Niekerk added.

— Sapa

Search delays train

A TRAIN had been delayed at the Beit Bridge border post for more than 24 hours yesterday afternoon because of an examination of all goods coming into SA from Zambia and Zimbabwe.

It was expected to be delayed a further 12 hours before being able to continue its journey.

There is confusion among freighting agents about how to deal with the requirement by the SA Department of Customs and Excise that 25% of both the value of a consignment and the duty on the consignment has to be paid as a deposit on all goods in transit to Zambia.

At least one agent has contacted its parent operators in Europe for guidelines on how payment and reimbursement of the levy should be effected.

Others are believed to be negotiating deals with clients to avoid delays in releasing consignments, but there are indications that many of the amounts will be large and will be tied up for an unspecified length of time.

President of the SA Association of Freight Forwarders Patrik Henegan

DIANNA GAMES

said a delay of the proportions of the Lesotho incident was expected.

But checking this week was being done by customs officials, not police, and consignments were being checked against documents and not unpacked individually, he said.

Goods traffic is being diverted to Messina for customs clearance to stop congestion at the border post, a Department of Foreign Affairs spokesman has confirmed, although reports so far indicate that delays of road traffic have eased since Monday, when the searches began.

Commissioner of the Department of Customs and Excise D Colesky said all trains except those routed to Maputo were being checked in Pretoria.

A spokesman for Renfreight said the delayed train's cargo did not include perishables.

Zimbabwe extended its preferential trade agreement with Pretoria only days before the Commonwealth clamped new sanctions on Pretoria.

8/8/86

OSTRACISING SA

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Australia, Canada, India, Zambia, Zimbabwe and the Bahamas have agreed to implement 11 sanctions against SA — and will urge the rest of the Commonwealth and world to do the same. Three new measures have been added to those contained in the Nassau Accord, which set up the Eminent Persons' Group. They will:

- ☐ Cut air links;
- ☐ Prohibit new investment and reinvestment of profits earned in SA;
- ☐ Ban all imports of agricultural products;
- ☐ Terminate existing double taxation agreements;
- ☐ End government assistance to trade with SA;
- ☐ Cease all government buying from SA;

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- ☐ Stop government contracts for South African controlled companies;
 - ☐ Ban promotion of tourism to SA;
 - ☐ Halt all new bank loans to private and public sector borrowers;
 - ☐ Ban imports of uranium, coal, iron and steel; and
 - ☐ Withdraw consular facilities in SA, except for their own nationals or those of other countries for which they act.

Britain will:

- ☐ Impose a voluntary cessation of new investment;
- ☐ Put a voluntary ban on South African tourism promotion; and
- ☐ Accept and implement a European Economic Community decision to place an embargo on imports of coal, iron, steel and gold coins.

SANCTIONS

Here they come

FM 8/8/86 *(280)*

The die is cast. Britain's split with the six other Commonwealth nations at the London mini-summit this week cannot disguise the fact that the South African economy is now under siege.

For in her biggest political U-turn yet, an agonised Prime Minister Margaret Thatcher committed Britain to accepting an EEC decision to ban imports of coal, iron and steel. With Germany now taking a similar line, implementation of the major sanctions — outlined at The Hague meeting of the EEC which launched Foreign Secretary, Sir Geoffrey Howe, on his fruitless mission — is now seen as inevitable.

Thatcher admitted as much at the press conference which followed the Marlborough House communique. Clearly embarrassed and protesting her conviction that punitive sanctions will not work to bring change in SA, Thatcher said:

"While we appear to be taking fewer measures than the rest of the Commonwealth... what Britain does as part of its agreement with the EEC will have a much greater impact."

The concession had been made, she said, to demonstrate Britain's commitment to the Commonwealth and the EEC.

However, her refusal to agree to the sweeping sanctions imposed by Australia, Canada, India, Zambia, Zimbabwe and the Bahamas has still opened up the most serious rift yet in the Commonwealth. Zimbabwean Premier, Robert Mugabe, lashed out at Britain's other powder-puff gestures — the un-

enforceable voluntary "bans" on investment and tourist promotion — by threatening to nationalise all UK interests.

With "white" Commonwealth leaders, Australia's Bob Hawke and Canada's Brian Mulroney, throwing their full weight behind the sanctions package and undertaking to promote similar measures by Japan and the US, there was, however, no talk of anyone leaving the 49-nation club — not even from Zambian President Kenneth Kaunda.

Hawke said the decision of the six nations to "agree to disagree" with Britain on the scale and timing of measures against SA, was taken because in the choice between unity and credibility "we had to opt for credibility."

Few of the leaders speaking after the communique — in which all endorsed the Eminent Persons' Group report and the need for "further measures to impress on the authorities in Pretoria the compelling urgency of dismantling apartheid and erecting the structures of democracy" — had answers for questions about possible South African retaliation against neighbouring states. The communique warned, however, that "acts of economic or other aggression" would lead to "still further effective measures."

India, Australia and Canada all said they were now looking to follow any additional sanctions which might emerge from the American Senate. The three countries are expected to form a special Commonwealth committee to negotiate coordinated action with the US, the EEC and Japan.

□ Reacting to the measures, Assocom called them counter-productive and potentially harmful to economic growth and employment in south and southern Africa. They are also "fraught with loopholes," it says, adding: "Previous experience of sanctions suggests that the technique of slowly applying pressure over time will give SA the opportunity to adjust — to find alternative outlets or suppliers, to build new alliances, and to mobilise domestic opinion. It will encourage SA to diversify its economy and resort to unconventional trade on a larger scale." ■

Gloomy US view

Foreign companies faced with mounting public pressure at home may find the sagging economy a greater force for divestment than government-imposed sanctions.

At least, that is the conclusion of US think-tank, Chase Econometrics, which recently completed an in-depth study of the economy. Chase Middle East and Africa forecasting director, Hisham el-Naggar, ran a computer model of the economy through three political scenarios — a continuation of the status quo (slow reform combined with heavy government spending), the emergence of a multi-racial coalition government, and finally a sharp swing to the Right.

Under all three, the economy over the next few years is likely to remain ravaged by political and economic cross currents, with business opportunities minimal and business confidence weak.

"There will be just 1%-2% growth this year, with a worsening performance in 1987 and higher inflation," says El-Naggar. "Then the differences begin. Under the right-wing scenario, prospects deteriorate fairly quickly and towards the end of five years there is marked deterioration.

"We assume that a shift to the Right will

entail a siege mentality, with government willing to put up with a fair amount of boycotts, and increasing sanctions. This scenario is the worst because the pressure would be on foreign companies to withdraw."

El-Naggar says his computer analysis indicates that SA is vulnerable to sanctions.

"Withdrawal of foreign investment would have serious side effects, although the initial impact on employment would not be very deep," he says. "If there is a massive withdrawal, would local business buy out those leaving? I can't see that happening everywhere. If foreign businesses pull out, domestic confidence will be at an all-time low."

El-Naggar notes, however, that the emergence of a multi-racial coalition will not solve SA's economic problems either.

"The shift towards a multi-racial coalition would be a calculated political move, probably with the National Party still a very active member," says El-Naggar. "So, while it's not that dramatic a shift, it would essentially be designed to lessen foreign pressure, and hope to reduce political tension.

"Generally speaking, the emergence of a multi-racial coalition would be the best for business because it would include some dim-

inution in external pressures, but this scenario is not devoid of problems long term, both internal and external.

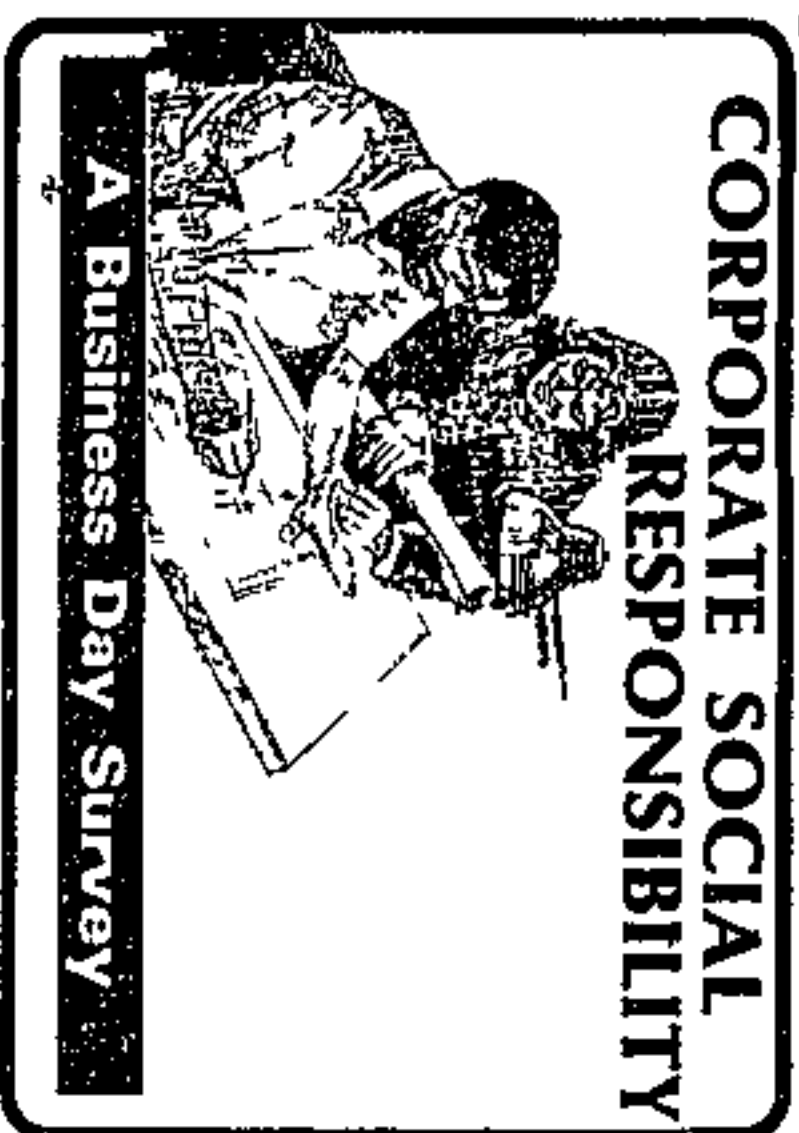
"The economy would fare better under this sort of government than under a right wing, but there would still be long-term economic disappointment."

The Chase econometrician says that the third possibility — continuing along the path of increased repression, combined with inflationary spending and strict exchange controls — is not likely to work any better in the future than it has the past year.

Indeed, barring civil war, El-Naggar's models point to uneven and sluggish growth, no matter what the political developments. He says that SA, once a fertile environment for business, has now slipped back to Third-World status, with little likelihood of a rebound over the next five years.

On the other hand, however, foreign business should not worry about a total collapse.

"The economy is strong enough to survive the turmoil, albeit weakly. Long term potential is considerable, but over the next five years we are not looking at total collapse and we are not looking at spectacular recovery, no matter what." ■



Economics Reporter

US corporations disinvestment from their SA operations — a phenomenon which has become almost commonplace in the last two years — has dramatically reduced spending on corporate social responsibility (CSR) programmes on housing and education.

Disinvested local companies are free from the political pressure, embodied most notably in the Sullivan principles of corporate behaviour for US companies, which obliges them to devote resources to CSR projects. In addition, many face cash squeezes as a result of the borrowing and cash outlays used to buy the business.

US-owned companies in SA spend between 5% and 10% of their total wage bills on CSR programmes. In the year ending 1985, the 146 Sullivan signatories gave R14m to local educational institutions and R25,6m in assistance to community housing, health and recreational projects, according to a report on the signatories by Boston consulting firm Arthur D Little.

When foreign companies leave, observers say, the CSR projects disappear quickly.

"The first thing they do is cut their social-responsibility programmes and, in some cases, they've cut out their involvement entirely," says Lionel Grewan, an assistant vice-president at Citibank and executive director of the

Disinvestment means less pressure to provide aid

Sullivan Signatory Association. "I've seen that with almost every company which has disinvested."

The Sullivan principles and other such codes, Grewan says, "disciplines" companies operating in SA. "As soon as a company disengages, that accountability is removed," he says.

Executives at companies sold this year by US parents acknowledge that spending on CSR has declined since the disinvestments.

Rohm & Haas, for one, has eliminated cash outlays for educational programmes, though it continues to encourage employee involvement in other ongoing CSR projects. MD Peter Harding says the financial pressures which came with his leveraged buy-out of the company required conservation of cash.

"In a leveraged buy-out, funds are going to be damn scarce and, when the pressure is put on, it's obvious which area is going to suffer," he says.

At Stanley Works, a distributor of hand tools in Maraisburg, Transvaal, the three senior managers who bought the business have cut off contributions to Pace College, the Soweto school run by the American Chamber of Commerce in South Africa.

Nevertheless, says executive Bob Frost, the company still pays wages specified by the Sullivan guidelines. "We do follow the code and we still adhere to the principles — but we don't fill out any of those forms anymore," he says.

CONTRIBUTIONS TO EDUCATIONAL INSTITUTIONS

Education Category	Rand	Employee Days
Bursaries and Gains *	4 323 432	—
T.O.P.S.	878 492	—
Remedial Compensatory Programmes	534 312	—
Adopt-A-School	1 786 723	6 048
Other	6 487 465	6 361

Total 14 010 424 12 409

* This total includes bursaries and grants for employees as well as non-employees

ASSISTANCE TO COMMUNITY AT LARGE

	Rand	Employee Days
Housing	3 731 037	4 857
Health Welfare	4 080 926	7 595
Civic/Recreation	6 866 690	12 760
Other	10 935 867	21 726
Total	25 614 520	49 936

General Electric — which sold its local subsidiary to nine senior managers in April — left, as part of the transaction, a R1m endowment with the new company specifically for philanthropic purposes, according to a company spokesman.

But Grewan says such actions by foreign companies which disinvest are rare and that, in any case, the funds may be administered with less attention by a local company which is not evaluated — as was its former parent — on the actual results of the spending.

Front-line states to decide on sanctions stance

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8/8/86

London Bureau
THE leaders of the six African front-line states are to meet in Luanda on August 21 to decide how they can implement the sanctions against South Africa agreed on at this week's Commonwealth summit in London.

The issue is a difficult and potentially humiliating one for them, since none has any economic muscle and all suffer from problems which inhibit their capacity for independent action.

In addition to sanctions against South Africa, they will discuss the best ways of twisting Britain's arm in an attempt to persuade Mrs Thatcher to take tougher measures. Britain was the odd-man-out at the London summit, with Mrs Thatcher rejecting the list of sanctions agreed by the six other leaders.

It is probably with Britain in mind that the front-line states have invited Nigeria to attend the Luanda meeting. Nigeria is Britain's best customer in black Africa.

The six front-line states are Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe.

Angola and Mozambique suffer from civil wars

which have wrecked their economies. Tanzania and Zambia depend heavily on aid and are close to bankruptcy.

Botswana is entirely dependent on South African goodwill and is opposed to sanctions. Only Zimbabwe has any pretensions to a robust economy, and even in its case 90% of its exports and imports pass through South Africa.

Another outside country invited to the Luanda meeting is Kenya. The front-line states presumably want its help in stopping the refuelling at Nairobi of flights to Johannesburg.

The region's greatest problem is communications. Aid is being given to improve railways and

roads, but minerals exported to Europe and other parts of the world more often than not pass through South Africa.

President Reagan is sending a senior official to offer help to the front-line states. Britain is unlikely to be willing to co-operate until it knows whether Mr Mugabe means to carry out his threat to discriminate against British trade and interests.

The leaders' meeting in Luanda will be preceded by one by their foreign ministers and followed by the nine-nation Southern Africa Development Co-ordination Conference, a group set up to reduce dependence in South Africa.

AN OPEN LETTER FROM ANDREW YOUNG TO DESMOND TUTU

Reagan's speech gives hope

Atlanta.

Dear Bishop Tutu,

Don't give up on us yet. America has seldom been led by its presidents. We are truly a government of the people and by the people, even when we are not always for the people.

We are also a nation that God still seems to be able to move in mysterious ways. When we are silent, the very stones of our heritage cry out on behalf of justice and often we must flounder and fall back before we are able to go forward. We are notorious for our moral brinkmanship.

Because I have lived and suffered with this complex system of ours for so long, I have learnt to listen with my head and heart as well as my ears.

I hear not only what is said more clearly, but I have learnt to live with the disappointment of messages directed toward everyone but those who are victims of the problem.

And so President Reagan's speech on South Africa contained hope for me that might not be apparent to you and the other suffering South Africans — black, white, "coloured" and Asian — who so desperately long for strong pressures from the United States to head off the pending holocaust in your country.

Prisoner release

President Reagan refused to commit to sanctions, and that was a disappointment to us all. But he did commit to the agenda of the Commonwealth Eminent Persons Group — including its call for the elimination of apartheid and for the release of all political prisoners.

As I have become used to celebrating minimum progress by so great a power, I must celebrate the agreement on objectives as significant.

For Ronald Reagan to recognise the need to unban black political leadership and release Nelson Mandela is an important commitment.

But while the President and I now agree about goals, we disagree in our basic understanding of the problem and on the tactics to achieve these now agreed-upon objectives.

A large part of the problem is the way Mr Reagan has staked his hopes on President Pieter W Botha's willingness and ability to be reasonable.

I have watched a number of Americans make precisely this mistake in their dealings with governors resisting desegregation in the American South.



After President Reagan's July 22 speech on South Africa, Mr Andrew Young (left), Mayor of Atlanta and former US Ambassador to the United Nations, wrote this open letter to Bishop Desmond Tutu (right), who is to be installed as Anglican archbishop of Cape Town later this year.



I watched President Dwight Eisenhower make the same mistaken judgment of Governor Orville Faubus of Arkansas in 1958, and then saw Attorney-General Robert Kennedy take the same gamble with Governor Ross Barnett of Mississippi and Governor George Wallace of Alabama.

In each instance, the men in Washington naively believed that reason alone could produce change. Only when their hopes were dashed on the rocky shores of racist reality were they forced to come back and apply the power of their office.

I cannot imagine President Botha being able to change. He does not have the political power or the moral authority to effect much change. He needs the outside pressure of the international community even to do those things he knows he must do.

That is why Congress, which is much more attuned to the moral outrage of the American people and is up for re-election in a few months, is likely to act independently of the president.

Republicans will probably go along, for they must save their party from being dragged down with the inevitable demise of apartheid.

Americans understand racism. We have lived through racial trials and to some extent still must struggle with the destructive potential of racism in our midst. Mr Reagan

was in Hollywood during those struggles, but Republicans, North and South, played an important role in our transition under law to a more just society.

The sanctions likely to be imposed by the United States — they may well be voted by the Senate in the next few weeks — will probably be moderate. They will probably seem totally inadequate. But I plead with you and your countrymen to understand why this is so — to recognise that sanctions are effective only if they can be enforced and relaxed.

Sanctions must be seen as a tactic, not an end in themselves. I have always feared that South Africa would actually get stronger and more intransigent under an oil embargo. Nor are such sanctions likely to be effective. Oil shipments are almost impossible to track, and there would surely be leaks all along the Southern African coast.

As for total economic sanctions, they would probably be honoured only in the breach. They could be enforced only with an extensive naval blockade that is unlikely.

Our experience in the late 1960s and early 1970s with sanctions on Rhodesia bears this out to a great extent. All the pressure to impose sanctions was on the United States and Europe, but Japanese, Brazilian, Argentine, Arab and Israeli goods, money and licences continued to make their way into Salisbury to the end.

The Rhodesians relied on import substitution and widespread leaks of valuable goods and services, until in the end they had an even stronger domestic economy. Sanctions hardly influenced their politics.

Such would not be the case with an airline embargo against South Africa, especially one that was also backed by the United Nations Security Council and monitored by the International Civil Aeronautics Organisation.

Such an embargo of air travel — all airlines — would force South Africans to get to know their neighbours on a more equal footing and might strengthen their political and social ties to Zimbabwe, Zambia, Botswana, Mozambique and even Lesotho, for they would drive or go by train to those neighbouring states in order to travel out in to the world. Nor would any poor black citizens of South Africa be hurt by such a sanction.

These sanctions are not as moderate as they seem. They would actually be more powerful than harsher measures because they would be enforceable. They could be monitored and ended whenever there was a reasonable response from Pretoria.

Travel plans

It would be ideal if they were voted in the next few weeks but did not take effect until December, for that would give President Botha a chance to respond to the agenda put forward by President Reagan and the British Foreign Secretary. It would also force white South Africans to cancel their Christmas travel plans and begin to face the consequences of their isolation from Europe and America.

As you well know, most South African whites set considerable store by the way they can travel the entire world with the wealth derived from the exploitation of the land and people of their country. Closing the door to easy access to the pleasures, freedom and culture of the world would be a serious threat to this way of life.

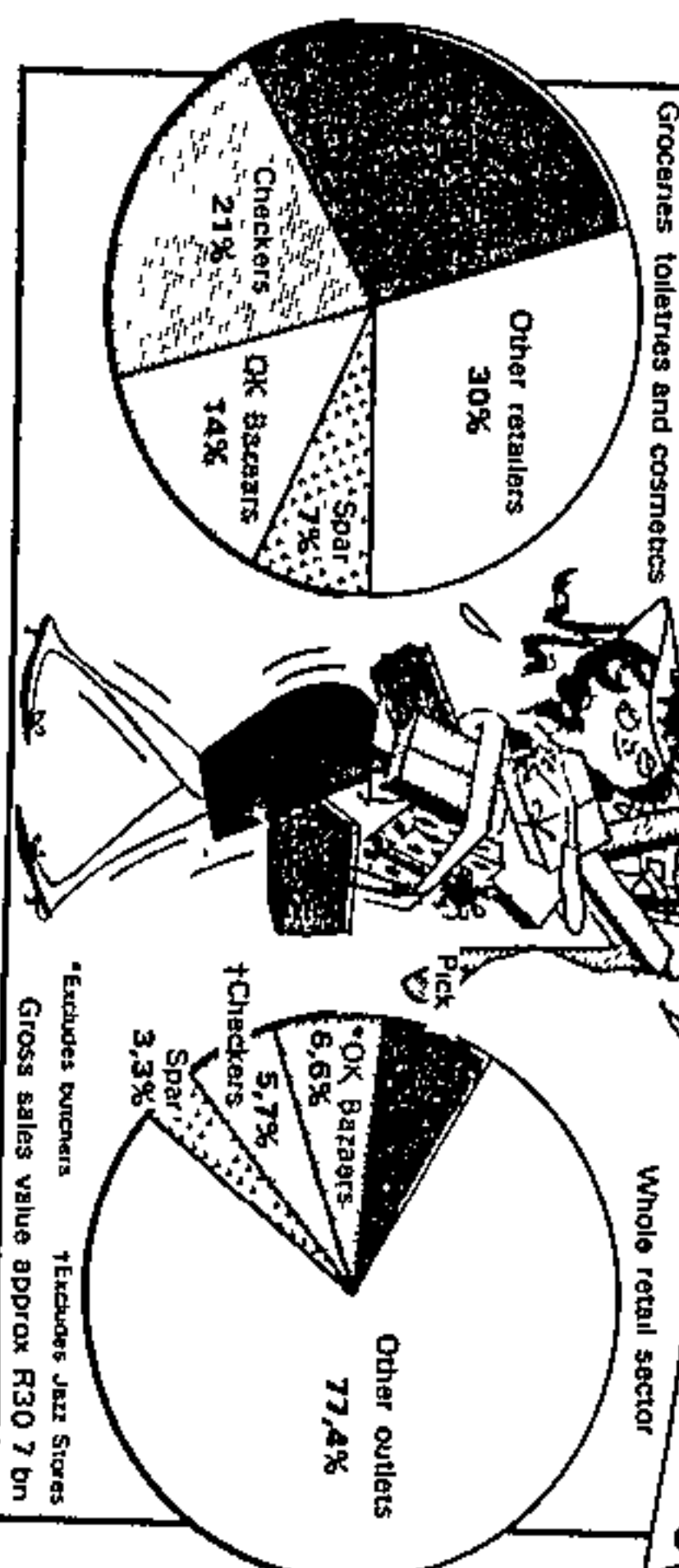
I may be grabbing at straws, but my experience has been that change comes when we least expect it. The darkest hour is just before the dawn.

As you approach investiture as archbishop — and spiritual leader of our time — you know that the Lord in whose name you speak is ruler of all men, women and nations, and that the victory over evil has been won.

Our job is to incarnate that victory in Johannesburg, Soweto, Washington and Atlanta, and even in KwaZulu — *The New York Times*.

Going for broke?

Market shares



chemists are needed in war and peace alike. But food is becoming more the most vital component in the store war. As Retailer's Eric Levine notes, the retail sector peaked in volume terms in 1981 and has run downhill since. But as a percentage of the total retail cake, food has increased its share dramatically. This affects retailers' product mix profits ratios. OK's latest results reflected the impact of the recession on its bias towards furniture.

Behind the store wars stand pressured manufacturer-suppliers to the retailers.

Johnny Frankel of major supplier Tiger Oats reckons the retail war can go no further. "As manufacturers, our margins are pared to all-time lows. Many of our inputs are price-controlled, for example, by the agricultural control boards." He speaks for all suppliers in saying that not another inch can be afforded on margins.

Retailers are also past masters at passing all manner of costs onto suppliers: promotions, displays, incentive rebate schemes, advertising allowances, and literally every other "trick." But suppliers do benefit from

dealings with the Big Four on bulk orders, deliveries and displays. Yet most perceive that SA's large retailers have been allowed unfettered expansion. In most comparative sectors abroad, suppliers are compelled to offer the biggest chain and the one-man store the same price. In SA, the Competition Board has outlawed supplier price-collusion. In these circumstances, the small grocer is up against formidable odds. There is still a large number of small vendors, who presumably offer service and convenience. Inland Revenue has registered more than 250,000 vendors liable to collect GST, and outlets owned by the Big Four comprise 0.4% of this total.

Meanwhile, expansion is taking place. Spar looks to add an outlet a month in the next year while OK is replacing and developing other stores. And Ackerman is considering the launch of a fourth P'n P module, or mode of operation, in a month's time.

The first was the supermarket in the early Seventies — the hypermarket came later — and the superstore in the early Eighties. Ackerman believes P'n P should continue its tradition of biological growth, not switch to predation. "I do not want to be the biggest retailer in the country." But of course he is, controlling 55% of SA's biggest retail chain. Of more too, is that last year Sanlam, as ultimate owner of Checkers, offered it to Ackerman. He turned the offer down flat. On the basis of speculation P'n P's fourth module would most likely specialise in furni-

RONNIE BETHLEHEM

Groupthink, home and abroad



Dr Bethlehem is Group Economics Consultant of JCI. The views expressed here, however, are his own, not those of his company.

A powerful argument in favour of sanctions — especially considering changes in SA sport, and the repeal of many apartheid sacred cows — is that pressure works. And sanctions are the ultimate form of pressure, short of military intervention, to bring about political change. This, certainly, is the hypothesis on which the Eminent Persons Group (EPG), and more generally the Commonwealth, base their thinking. It needs to be thoroughly examined.

Reading the EPG report, however, invites disappointment. It fails actually to consider the matter of sanctions at all, directing itself mainly to constructing a moral case to justify their introduction.

- What damage could sanctions of varying levels of intensity be expected to do to the SA economy and to the economies of neighbouring countries closely linked to it?
- How would the likely hardships and costs of sanctions be distributed between countries and population groups in the region?
- What would be the SA government's likely response to continued outside pressure for political change without any accompanying acknowledgment of the reform initiatives it has already undertaken?
- What would government's likely response be to actual implementation of sanctions, and what initiatives are available to it to counteract them?
- What is the likelihood of government succeeding in its efforts to overcome sanctions?
- What would be the consequences for the Commonwealth, and more importantly for the goal of getting rid of apartheid, were government to succeed effectively in countering any sanctions?

The EPG would have been driven to a totally different conclusion had it considered these questions. It is remarkable, given the centrality of sanctions to its thinking on SA, that it did not do so.

In considering sanctions and change, it is worthwhile to recall two events in recent world political history which hold important lessons both for government and its critics at home and abroad.

The first is the Polish rebellion of the summer of 1980, staged by the newly instituted free trade union, Solidarity, under the leadership of Lech Walesa. Those following its development from abroad were naturally warmed, but also a bit surprised, by its initial successes.

Given Poland's indebtedness to Western banks and the economic difficulties of the whole Comecon bloc at the time (which precluded even Russia coming to Poland's aid), the Jaruzelski government was prepared to concede a great deal in increased civil liberties. But the more it conceded, the more Solidarity's demands grew.

These demands may be perfectly understandable, but given the totalitarian nature of the Polish regime and the ultimate danger of direct Russian intervention, Solidarity seemed in danger of overreaching itself. If only it had had the wisdom, and the internal self-discipline, to have consolidated. But it was not to be. The momentum of

ture retailing. Madness in these times? Perhaps not — in store wars the consumer gains, continually. The big retailers and their suppliers will emerge as more efficient busi-

nesses, eventually able to pay higher wages. Indeed, in terms of efficiency, the benefit to the economy of the mighty pantomime could be quite substantial. Sadly, however, it will

not bring about the general price stability that is so badly needed. That will come or when a stable currency ceases to force up the cost of vital imports.

BUILDING SOCIETIES

Entering the listing lists

Investors demand performance. So the legislation expected this month, to allow mutually owned building societies to convert to equity ownership and seek a listing on the Johannesburg Stock Exchange (JSE), will create new parameters. Once content to be a friendly neighbourhood presence with a comfortable, dependable image, societies which decide to go public will need a high profile on the JSE floor.

And, whether willing or not to put profits before other priorities, the mutuals will be forced to follow suit. To compete in the marketplace, they will have to keep pace with their high-powered rivals.

Listings are expected later this year or early next. So the annual reports of the five major societies for the year ended March, set the scene for the drama to come. Star performer, of course, is the United Building Society (UBS), which reported a R76.2m profit, 34.6% up on the previous year. The executives of SA's biggest building

Perhaps the biggest investment most people make is in a home. With some building societies set to go the equity route, accounts need to be standardised so that further investment possibilities can be correctly assessed.

society, with total assets of R8.2 billion, have passionately advocated "the equity-based route," since the option was mooted in the second interim report of the De Kock Commission in November 1982. UBS is expected to be first to go for a listing when the Building Society Bill is passed. Its crucial ratio — reserves in relation to liabilities to the public — is 0.25% over the 4% minimum requirement expected in the new legislation.

According to the directors' report, the statements were prepared on the most conservative basis, in anticipation of the flota-

feeling in the organisation became too strong for good sense to prevail. In the end, the concessions won at first were lost altogether. Sadly, pressure for change was in the end excessive.

The kind of euphoria which possessed Solidarity is something participants in financial markets know well. It is the substance, albeit in a different form, of every speculative bubble.

The Bay of Pigs fiasco provides one very important example. It need never have happened, had the newly-elected Kennedy administration and its Joint Chiefs of Staff heeded the information available to them, they chose instead to disregard or ignore it. It was a classic example of "groupthink."

— the syndrome in which reliance on consensus validation tends to replace individual critical thinking and reality-testing in face-to-face group encounters. Latent disagreements are prevented from surfacing when a risky course of action is contemplated.

The emotionalism and hysteria about SA and sanctions that is gripping the world has all the trappings of crowd madness of the classic kind. The fact that it built up over a long period means it may not easily dissipate. Crowd madness in history often endured

for decades before they finally ended. Certainly, the kind of behaviour we have witnessed in the US Congress and in the EPG have disturbing features. In both cases, important facts are being brushed aside in a euphoria of consensus.

But it would be wrong to believe that the groupthink phenomenon is limited only to SA's adversaries. Within the South African cabinet the danger lurks too. The evidence suggests that it has already begun to manifest itself. How else can President Botha's blunt rejection of Sir Geoffrey Howe's mission be explained?

What Sir Geoffrey did was to argue a case, which could have been rejected after give-and-take from both sides without sacrifice of courtesy or diplomatic breakdown. If the State President's words at his press conference are taken at face value, one is forced to conclude that government, having made up its mind in advance as to the inevitability of sanctions, decided it would no longer expose itself to the logic of other people's arguments. The situation, therefore, has all the ingredients of a compounding tale of woe. Were the Commonwealth heads of government, in their turn, open to reason, they would recognise that sanctions — short of

military blockade and invasion — do not only not work, they actually very often have the ironic effect of strengthening the countries they aim to damage.

This was the result, for example, of Arab League sanctions against Israel. The military embargo on SA and cutting off supplies had a similar effect. Denied the benefits of trade, both countries were forced toward greater self-sufficiency. Internal policies will to surmount adversity by sinking domestic differences increased.

In the cases of both Israel and SA, a more effective strategy for weakening the target regime would have been maximum trade and cultural exchange. In the face of the benefits which flow from these, the governments concerned would have been hard pressed to maintain policies of political separation. It is too much to believe that recognition of this subtlety, namely the prospect of strengthening SA by sanctions, lies behind the anti-apartheid agitation of the Frontline States and their Third World Commonwealth partners. Were SA to be strengthened in this way, it would compound the consequences of Frontline folly if those state found themselves, because of sanctions, very largely cut off from its benefits.

RETAILING

Buy me, buy my line



Of late, amiable grocers have gone on the box, reaching out for consumers in the privacy of their lounges. It could not have been easy. They do not look like star material, neither do they really

have anything new to say. Still, the Checkers and OK Bazaars campaigns appear to be effective, founded as they are on the respective personalities of Clive Weil and Gordon Hood.

Behind the high-profile store war battlelines, other incidents, of no lesser a magnitude, are underway. Cash-and-carries are fighting cat-and-dog and manufacturer-suppliers are taking an all-time bruising. Manufacturers are now wont to describe themselves as "MM's with MM's" — *miserable manufacturers with mauled margins*.

The reason retailers are laying out millions to come into our homes is to consolidate what might be called the consumer alliance — a feeling that it's "us" (retailers and consumers) against "them" (suppliers and control boards and government). This tactic was perfected by Raymond Ackerman after he founded Pick 'n Pay (P'n P) in 1967. It is essentially a subtle campaign which casts any grocery chain in the role of a neutral, but concerned bystander in the one-sided war between consumers and inflation.

The message is: we are awfully sorry for you, but we shall do our best to screw our suppliers, trim our margins and slash and freeze prices where we can. And the shopping-bag ladies applaud.

The thing is to look genuinely concerned and sincere. Sometimes they overdo it and merely look unctuous. That is the risk you take on television. For the grocers, however, theirs not to reason why. The retail sector in

The strategy of the latest outbreak of store wars is to woo the consumer into the belief that he (more usually she) is winning against inflation. From there, the fight is more about market share than a lower general price level.

calendar 1985 was worth R30,7 billion. So they are locked in a war of terrific intensity in which conceivably, too many shops are chasing a consumer base that is being eroded by adverse economic conditions.

In this sector the artillery is heavy, the battalions big and the stakes large. The Big Four retailers — P'n P, Checkers, OK, and Spar — employ around 70 000, which is more than Escom. Last year they generated gross sales nearing R8 billion (see table).

The retail sector is as multifaceted as any. But it is important to remember that, of the average South African consumer rand, 33% is spent on food, beverages and tobacco. This is the largest chunk by far and makes up the real battlefield of the stores war. OK, the most diversified of the chains, sells 64 000 items, 62% of which is food. The only liquor the chains may stock is wine.

The turnover and earnings breakdown is interesting. Though they have different reporting months, it's clear that the stakes, in profit terms, are exceptionally high. P'n P, in the year to end-February 1986, had a turnover of R2,144 billion (taxed earnings: R35,5m); OK, reporting on March 31, had turnover of R2,042 billion — but taxed earnings were only R13m. To June 30, Checkers' turnover was R1 756 billion — but profits are not disclosed.

The latest retailing clash lies in the recent history of Checkers. Advertising agency Kuper Hands wanted the company to cap-

italise on the *personal* aspect of retailing. It was advised that it needed a new image — that of a friendly grocer looking agreeably stout as he amiably passes among his customers, but nonetheless concerned about providing value for money. The aim was to regain market share after control had passed from Kirsh to Sanlam. The message of the TV campaign is fairly convincing for, as we have said, it could not have been easy for ("Hi, arm Clarve") Weil to go before the cameras. That is why it does not look phoney.

This is very important. When the goods on the shelves are all the same, the people who sell them have to be different. Weil is no Richard Loring or Martin Locke, let alone Lee Iacocca, a major pioneer of the approach — but he looks solid and reliable, especially with that Sanlam muscle he keeps telling people about.

On the face of it, Ackerman seems unmoved by the Checkers-OK campaigns. He tells the *FM* that he will not be appearing on TV — or rather, not in the same way as Weil and Hood, since he is an agreeable presence on the chat shows. He is a man for the Big Issues and continues to work on his hard-won reputation as a retailing Robin Hood, the urban guerrilla who pressures suppliers to "pass savings to the housewife." But is it all quite as it seems?

Ackerman agrees that much of the retailing business is showbiz. What sets him apart from his rivals is that he is beneficial owner of the chain he built. A near-parallel is Tony Factor, who has established a zany but appealing personality behind a reliable corporate image. Factor's style is to champion the underdog ("I will discount cars at any cost") and play the maverick ("Discount coffins, only one per customer"). Both Ackerman and Factor have enormous public appeal.

Ackerman's technique is to launch shrewd and serious attacks on the establishment, conducted at high level with high exposure. Government's muddled marketing policies, where so much control — aimed at protecting inefficient producers and other interest groups — creates distortions and fuels inflation, provide him with plenty of issues, so that he is always in the news.

P'n P's most recent and widely publicised war against the establishment — which ended in the Supreme Court — was over petrol discounting.

Unnamed vested interests obsessively countered P'n P's attempts to sell petrol below the listed price. Ackerman appeared to be taking on the oil companies, Pretoria, and inflation — all at the same time.

Comparing the Big Three



SANCTIONS

A position lost

As everyone knew would happen, or rather not happen, the Commonwealth did not split over the "soft" stand adopted by Britain's Margaret Thatcher over the issue of the severity of sanctions imposed on SA.

After a fair amount of ranting and weeping, the various leaders at the mini-summit in London went home, where they will now be considering what will happen to the front-line Commonwealth states against which SA will undoubtedly mount various economic retaliatory measures.

And stand by for more, and intensified, cross-border raids if, as suggested by Ferdinand Mount in *The Daily Telegraph*, sanctions bring protracted and bloody guerrilla war on a scale we have not yet seen in southern Africa — except in Rhodesia. As Mount points out, Harold Wilson felt that imposing sanctions on the UDI government would avert such a war: instead they "unleashed one. For a small country, 15 years of conflict and 20 000 dead represents a toll not far short of a world war."

But it is impossible now to predict what will happen. Compelled by an unprecedented wave of emotional anti-white South Africanism (for the focus has subtly shifted away from apartheid and the lot of SA's blacks) our Western friends — Thatcher and Ronald Reagan — have, or will shortly, endorse minimum sanctions packages.

While far less comprehensive than those to be imposed by the Commonwealth (see *World*) and the European Economic Community (EEC), the British action, whose timing remains in doubt, to place an embargo on imports of South African coal, iron, steel and gold coins, will hurt, slowly but surely.

In the US, the Lugar Bill is likely to reach Reagan's desk towards the end of September — and its provisions are very similar to those of the EEC — going beyond the banning of new investment and imports of South African coal, iron and steel. Since Britain has agreed to less than this, Reagan is likely to follow its line and could then possibly veto the Lugar Bill and extend his executive order sanctions package to conform to the one reluctantly put forward by Thatcher.

At around the same time, the EEC will meet and almost certainly endorse the full package. So October will be the beginning of the siege, particularly if Japan, as is quite likely, follows the West. The Reagan-Thatcher attempts to stave off sanctions for fear of the consequences will mitigate the full impact, but we will all suffer.

If President P W Botha had any sense, he would not have rebuffed Sir Geoffrey Howe in quite the way he did. For that rebuff meant that Thatcher's moral position was substantially weakened, and she was unable to hold the line in London. She still does not believe in sanctions — indeed, the embargo on minerals and coin importation is tagged to EEC acceptance of such a measure, at best a delaying tactic. But in the face of the Botha government's obduracy, it seems she had no choice but to back down.

A calculated concession, perhaps — but not quite deserving the "powder-puff" label attached to it by the angrier (or cynical) Commonwealth members, some of whom will gain new markets, others of which will suffer greatly — which is why they are calling for a Berlin airlift-style operation to salvage them, as sanctions bite. Will they get it? It hardly seems likely. The dragon's teeth have been sown. ■

THE ECONOMY

A ray of light?

It would be premature to say that the economy is looking up. But there are the first glimmerings of hope that it may at last have bottomed, embodied in the Assocom Business Confidence Index, whose rally may be tentative, but has now crept up for two months running.

The de-stocking phase could be ending. The rand, too, seems to be settling down just under US40c. To steal a phrase, this may not be the beginning of the end; but it could be the end of the beginning.

But with the first half-year at best likely to have been flat, even growth of only 1.5% for 1986 as a whole will mean that by year-end the current growth rate will have to be double that. A year-end growth rate of 3% is by no means as good as earlier hopes of 3% year-on-year; but at least it's a move in the right direction.

The trouble is, looming over everything is the threat of sanctions. The mood that appears to be spreading, that after

all the waiting actual implementation of sanctions will be a relief, is sheer masochism. True, it will lift uncertainty and could trigger a temporary spurt in growth; but as Rhodesia found, this would be hothouse growth and unsustainable.

Neither anticipation of sanctions nor signs of an upswing are any reason for a change in policy. Demand stimulation and deregulation remain priorities, even though there is room for disagreement whether they are being tackled in the right way. Lower interest rates, for example, are scarcely relevant to growth — although they may help the survival of financially strapped businesses.

The truth is that, having ruled out tax cuts, there is little more the authorities can do. We are probably reaching the limit of the resources that can, in the short term, be pushed into essential infrastructure development; and other forms of State spending will be counterproductive in the long term.

We can do little except sit it out and hope for the best. ■

TALE OF THREE STORES

They sell similar products, and on TV their executives make the same reassuring noises, but that is where any similarity ends between Pick 'n Pay, Checkers and OK Bazaars. In essence, the three retailers are vastly different, emergent from different cultures, and facing different problems.

This is largely reflected in their respective share prices, which, as the graphs show, move in divergent cycles. OK Bazaars is the oldest of the three. Founded in 1927, the chain was initially targeted at black consumers. For this reason, most branches are located in downtown CBD areas, usually close to commuting points.

Ironically, OK's business ethos has left it vulnerable to political unrest and economic recession, far more so than either Pick 'n Pay or Checkers, both of which have strong white market support in affluent suburban areas.

Also in product mix, OK is more vulnerable to downturns. While both Pick 'n Pay and Checkers sell mainly food, toiletry and related goods, OK sells a large range of unrelated products, covering the entire spectrum from foodstuffs to stereo sets. This is a concept rooted in the era of departmental stores and, although overtaken by modern theories on focused trading, this is a strategy OK still employs successfully.

With recession, however, OK has seen a sharp shift in sales away from its high-margin products like furniture and appliances, towards its low-margin foodstuffs. This resulted in lower overall margins, and a sharp fall in profits since 1983, causing its share to plunge.

Towards the end of last year, however, sales of high-margin items picked up after HP regulations were changed. And after the group reported creditable year-end results, the share price began rising sharply. The graph shows OK's share price making up ground it had previously lost.

Unlike OK, Pick 'n Pay's profits have never fallen. The chain's dominant food

trading base, and relatively affluent target market, insulates it from the worst affects of recession. It is a superbly run chain, headed by a chairman with peerless marketing instincts (at least in the local market); which makes the sharp fall in the share price this year from a high of R51 to R36,50 all the more remarkable.

Although the group's interim profit growth had slowed in the year to end-February to a sedate 5,9%, the result was certainly not bad enough to warrant the subsequent plunge in its shares. But there are few real mysteries on the JSE. What the results seemed to do was create a perception of Pick 'n Pay having reached

maturity within a market that had itself reached stagnation.

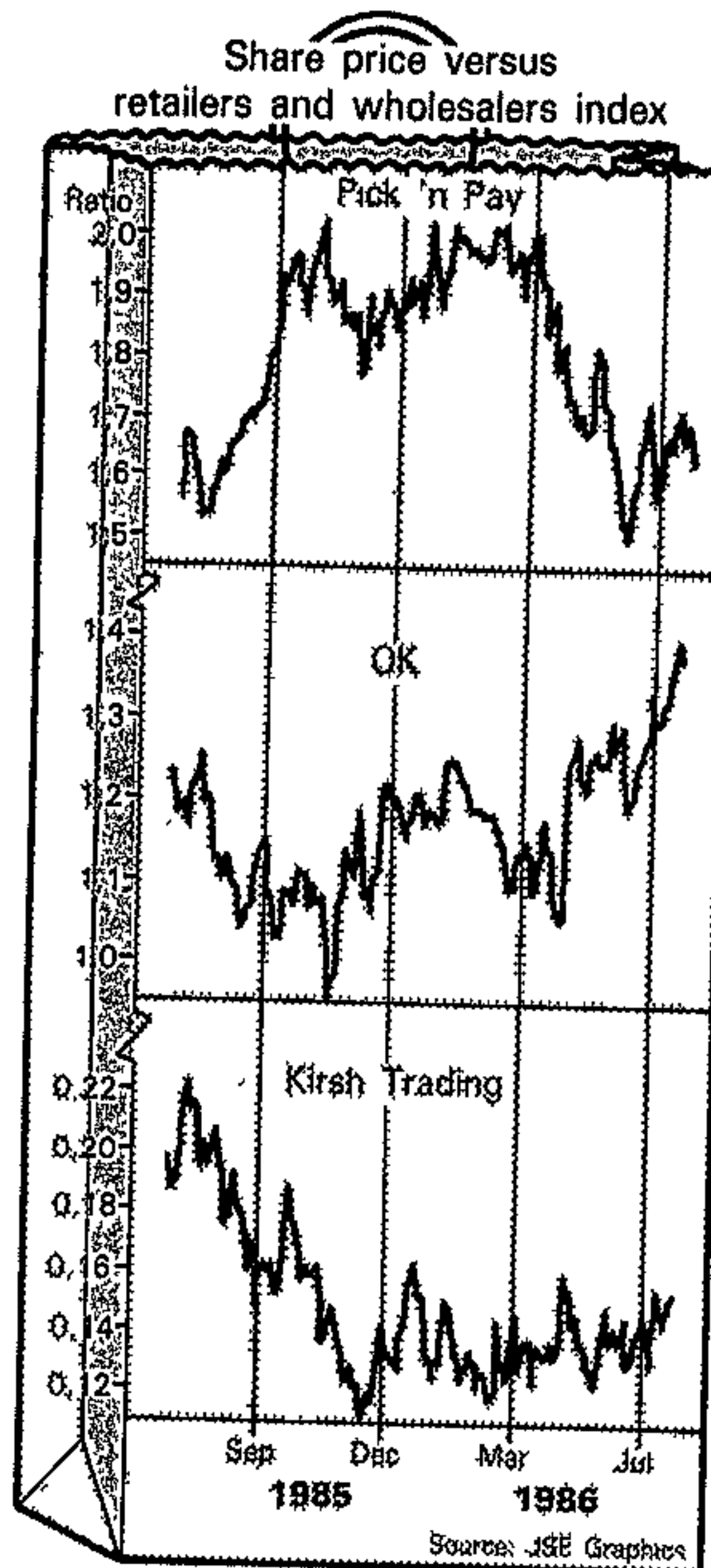
With Checkers gaining ground, some analysts believe the vaunted white market is now over-provided for. So, while OK has the capacity for explosive profit recovery on the back of improved black consumer spending on, particularly, high-margin durables, Pick 'n Pay is focused on the white market.

Although Checkers cannot be rated directly, its investment image is to some extent linked to the shoddy JSE performance of its amorphous parent, Kirsh Trading (to be renamed Tradegro). Checkers lost its competitive edge during a long deterioration that started during the Seventies, and a massive property expansion in the Eighties.

Cash flow that should have been used to generate income to shore up thin operating margins was absorbed in property deals. This placed Checkers at a structural disadvantage to Pick 'n Pay, which has always been astute at cash management. It meant that in any battle for market share, Pick 'n Pay could cut prices to levels Checkers could not match profitably. Checkers plunged into losses, and in 1983 it was delisted as a separate entity and moved into Kirsh Trading, which also contained Kirsh's interests in Russels, Metcash, and Dion.

Checkers has since hived off its property interests, and now trades with the same structural advantages as Pick 'n Pay. In image and profits, Checkers is said to be gaining from the TV appearances of its burly MD, Clive Weil. Maybe, but any such perceptions in the retail industry have not yet been enough to persuade the stock market that Checkers is capable of a strong and sustainable profit recovery. Pick 'n Pay yields only 2,4% on dividend, OK Bazaars has crept closer at 4%, but Kirsh Trading's share (weighed down also by Russel and Dion) has yet to improve from its level around 160c, despite listings of Metcash and Cashbuild.

Neville Glaer



Hood and Weil do not operate in this fashion; but their intention is the same, to get the tills ringing louder by the day.

OK's TV campaign seems to confirm that that of Checkers is working, although Hood seems to have "upmarket" appeal because he looks more like a MD than a concerned grocer. He tells the *FM* that the cost of advertising is justified when a company has something new to say. He sees OK's campaign as just that, for all its *Candid Camera* approach.

Checkers has probably turned red ink to black. Maybe that is what spurred OK onto television, to spend millions of rands to re-

gain what it perceives as loss of market share. Within the past week, the big stores have frozen prices of their housebrands until 1987. Nobody is sure who initiated this move, but it looks like a massive game of follow-the-leader (but do it your way).

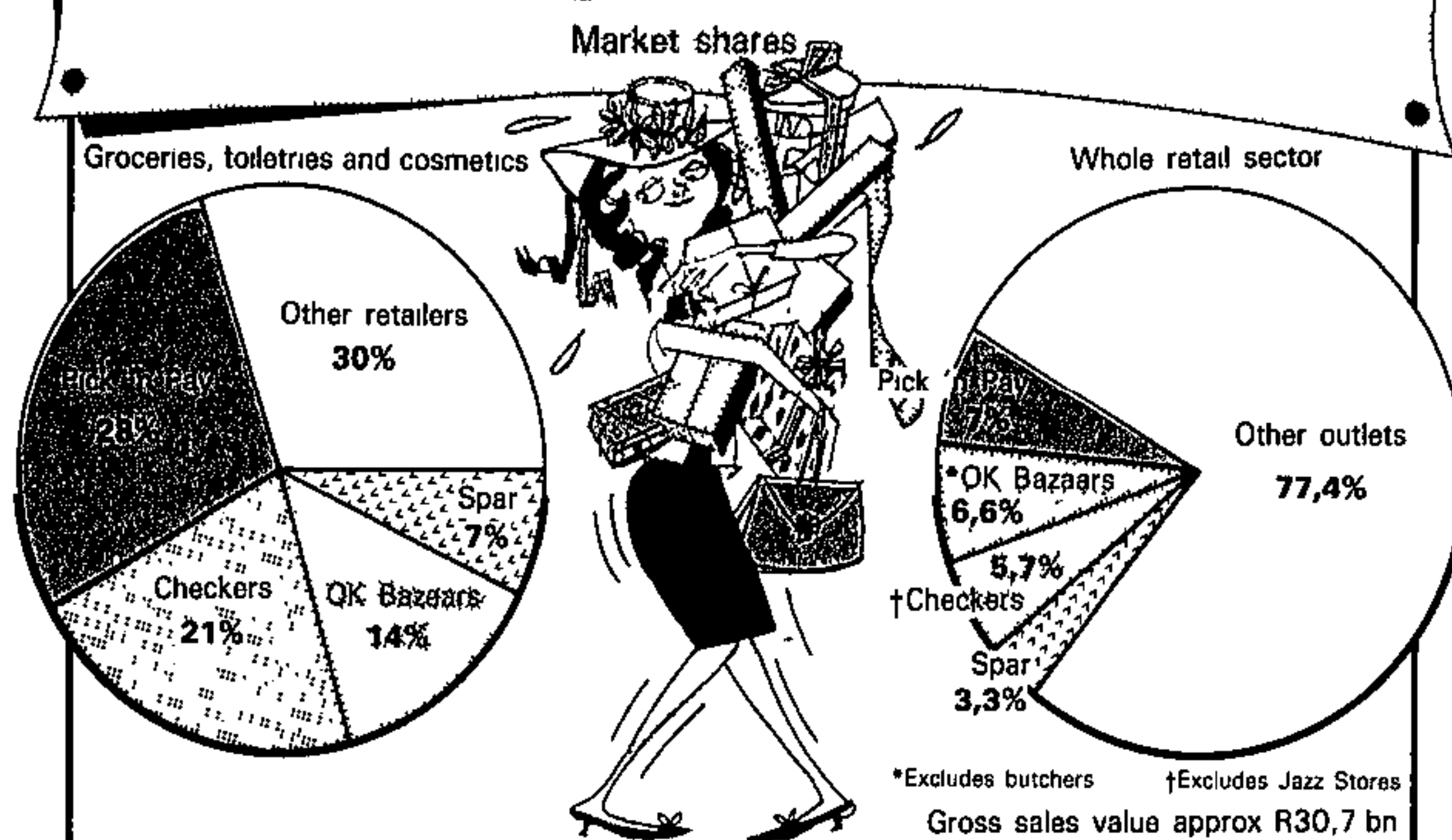
The sector is also concerned about politically motivated consumer boycotts and escalating union trouble, and needs to project itself as the consumers' friend. P'n P in particular was marked out as a soft target earlier this year for union action.

Nonetheless, Ackerman and Hood are confident of holding figures this year. Checkers is certainly conducting more busi-

ness than a year ago and Spar — notching up about half of P'n P's and OK's turnover — reports volumes up more than 15%. Time will tell. But what other sector can claim to have frozen prices in times of high inflation? The store retailers are one of the few domestic operations (97% of OK's lines are South African-made) able to increase market share in adverse times. Most other businesses are obsessed with simply maintaining turnover and at least delaying bankruptcy.

What distinguishes most retailers is a bottom line pinned to the concept of recession-proof demand. People must eat and drinkers need bottle stores. Butchers and dairies and

Going for broke?



chemists are needed in war and peace alike. But food is becoming more the most vital component in the store war. As Retailinform's Eric Levine notes, the retail sector peaked in volume terms in 1981 and has run downhill since. But as a percentage of the total retail cake, food has increased its share dramatically. This affects retailers' product mix: profits ratios. OK's latest results reflected the impact of the recession on its bias towards furniture.

Behind the store wars stand pressured manufacturer-suppliers to the retailers

Johnny Frankel of major supplier Tiger Oats reckons the retail war can go no further. "As manufacturers, our margins are pared to all-time lows. Many of our inputs are price-controlled, for example, by the agricultural control boards" He speaks for all suppliers in saying that not another inch can be afforded on margins.

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In these circumstances, the small grocer is up against formidable odds. There is still a large number of small vendors, who presumably offer service and convenience. Inland Revenue has registered more than 250 000 vendors liable to collect GST; and outlets owned by the Big Four comprise 0,4% of this total.

Meanwhile, expansion is taking place. Spar looks to add an outlet a month in the next year while OK is replacing and developing other stores. And Ackerman is considering the launch of a fourth P'n P module, or mode of operation, in a month's time.

The first was the supermarket in the early Seventies — the hypermarket came later — and the superstore in the early Eighties. Ackerman believes P'n P should continue its tradition of biological growth, not switch to predation: "I do not want to be the biggest retailer in the country." But of course he is, controlling 55% of SA's biggest retail chain. Of note too, is that last year Sanlam, as ultimate owner of Checkers, offered it to Ackerman. He turned the offer down flat.

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RONNIE BETHLEHEM

Groupthink, home and abroad



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A powerful argument in favour of sanctions — especially considering changes in SA sport, and the repeal of many apartheid sacred cows — is that pressure works. And sanctions are the ultimate form of pressure, short of military intervention, to bring about political change. This, certainly, is the hypothesis on which the Eminent Persons Group (EPG), and more generally the Commonwealth, base their thinking. It needs to be thoroughly examined.

Reading the EPG report, however, invites disappointment. It fails actually to consider the matter of sanctions at all, directing itself mainly to constructing a moral case to justify their introduction.

In particular, the EPG declined to consider the following questions of absolutely vital concern to any meaningful sanctions

strategy:

- What damage could sanctions of varying levels of intensity be expected to do to the SA economy and to the economies of neighbouring countries closely linked to it?
- How would the likely hardships and costs of sanctions be distributed between countries and population groups in the region?
- What would be the SA government's likely response be to continued outside pressure for political change without any accompanying acknowledgement of the reform initiatives it has already undertaken?
- What would government's likely response be to actual implementation of sanctions, and what initiatives are available to it to counteract them?
- What is the likelihood of government succeeding in its efforts to overcome sanctions? and
- What would be the consequences for the Commonwealth, and more importantly for the goal of getting rid of apartheid, were government to succeed effectively in countering any sanctions?

The EPG would have been driven to a totally different conclusion had it considered these questions. It is remarkable, given the centrality of sanctions to its thinking on SA,

that it did not do so.

In considering sanctions and change, it is worthwhile to recall two events in recent world political history which hold important lessons both for government and its critics at home and abroad.

The first is the Polish rebellion of the summer of 1980, staged by the newly instituted free trade union, Solidarity, under the leadership of Lech Walesa. Those following its development from abroad were naturally warmed, but also a bit surprised, by its initial successes.

Given Poland's indebtedness to Western banks and the economic difficulties of the whole Comecon bloc at the time (which precluded even Russia coming to Poland's aid), the Jaruzelski government was prepared to concede a great deal in increased civil liberties. But the more it conceded, the more Solidarity's demands grew.

These demands may be perfectly understandable, but given the totalitarian nature of the Polish regime and the ultimate danger of direct Russian intervention, Solidarity seemed in danger of overreaching itself. If only it had had the wisdom, and the internal self-discipline, to have consolidated.

But it was not to be. The momentum of

ture retailing. Madness in these times? Perhaps not — in store wars the consumer gains, continually. The big retailers and their suppliers will emerge as more efficient busi-

nesses, eventually able to pay higher wages. Indeed, in terms of efficiency, the benefit to the economy of the nightly pantomime could be quite substantial. Sadly, however, it will

not bring about the general price stability that is so badly needed. That will come only when a stable currency ceases to force up the cost of vital imports.

Gloomy US view

280

Foreign companies faced with mounting public pressure at home may find the sagging economy a greater force for divestment than government-imposed sanctions.

At least, that is the conclusion of US think-tank, Chase Econometrics, which recently completed an in-depth study of the economy. Chase Middle East and Africa forecasting director, Hisham el-Naggar, ran a computer model of the economy through three political scenarios — a continuation of the status quo (slow reform combined with heavy government spending), the emergence of a multi-racial coalition government, and finally a sharp swing to the Right.

Under all three, the economy over the next few years is likely to remain ravaged by political and economic cross currents, with business opportunities minimal and business confidence weak.

"There will be just 1%-2% growth this year, with a worsening performance in 1987 and higher inflation," says El-Naggar. "Then the differences begin. Under the right-wing scenario, prospects deteriorate fairly quickly and towards the end of five years there is marked deterioration.

"We assume that a shift to the Right will

entail a siege mentality, with government willing to put up with a fair amount of boycotts, and increasing sanctions. This scenario is the worst because the pressure would be on foreign companies to withdraw."

El-Naggar says his computer analysis indicates that SA is vulnerable to sanctions.

"Withdrawal of foreign investment would have serious side effects, although the initial impact on employment would not be very deep," he says. "If there is a massive withdrawal, would local business buy out those leaving? I can't see that happening everywhere. If foreign businesses pull out, domestic confidence will be at an all-time low."

El-Naggar notes, however, that the emergence of a multi-racial coalition will not solve SA's economic problems either.

"The shift towards a multi-racial coalition would be a calculated political move, probably with the National Party still a very active member," says El-Naggar. "So, while it's not that dramatic a shift, it would essentially be designed to lessen foreign pressure, and hope to reduce political tension.

"Generally speaking, the emergence of a multi-racial coalition would be the best for business because it would include some dim-

inution in external pressures, but this scenario is not devoid of problems long term, both internal and external.

"The economy would fare better under this sort of government than under a right wing, but there would still be long-term economic disappointment."

The Chase econometrician says that the third possibility — continuing along the path of increased repression, combined with inflationary spending and strict exchange controls — is not likely to work any better in the future than it has the past year.

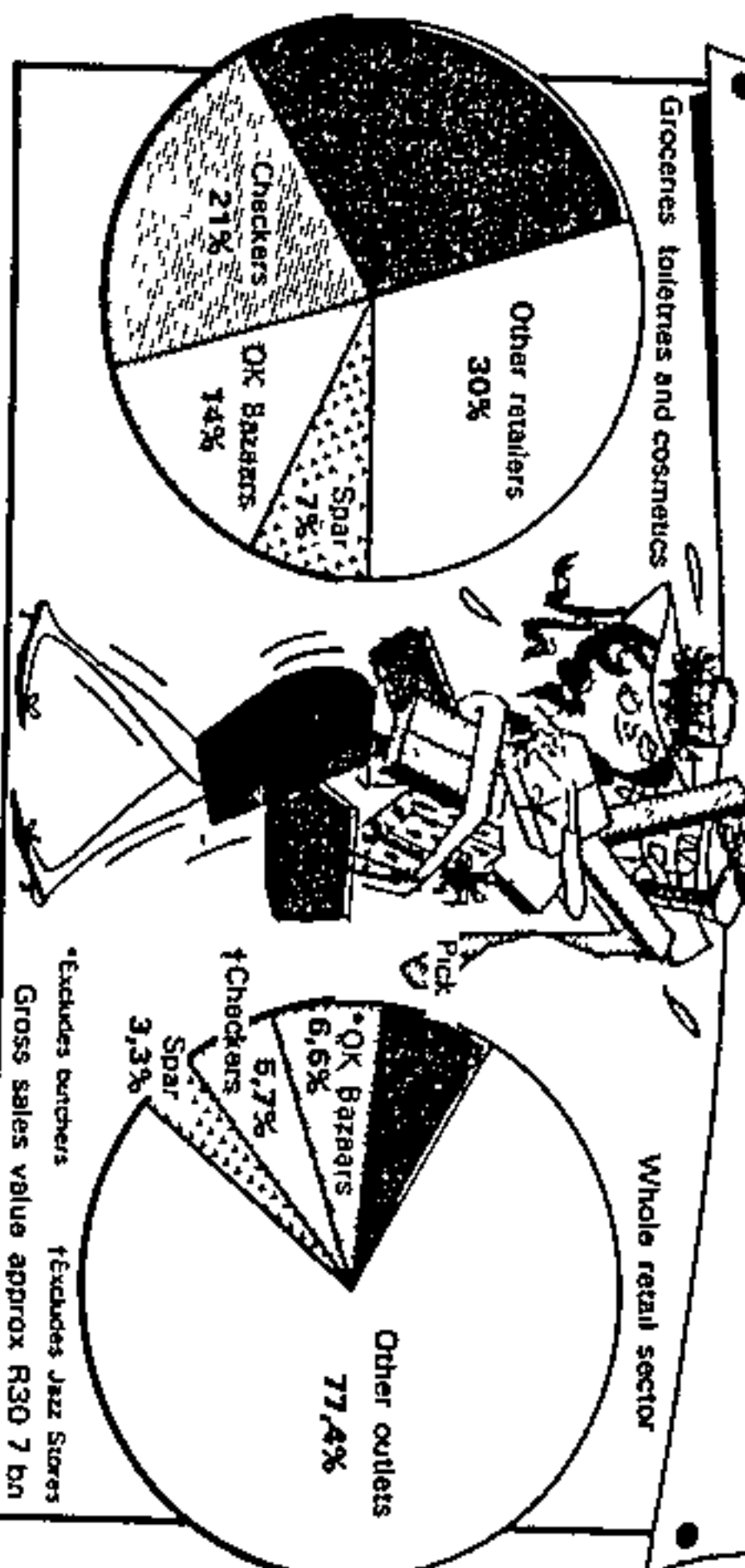
Indeed, barring civil war, El-Naggar's models point to uneven and sluggish growth, no matter what the political developments. He says that SA, once a fertile environment for business, has now slipped back to Third-World status, with little likelihood of a rebound over the next five years.

On the other hand, however, foreign business should not worry about a total collapse.

"The economy is strong enough to survive the turmoil, albeit weakly. Long term potential is considerable, but over the next five years we are not looking at total collapse and we are not looking at spectacular recovery, no matter what."

Going for broke?

Market shares



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- What would government's likely response be to actual implementation of sanctions, and what initiatives are available to it to counteract them?
- What is the likelihood of government succeeding in its efforts to overcome sanctions?
- What would be the consequences for the Commonwealth, and more importantly for the goal of getting rid of apartheid, were government to succeed effectively in countering any sanctions?

The EPG would have been driven to a totally different conclusion had it considered these questions. It is remarkable, given the centrality of sanctions to its thinking on SA, that it did not do so.

In considering sanctions and change, it is worthwhile to recall two events in recent world political history which hold important lessons both for government and its critics at home and abroad.

The first is the Polish rebellion of the summer of 1980, staged by the newly instituted free trade union, Solidarity, under the leadership of Lech Walesa. Those following its development from abroad were naturally warmed, but also a bit surprised, by its initial successes.

Given Poland's indebtedness to Western banks and the economic difficulties of the whole Comecon bloc at the time (which precluded even Russia coming to Poland's aid), the Jaruzelski government was prepared to concede a great deal in increased civil liberties. But the more it conceded, the more Solidarity's demands grew.

These demands may be perfectly understandable, but given the totalitarian nature of direct Russian intervention, Solidarity seemed in danger of overreaching itself. If only it had had the wisdom, and the internal self-discipline, to have consolidated. But it was not to be. The momentum of

ture retailing. Madness in these times? Perhaps not — in store wars the consumer gains, continually. The big retailers and their suppliers will emerge as more efficient busi-

BUILDING SOCIETIES

Entering the listing lists

Investors demand performance. So the legislation expected this month, to allow mutually owned building societies to convert to equity ownership and seek a listing on the Johannesburg Stock Exchange (JSE), will create new parameters. Once content to be a friendly neighbourhood presence with a comfortable, dependable image, societies which decide to go public will need a high profile on the JSE floor.

And, whether willing or not to put profits before other priorities, the mutuals will be forced to follow suit. To compete in the marketplace, they will have to keep pace with their high-powered rivals.

Listings are expected later this year or early next. So the annual reports of the five major societies for the year ended March, set the scene for the drama to come.

Star performer, of course, is the United Building Society (UBS), which reported a R76.2m profit, 34.6% up on the previous year. The executives of SA's biggest building

Perhaps the biggest investment most people make is in a home. With some building societies set to go the equity route, accounts need to be standardised so that further investment possibilities can be correctly assessed.

society, with total assets of R8.2 billion, have passionately advocated "the equity-based route" since the option was mooted in the second interim report of the De Kock Commission in November 1982. UBS is expected to be first to go for a listing when the Building Society Bill is passed. Its crucial ratio — reserves in relation to liabilities to the public — is 0.25% over the 4% minimum requirement expected in the new legislation.

According to the directors' report, the statements were prepared on the most conservative basis, in anticipation of the flotation.

nesses, eventually able to pay higher wages. Indeed, in terms of efficiency, the benefit to the economy of the nighty pantomime could be quite substantial. Sadly, however, it will

not bring about the general price stability that is so badly needed. That will come only when a stable currency ceases to force up the cost of vital imports.

tion. Stocks were valued at the lower of cost or market value, specific provision was made for identified potential losses on mortgage advances, a general provision for the same was increased from R6m to R50m, and a deferred taxation account was created to match the tax charge with net income for the year, among other things.

It's interesting to compare the reported profit with results that would have been obtained with other accounting policies. If, for instance, the UBS had not made it R44m provision for loss, profits would have been nearly 66.2% higher than the previous year (The deferred taxation item reduces the increase somewhat.)

However, if it did not reflect its previously prescribed investments at the lower of cost or market value, the effect on the bottom line would have been even more interesting. In the previous financial year, with soaring interest rates reducing market values to well below cost, this had a decidedly negative

IN MY OPINION

military blockade and invasion — do not only not work, they actually very often have the ironic effect of strengthening the countries they aim to damage.

This was the result, for example, of Arab League sanctions against Israel. The military embargo on SA and cutting oil supplies had a similar effect. Denied the benefits of trade, both countries were forced towards greater self-sufficiency. Internal political differences increased.

In the cases of both Israel and SA, a more effective strategy for weakening the target regime would have been maximum trade and cultural exchange. In the face of the benefits which flow from these, the governments concerned would have been hard pressed to maintain policies of political separation.

It is too much to believe that recognition of this subtlety, namely the prospect of strengthening SA by sanctions, lies behind the anti-apartheid agitation of the Frontline States and their Third World Commonwealth partners. Were SA to be strengthened in this way, it would compound the consequences of Frontline folly if those states found themselves, because of sanctions, very largely cut off from its benefits.

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**DEPARTEMENT VAN HANDEL EN
NYWERHEID**

No. R. 1675

8 Augustus 1986

INVOERBEHEER

Ek, Dawid Jacobus de Villiers, in my hoedanigheid as Minister van Handel en Nywerheid, en handelende kragtens die bevoegdheid my verleen by artikel 2 van die Wet op In- en Uitvoerbeheer, 1963 (Wet 45 van 1963), wysig hierby Goewermenskennisgewing R. 1163 van 30 Mei 1985—

(1) deur die byvoeging van die volgende paragraaf na paragraaf (1) (b):

“(c) geen goedere vanaf Zimbabwe in die Republiek van Suid-Afrika ingevoer mag word nie, behalwe uit hoofde van 'n invoerpermit uitgereik ingevolge artikel 2 van genoemde Wet op In- en Uitvoerbeheer, 1963, wat spesifiek sodanige invoer vanaf Zimbabwe magtig.”;

(2) deur die skraping van paragraaf (ii) (e) daarvan en die vervanging daarvan met—

(e) goedere wat uit Bophuthatswana, Botswana, Ciskei, Lesotho, Malawi, Swaziland, Transkei of Venda ingevoer word en in genoemde lande gekweek, geproduseer of vervaardig is, uitgesonderd ongeraffineerde of geraffineerde suiker (Doeanetariefitem ex 17.01) uit Swaziland ingevoer en tee in grootmaat of in klein handelverpakkings (Doeanetariefitem ex 09.02) uit Malawi ingevoer;

(3) bepaal hierby dat hierdie wysiging op 8 Augustus 1986 in werking tree.

D. J. DE VILLIERS,
Minister van Handel en Nywerheid.

DEPARTEMENT VAN MANNEKRAG

No. R. 1672

8 Augustus 1986

WET OP ARBEIDSVERHOUDINGE, 1956**MEUBELNYWERHEID, SUIDWESTELIKE DISTRIKTE.—WYSIGING VAN HOOFOOREENKOMS**

Ek, Pieter Theunis Christiaan du Plessis, Minister van Mannekrag, verklaar hierby—

(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 10 November 1986, eindig, bindend is vir die werkgewersorganisasie en die vakvereniging wat die Wysigingsooreenkoms aangaan het en vir die werkgewers en werknemers wat lede van genoemde organisasie of vereniging is; en

(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van die Wysigingsooreenkoms, uitgesonderd dié vervat in klousule 1 (1) (a), met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 10 November 1986 eindig, bindend is vir alle ander werkgewers en werknemers as dié genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by

**DEPARTMENT OF TRADE AND
INDUSTRY**

No. R. 1675

8 August 1986

IMPORT CONTROL

I, Dawid Jacobus de Villiers, in my capacity as Minister of Trade and Industry, and acting under the powers vested in me by section 2 of the Import and Export Control Act, 1963 (Act 45 of 1963), hereby amend Government Notice R. 1163 of 30 May 1985—

(1) by the addition of the following paragraph after paragraph (1) (b):

“(c) no goods from Zimbabwe shall be imported into the Republic of South Africa except by virtue of an import permit issued in terms of section 2 of the said Import and Export Control Act, 1963, which specifically authorises such import from Zimbabwe.”;

(2) by the deletion of paragraph (ii) (e) thereof and the substitution thereof by—

(e) goods imported from Bophuthatswana, Botswana, Ciskei, Lesotho, Malawi, Swaziland, Transkei or Venda that are cultivated, produced or manufactured in the said countries, except unrefined or refined sugar (Customs Tariff Item ex 17.01) imported from Swaziland and tea in bulk or retail-packed (Customs Tariff Item ex 09.02) imported from Malawi;

(3) hereby determine that this amendment shall come into operation on 8 August 1986.

D. J. DE VILLIERS,
Minister of Trade and Industry.

DEPARTMENT OF MANPOWER

No. R. 1672

8 August 1986

LABOUR RELATIONS ACT, 1956**FURNITURE MANUFACTURING INDUSTRY, SOUTH WESTERN DISTRICTS.—AMENDMENT OF MAIN AGREEMENT**

I, Pieter Theunis Christiaan du Plessis, Minister of Manpower, hereby—

(a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 10 November 1986, upon the employers' organisation and the trade union which entered into the Amending Agreement and upon the employers and employees who are members of the said organisation or union; and

(b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the Amending Agreement, excluding those contained in clause 1 (1) (a) shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 10 November 1986, upon all employers and employees, other than those referred to in paragraph (a) of this notice, who are engaged or employed in the

(280) DD8/8/86

Accept sanctions as fact of life — De Pontes

Dispatch Reporter

EAST LONDON — The chairman of the local branch of the 1820 Settlers Association of South Africa, Mr. Peet de Pontes, MP, has warned members of the association to accept sanctions against this country as a fact of life.

Mr De Pontes said this in his annual report for the year ended March 31 this year.

He urged the association to play an active part in stopping skilled people from emigrating from this country, by making it more attractive to stay here.

Skilled people would

be vital to the country once comprehensive economic sanctions were applied, he said.

It was announced that the former vice-chairman of the association, Mr R. C. Guest, who has been transferred to the Transvaal, would be replaced by Mr R. Parker.

The retirement of Mrs E. Knott from the branch committee was also announced.

The vacancy on the committee created by the promotion of Mr Parker was filled by Mr R. Burton.

All other members were re-elected.

Mugabe threatens war on SA economy



HARARE — Zimbabwe's Prime Minister, Mr Robert Mugabe, yesterday threatened South Africa with "the full package" of sanctions called for at the Commonwealth mini-summit in London.

After his return from Britain Mr Mugabe described British Prime Minister, Mrs Margaret Thatcher, as a "hopeless case" whom he had "given up" and said sanctions would be implemented by the end of the year.

These included a ban on the remittance of pensions, company profits and dividends to South Africa; a ban on direct air links and over-flying rights with South Africa; a ban on imports of South African iron, coal and steel and the withdrawal of most consular facilities.

Mr Mugabe said he was still assessing the border slowdown placed by South Africa on Zimbabwean and Zambian goods entering the country this week.

He added that Pretoria had acted against the two countries to demonstrate "that we are weak states and the world must see what South Africa is capable of if it (the world) proceeds to impose sanctions.

"We may suffer for a while, but Zambia will not die, Zimbabwe will not die."

About 85 percent of Zimbabwe's trade and 60 percent of Zambia's use transport routes through South Africa.

"When an economic war has been declared against you, you accept it as such. You must fight back," Mr Mugabe said.

He said the region's countries would have to work ceaselessly to develop alternative routes to the ones through South Africa.

"We have to work day and night to ensure we achieve some measure of self-sufficiency not within years, not within 12 months, but within three months."

About 10 percent of Zimbabwe's vital commodity exports use a rail link via the Mozambique port of Beira.

Mr Mugabe said an inoperative route via the Mozambican capital of Maputo would have to be re-activated, even though the security situation there was difficult because of the activities of right-wing rebels.

Asked if he expected any future cooperation from Mrs Thatcher, he replied: "I've given her up, written her off as a bad case."

Her opposition to the sanctions measures was racist and based on economic self-interest, Mr Mugabe said — Reuters-Associated Press

MR MUGABE "Zimbabwe will not die."

W/G ARGUS 9/8/86 (280)

Anger at Mugabe's pension threat

Weekend Argus Reporter and
Argus Africa News Service

FORMER Zimbabweans have reacted angrily to the threat by Zimbabwean Prime Minister Mr Robert Mugabe that their pensions might fall victim to the sanctions war.

Thousands of former Zimbabweans now living in South Africa would be affected by the ban, which Mr Mugabe said could be introduced towards the end of this year or in the last quarter.

The threat was made at a Press conference in Harare yesterday on Mr Mugabe's return from the Commonwealth mini-summit in London.

Warning that his country would be at "economic war" with South Africa, Mr Mugabe said Zimbabwe would implement the Commonwealth sanctions against South Africa to the full and would retaliate against economic reprisals.

More to lose

South Africa had more to lose in terms of its investments in Zimbabwe than Zimbabwe had to lose from its interests there, he said.

Zimbabwe remitted to South Africa "huge" amounts annually in terms of pensions and profits and dividends from commercial operations by South African companies, he said.

"If it's an economic war, all these things will stop. Let them proceed. We shall proceed in our own way. Zimbabwe will not die."

Responding to Mr Mugabe's threat, one expatriate pensioner said:

"That's robbery... that's my money. It's just like keeping our money blocked in Zimbabwe."

Of particular concern to those over 70 was whether a special annual payment of 3 000 Zimbabwean dollars from their blocked funds would be affected.

Security forces

Pensioners said their Z\$3 000 was an important source of income for them.

Many had left most of their assets behind as blocked funds, leaving with only the permitted allowances.

Another group which would be hard-hit by a ban on pension payments would be former members of the Zimbabwean security forces.

Many rely on their pensions if they have not been able to find employment in South Africa.

At yesterday's Press conference Mr Mugabe also said Zimbabwe would sever air links with South Africa and ban overflying and stopover rights to aircraft flying to or from South Africa.



But, he said, these measures were likely to be implemented only by the end of the year because of legal and other difficulties.

As a matter of "emergency" Zimbabwe would have to act to establish the operation of trade routes alternative to those estimated as carrying up to 95 percent of Zimbabwe's foreign trade in South Africa.

This would have to be done within three months, he said.

He referred to South African restrictions on Zimbabwean and Zambian trade passing through and into South Africa as a "blockade", but said he had not been sufficiently briefed since his return to comment in detail.

"When an economic war has been declared against you, you accept it as such. You don't go crawling to those who are waging the war against you.

"Prepare for it," he warned with deliberate emphasis. "And prepare for it we shall, even if we have to eat sadza (maize meal porridge, Zimbabwe's staple) without nyama (meat)."

CAPL TIMES 9/8/76 (280)

Smith 'betrayed' by 'friend' SA

LONDON. — Former prime minister of Rhodesia Mr Ian Smith has accused South Africa of betraying his country in 1976 under pressure from Britain and the United States.

In an interview with the Daily Express, Mr Smith said Rhodesia fought sanctions well after the unilateral declaration of independence in 1965, achieving the 'fastest economic growth rate in the Western world and a growing white population.

He said: "The change came in 1976. It was not sanctions that brought it about. Our friends betrayed us.

"We were told we would have to take steps we knew to be wrong, steps that set us irrevocably on the road the rest of Africa had taken — usually towards poverty, despair and tyranny.

"Britain and America were ready to give open support to our enemies and South Africa was pressured into acquiescence."

Mr Smith said there was no exact analogy between the sanctions imposed on Rhodesia, and



Mr Ian Smith

those now facing South Africa.

"I believe that sanctions can and will damage the South African economy, though probably only minimally," he predicted.

"I cannot envisage them bringing South Africa to her knees. If the world continues trying to force South Africa to do what she believes to be wrong, then South Africa will react."

He appealed to countries intending to impose sanctions to "stop and think now before it is too late. There is far too much for us all to lose if we get Southern Africa wrong." — Sapa

New Sanctions are only the latest in a build up over the years

The Commonwealth and British sanctions imposed on South Africa this week are part of a steady build-up of punitive measures.

Disinvestment has been a fact of life in the country for the last two years — at least R2.5 billion in American capital has already left South Africa. Several countries have curtailed their diplomatic links and have withdrawn military representatives. A long-standing sports boycott has contributed to the increasing isolation of the country.

The list of sanctions adopted in recent years includes:

- President Ronald Reagan approved limited sanctions in September last year which involved a ban on importing Krugerrands, collaboration on most nuclear research, a ban on sales of computers and other technology to the Government, a halt to bank loans to the Government and the prohibition of export-import bank transactions. A ban on exports of weapons has been in effect for some time.

- Sanctions imposed by Britain after last year's European Community meetings include the banning of gold coin sales, no co-operation on nuclear development, the halt of BP oil exports, a

ban on all new Government loans, the prohibition of exporting computers to the SA police and a long-standing arms embargo.

After the collapse of Sir Geoffrey Howe's peace mission and this week's Commonwealth mini-summit, Mrs Thatcher agreed to a voluntary ban on new investment and tourism promotion. Britain will ban the import of coal, steel, iron and gold coins, subject to approval by the European Community next month.

- The French Government has halted new investments and bank loans and does not supply arms to South Africa.

- Japan has stopped new investments, banned the sale of Krugerrands and stopped the sale of computer equipment to the SA police.

- Several other countries, such as Sweden, have imposed sanctions independently. The Swedish Government has, for example, banned the importation of Krugerrands and fruit and vegetables, banned new investments in and loans to South Africa, banned technological exchanges, asked Swedish firms not to trade with South Africa and imposed import and export control measures on all goods to and from South Africa.

Denmark has imposed a total embargo and

has no air links with South Africa while Norway has stopped new investment, banned imports of fruit and wine, stopped air links and tightened its ban on oil supplies.

- Earlier this week six Commonwealth countries adopted punitive measures which went further than the sanctions accepted by Mrs Thatcher. The sanctions accepted by Canada, Australia, Zambia, India, Zimbabwe and the Bahamas include a ban on air links and agricultural imports and a ban on all new private and public bank loans, the withdrawal of consular facilities and a ban on uranium, coal, iron and steel imports.

More sanctions are likely to be imposed by the US before the end of the year. The latest proposals in Washington were drafted by the Republican-controlled Senate Foreign Relations Committee.

The Bill, backed by committee chairman Senator Robert Lugar, would stop any new investments in US firms operating in South Africa which do not follow a special employment code. The Bill would convert to law the list of mild sanctions imposed by Mr Reagan in September last year and would include a ban on Krugerrand

sales and computer sales to certain Government agencies and would ban products from organisations owned or run by the Government.

It would also prohibit US bank loans to the Government, stop landing rights for South African aircraft and create a special visa category for South African officials whose requests for entry permits will be dealt with case by case.

Senator Lugar's Bill would also authorise the US President to sell off American gold to drive down bullion prices, ban all Government bank accounts and those of all entities owned and controlled by it except for diplomatic and consular purposes and would stop the import of uranium and coal.

It would also stop any new investment in South Africa.

The Bill hands the US President discretionary powers with which he can, after a year, impose more sanctions if he is not satisfied with the progress towards reform in South Africa.

The European Community is also expected to adopt new sanctions next month after the failure of Sir Geoffrey's mission.

Mugabe may stop pensions

From MICHAEL HARTNACK

HARARE. — Up to 40 000 white pensioners who rely on payments from Zimbabwe could become the first casualties of an economic war between Harare and Pretoria, the Zimbabwean Prime Minister, Mr Robert Mugabe, warned here yesterday.

Addressing a news conference after his return from the Commonwealth mini-summit in London, Mr Mugabe said Zimbabwe would implement the full package of sanctions agreed by all countries except Britain as soon as the Commonwealth secretariat had completed administrative formalities.

Before the year end, Zimbabwe would cut all direct air links with South Africa, at present some 58 flights a week. It would also prohibit overflying by other nations' airlines such as British Airways.

Referring to the system of minute searches and documentation checks instituted at border posts this week by South Africa, Mr Mugabe said, "They are trying to show their muscle. Fine. And in the final analysis they will lose much more than we have to lose."

South Africa would forfeit not only its air and harbour charges paid by Zimbabwe, but also the payment of dividends and profits from South African companies' Zimbabwean subsidiaries

and remittances of pensions, said Mr Mugabe. "If it is an economic war, these things will have to stop."

There are believed to be 40 000 pensioners in South Africa who receive remittances from Zimbabwe.

Mr Mugabe warned Zimbabwe's own 100 000 remaining white community. "When an economic war has been declared against you, you accept it as such. You do not go grovelling to those who are waging war against you."

"All thought about luxury and comfort will have to go."

"If we have to eat sadza (maize meal porridge) we will eat it and the whites will have to forego their comfort until the situation comes back to normal."

Nearly 100 000 air travellers a year could be affected by the ban on flights which will cause hardships to divider families as well as an expense to businessmen.

Mr Mugabe vowed that maximum effort would be made to open up al-

ternative routes for Zimbabwean trade including the line from Chicualacuala to Maputo which has been closed by Renamo rebel action since August 1984.

"We will get it going again even if it means lining it with guards every yard of the way," he said.

"We will defend our trade routes to the last man."

Meanwhile, Zimbabwe is going ahead with plans to sell 250 000 tons of maize to South Africa, it has been confirmed here.

Deficiencies

The SA Maize Board is to buy the grain at a subsidized price from Zimbabwe's grain marketing board through a private consortium of businessmen.

Bought by the grain marketing board from Zimbabwean farmers at R277 a ton, it will be supplied to South Africa at less than R170 a ton to make up deficiencies caused by the drought.

Official sources yesterday declined to comment on claims that right-wing Renamo rebels in Mozambique had cut Zimbabwe's vital oil pipeline from the port of Beira by sabotaging a pumping station near the coast.

Zambia

This would throw the landlocked country back upon South Africa for supplies of petrol and diesel needed to keep its economy moving.

Sapa reports from Johannesburg that details of import controls on goods imported from Zimbabwe were published in the Government Gazette yesterday.

Permits must now be obtained for all goods imported from South Africa's northern neighbour, which has already been hit by delays on goods passing through the border posts.

An import levy is also due to be imposed soon.

The department has denied that the permit system amounted to an embargo or restriction on Zimbabwean imports.

It was an administrative control to monitor trade from Zimbabwe.

Sapa-Reuter reports from Lusaka that the Zambia Daily Mail yesterday quoted Mr Daniel Lisulo, chairman of the ruling UNIP party's political and legal affairs committee, as saying Zambia would continue to call for tough sanctions against Pretoria despite South African retaliatory measures aimed at delaying essential imports.

Pensioners part of Mugabe's plan

By RENEE MOODIE

PLANS by the Zimbabwe Government to include pension remittances in an economic war with South Africa could affect thousands of ex-Zimbabweans living in this country.

Mr Robert Mugabe told a press conference yesterday that among measures to be expected if a full-scale economic war developed with South Africa would be a ban on the remittance not only of company profits and dividends but of pensions to South Africa.

Mr Doug Grierson, a former member of the British South Africa Police (BSAP) and local chairman of the BSAP Association, said he estimated that at least 2 000 ex-policemen now living in South Africa would be affected.

He said the people affected would be those who had been members of the police, army and air force and civil servants.

"Those who worked for the bulk of their lives in those services and who now depend on those pensions as a means of livelihood would be the hardest hit and they will be very worried," he said.

Pensions paid to people living in South Africa from Zimbabwe amount to many millions of rand.

A member of the Rhodesian Association of South Africa (RASA) said many people would be left without any income at all.

Jail for acts with boys

DURBAN. — Former Natal surfer Brian Richard Shaw, 41, convicted of committing indecent acts with five teenage boys, was jailed for 14 months by a Durban magistrate.

He pleaded guilty to committing the 14 counts with two boys aged 15, one of 18 and one of 17, between July 1985 and January this year.

Shaw was sentenced to

three months' imprisonment on each count.

Two months of each sentence were suspended for five years.

Shaw admitted committing the acts at his flat on the beachfront.

The magistrate, Mr M J Prinsloo, said he had to pass a sentence which would deter Shaw and other like-minded people from these very serious offences. — Sapa

'Terrible tragedy' if coal companies fail to beat sanctions

TOWNS IN FEAR

W/L AGAS 9/18/86
Weekend Argus Correspondent

WITBANK. — Two Eastern Transvaal towns, Middelburg and Witbank, fear there could be a "terrible tragedy" if the coal mining companies and steel producers in the area fail to beat sanctions. Their future depends on it.

Councillors fear there could be poverty in the former boom towns which have managed to ride out the recession more successfully than many other towns and cities so far.

Municipal officials said they were waiting for the mining houses and steel producers to say what the future holds in store for residents.

The Chamber of Mines has warned that effective coal sanctions could lead to a loss of about a third of the 110 000 jobs in the industry and would affect the lives of 200 000 people.

Retrenchments

Already, the mines have said that an undisclosed number of workers would be retrenched soon because of reduced exports. Export sales by members of the Transvaal Coal Owners' Association are down 17 per cent compared to last year.

"At this stage any views are purely conjecture, but if sanctions by the United States, European Economic Community and Japan are mandatory and effective, the economic impact on these towns will be very serious," said Mr Mike Hawarden, a former chairman of the collieries sub-committee of the Chamber of Mines.

"One is talking about 44-million tons that are at risk, our total coal exports."

"It depends how successful South African companies are in penetrating alternative coal markets. It is very difficult. Coal is a highly visible product and easily fingerprinted," he said.

Jobs were not being affected immediately because such overseas buyers as Denmark had rushed to buy as much South African coal as possible before legislation was introduced preventing this.

Concerned

There had also not been a significant impact on the flow of coal to Richards Bay, he said. But prospects for next year looked "far worse" and employers were "very, very concerned".

Mr John Hall, chairman of Rand Mines's Middelburg Steel and Alloys, the biggest employer in Middelburg, said the company "would do anything it can to maintain a full level of employment".

Smith: SA betrayed Rhodesia

LONDON — Former Rhodesian Prime Minister Mr Ian Smith has accused South Africa of betraying his country in 1976 under pressure from Britain and the United States.

In an interview published in the Daily Express, Mr Smith said Rhodesia fought sanctions well after the declaration of independence in 1965, achieving the fastest economic growth rate in the Western world and a growing white population

"The change came in 1976," he said. "It was not sanctions that brought it about. Our friends betrayed us."

"We were told we would have to take steps we knew to be wrong, steps that set us irrevocably on the road the rest of Africa had taken — usually towards poverty, despair and tyranny

"Britain and America were ready to give open support to our enemies and South Africa was pressured into acquiescence."

Mr Smith said there was no exact analogy between the Rhodesian sanctions situation and that now facing South Africa.

"I believe that sanctions can and will damage the South African economy, though probably only minimally," he forecast.

"I cannot envisage them bringing South Africa to her knees. If the world continues trying to force South Africa to do what she believes to be wrong, then South Africa will react."

Mr Smith said the West could not grasp that there was very little chance of sanctions working.

"There are half a dozen countries, all black, totally dependent on South Africa for their existence, whose imports and exports pass through South Africa and who are almost totally provisioned from the south."

He appealed to countries intending to impose sanctions to "stop and think now before it is too late." — Sapa

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Speaking at a press conference, he described the two countries as in a state of economic war.

Mr Mugabe said the sanctions, agreed at a Commonwealth summit he attended in London this week, would be implemented by Zimbabwe by the end of the year.

They include a severing of air links, a ban on imports of South African iron, coal and steel and the withdrawal of most consular facilities.

Mr Mugabe said remittances to South Africa, including pension payments, would have to stop.

He lambasted the British Prime Minister, Mrs Margaret Thatcher, for her opposition to the sanctions measures, saying it was racist and based on economic self-interest.

He said he was still assessing the border slowdown placed by South Africa on Zimbabwean and Zambian goods.

He added Pretoria had acted against the two countries "to demonstrate that we are weak states".

"But we will not be cowed. We may suffer for a while, but Zambia

will not die, Zimbabwe will not die."

About 85 per cent of Zimbabwe's trade and 60 per cent of Zambia's use transport routes through South Africa.

Asked about the trustworthiness of Zimbabwe's white community in the face of an economic confrontation with South Africa, Mr Mugabe said:

"All thought about luxury and comfort will have to go. If we have to eat sadza (maize meal porridge) we will eat it, and the whites will have to forgo their comfort until the situation comes back to normal."

He pointed out that South Africa earned a great deal of money from the freight traffic of its neighbours and other remittances.

Official figures put the amount annually paid by Zimbabwe to South Africa at about R280 million.

Mr Mugabe said those remittances, which include dividends, interest and pension payments, will have to stop.

"South Africa's actions will affect us, but it will kill its trade with us and other countries to the north."

He said the countries

of the region would have to work ceaselessly to develop alternative routes.

"We have to think about re-opening the Maputo line, even if we have to line it every yard with guards," he said.

Zimbabwe has about 12 000 troops in Mozambique at the moment, guarding the railway to Beira and an oil pipeline.

"We will have to defend these routes to the last man," he said.

Mr Mugabe said that Zimbabwe would defend itself if South Africa took any military action, such as the raids it carried out against Harare, Lusaka and Gaborone in May.

He added Zimbabwe was in no position to give any military backing to the outlawed nationalist guerilla groups fighting the Pretoria government, although it would continue its moral and diplomatic support as fully as possible.

"As to possible action against those who would undermine sanctions, obviously if you have undertaken to implement sanctions you cannot at the same time accept a position in which others who operate from their own territory are undermining the very sanctions that you are trying to implement."

"If we sever all air links with South Africa then we would not allow any other country to fly over our territory."

Asked if he expected any future co-operation from Mrs Thatcher, he replied: "I've given her up, written her off as a bad case."

Sitting in the garden of his official residence, Mr Mugabe paraphrased the British national anthem saying Britons may never, never be slaves but Britons "are prepared to be economic slave-masters to serve their economic interests".

● Mr Mugabe's plan to stop pension remittances could affect thousands of ex-Zimbabweans living in South Africa, according to a report from Cape Town.

Mr Doug Grierson, a former member of the British South African Police (BSAP) and local chairman of the BSAP Association, said he estimated that at least 2 000 ex-policemen now living in South Africa would be affected.

HARARE — The Prime Minister, Mr Robert Mugabe, said yesterday Zimbabwe will implement a package of Commonwealth sanctions against South Africa to the full and retaliate against any economic reprisals by Pretoria.

Zimbabwe imposes tough sanctions

9/29/86 760

He said the people affected would be those who had been members of the police, army and air force and civil servants.

A member of the Rhodesian Association of South Africa (RASA) said for these people the only alternative would be to return to Zimbabwe.

"One of the agreements of Lancaster House was the guaranteed remittability of pensions. One would think Mr Mugabe would have to account to Britain and a lot of people would expect them to take action," he said. — Sapa-RNS-DDC

AT THE height of the Rhodesian sanctions, Ian Smith rose in Parliament to warn that he would not buckle to pressure.

"We shall never surrender to threats, we will never surrender to sanctions; in fact, we are not the sort of people who surrender to anything."

It was reminiscent of Churchill during the Battle of Britain.

And that, in a nutshell, was the initial reaction to sanctions: it consolidated white Rhodesians. The reaction was adaptive and reinforcing; one of collective defence against an outside world which did not understand it.

There was a feeling of pride and satisfaction of surviving under pressure. Defiance acquired a positive connotation. To surrender was unthinkable.

In addition to the acquisition of new values, such as "defiance" and "sacrifice", other values emerged and acquired a new meaning.

Autonomy and inventiveness became highly prized values. There was pride in producing and buying Rhodesian and in securing avenues to circumvent sanctions.

Mirrored

The international community tended to reinforce and mirror these images which Rhodesians began to hold about themselves.

Although they were universally condemned for their racist stance, they were viewed as being intelligent and tactful. Furthermore, the moral ostracism of the world was carefully manipulated by the leaders.

Personalities were blamed, for example, Wilson in the UK, but never the institution of Monarchy, which many Rhodesians held dear to their hearts. The smokescreen of an international communist threat was used to disguise the fundamental issues of UDI and majority rule.

The leaders made continual reference to the apparent inconsistencies in the international system, citing examples, such as the Indian invasion of Goa, the Russians in Hungary and Czechoslovakia.

Why had Rhodesia been condemned when she was trying to protect the free world? Why were sanctions not imposed in other circumstances? Had Rhodesia ever asked for hand-outs

Does South Africa really want to go through the same agony as whites in Rhodesia did?



IN 1965, comprehensive sanctions were imposed against the UDI Government of Ian Smith. Here JOHN BLOOMFIELD, a Canadian economist, looks at the impact on Rhodesian whites

like the other African states?

And look at the administrations of African states: what a shambles. To the white Rhodesian there appeared to be much evidence to show the unjust nature of the world.

Over a period of time, these attitudes became entrenched, loyalties were engaged and habits acquired. To the young brought up in the post-UDI period, this was the way of life.

The norms of a besieged country were quickly imbibed by them and reinforced at school through a proliferation of literature which told the history of the country — from a Rhodesian Front perspective.

Furthermore, the damage had been done. There was little Rhodesia could do, apart from complete capitulation, to regain any kind of moral ascendancy. Anyway, it had gone too far.

Psychic material and human resources (i.e. lives in war) had been invested in the policies of UDI. To abandon it would not only involve a waste of resources, but the explicit admission that they had been wasted.

It can be seen then that sanctions served to promote values which were

conducive to the maintenance and perpetration of white minority rule. Indeed, it could be argued that they prompted more reactionary tendencies. Sanctions served to consolidate white resistance.

They indicated to the rebel regime that force would not be employed. The spillover effects of sanctions on the region — notably Zambia — damaged their economies and made them vulnerable to pressure.

Consequences

But just as sanctions contributed to the promotion of intransigence among whites, they also promoted political consciousness among Africans.

Sanctions denied outright victory to Smith. They kept the issue alive. World disapproval was sustained. The African cause was legitimised. An international milieu was created which forced a choice on the world community.

Sanctions publicly commit a government which otherwise might drift under the pressure of financial or commercial interests. Any state had to think twice before embarking on a liaison with Rhodesia.

What is clear from the

Rhodesian experience is that if sanctions are to have policy relevance, it is in connection with their role as adjuncts to developing African nationalism rather than as inducements to white reform.

Here the role of sanctions had been to create conditions favourable to the nationalists who sought to disrupt the system.

Adjunct

By serving to thwart economic growth, hasten the rundown of the infrastructure, create conditions of insecurity and business apprehension, and by facilitating unemployment in the African sector, with the subsequent migration to the guerrillas, sanctions served as an adjunct to the growing assertion of the African population for rights and political power.

But at what cost?

Apart from sanctions, many factors contributed to the eclipse of white rule in Rhodesia.

● The detentions and bannings served to consolidate African resistance. Despite the deliberate isolation of the leaders in separate prisons, the nationalists became collectively hardened in their approach to majority rule. African determination was proportionate to white intransigence.

Others not in detention went into exile where they not only succeeded in soliciting some moral support, but also practical material support from several countries.

● The Changing Balance of Power in the Region: The eventual fall of Mozambique called into question Rhodesia's vulnerability and South Africa's commit-

ment. No longer could the white redoubt be regarded as starting at the Zambezi.

South Africa became concerned to pre-empt a revolutionary settlement and promote a stable government. The collapse of Mozambique, and later the inevitable border closure in March 1976, forced Rhodesia to redirect her trade at considerable expense.

The psychological impact of encapsulated Rhodesia bred insecurity among the whites and confidence among the nationalists.

● The expense of higher transport costs due to the Mozambique/Zambian, and later the Botswana border closures, the spiralling petrol price (a world feature), the growing expense of counter-insurgency operations, the lack of spare parts and modern weapons, the increased military call-up (deploying economically active resources away from industry) and the social cost in terms of disrupting families — and the actual loss of life — all seriously affected the morale of white Rhodesia and the regime's capacity for survival.

Spending

Between 1971 and 1976, defence spending went up by 600 percent, police by 300 percent and internal affairs by 400 percent. Sales tax was tripled and income tax was doubled within the same period.

● And, most significantly, the armed struggle. In the course of the war, more than 20 000 people died and countless others were injured — mostly blacks, and many innocent civilians, predominantly from the rural areas.

The guerrillas provided the conditions for independence to be achieved, but gained none of the fruits. The beneficiaries of the struggle were twofold — those who sat at home waiting and seized opportunities when they arose, and those who remained abroad in exile until timing was opportune for their return.

With the experience of Rhodesia on our doorstep, does South Africa really want to go through a similar process?

● From a paper originally delivered at the London School of Economics

US Treasury, IMF pooh-pooh gold and platinum embargo

Sanctions drive would turn into dangerous boomerang for West

By Jim Srodes: Washington

THE forces behind the drive to impose an American economic blockade on South African have run into a frustrating truth — their plan may not work against those two linchpins of SA's economy: gold and platinum group metals.

One of the more popular plans of action against the SA economy — a self-off of American and International Monetary Fund gold stocks — has been shot down by the US Treasury and IMF economists. They say in a private memorandum to liberal congressional leaders that when the Treasury and the IMF were involved in substantial gold sales 10 years ago the price rocketed to \$830 an ounce — at least in part because of the market stimulation caused by the auctions.

Consequences

The political objective now contemplated is to drive the gold price to virtually nothing and thus beggar SA.

But the joint memorandum argues that it would produce a catch

22 state of affairs which could wreck efforts to solve the Third World debt crisis.

The Treasury and the IMF say: "There is a strong case to be made that a massive offloading of bullion on the world market would initially produce a lower price but at the same time produce such a revival of interest in gold that the price would rebound as supplies were quickly bought up."

"Alternatively, if the price of gold on world markets were to remain at perceived 'bargain' levels for very long there is the risk that nations which could ill afford it might divert considerable sums of their current export earnings into gold purchases in an effort to build foreign reserve stocks."

"In either scenario, the unforeseen but broader consequences of a sudden effort to destabilise the gold markets present risks that far outweigh any political objectives

that such a sale might produce."

In fact, the IMF has ruled out any gold sale and this leaves the Reagan Administration in an embarrassing position.

Trade row

By the kind of coincidence that makes delicious irony, the Japanese Government will mint a gold coin — the Hirohito — in October. It has been stockpiling most of the 6-million ounces of gold (worth about \$2-billion) in the US — more than half of it in the vaults of the New York Federal Reserve Bank of New York.

Nearly all of this gold is from SA and was bought in Europe and shipped to New York where it is officially recorded as a gold import by the US. By arrangement with the State Department, the Japanese intend to ship the gold out as an official export to Japan, so winning a

\$2-billion reduction of the record \$12-billion trade surplus it is running with America and which has aroused violent protectionist pressures in Washington.

Platinum group metals provided \$84-million for SA from exports to the US last year. Another US Government report warns that the Soviet Union would be the only beneficiary of a metals embargo on SA.

Worse, the report argues that such an embargo could touch off a trade war with Europe over its car exports to America.

The Commerce Department has begun to circulate an analysis of strategic minerals trade with SA — a hot debating point. The report says America must get 90% of its platinum and rhodium from SA not only for pollution-control devices that are required on new cars but as an essential part of the petroleum-refining industry.

A total embargo of platinum group metals from SA would result in more than \$475-million in hard-currency purchases being made from the Soviet Union, which in the case of rhodium would probably have to fill its contracts with metal laundered from SA.

Expensive

Equally nasty would be the impact on European car-makers. They would be forced to add hundreds of dollars to the prices of their Mercedes and Jaguars to pay for pollution equipment to meet American standards either by competing for Russian platinum and rhodium or by coming up with more expensive technology.

Such a move could be considered a non-tariff barrier under the General Agreement on Tariffs and Trade, says the Commerce Department.

LOCKING OUT
THE WORLD

SANCTIONS

Full diplomatic and economic sanctions already imposed — the Soviet Union, East European socialist countries, Vietnam, Cambodia, Cuba and the People's Republic of China.

Normal relations.

Full diplomatic and economic sanctions pending. Some sanctions already in force — the Nordic countries.



WHO, WHAT, WHERE AND WHEN

Painting the map black

June 4 - 6: EPG meets in London to consider draft report. Seminar on oil boycotts in Oslo seeks tougher action against Norwegian-registered tankers delivering oil to SA, and closing loopholes.

June 16 - 20: UN Security Council-sponsored world conference on sanctions.

July: EPG report warns of bloodbath in SA if international community doesn't take action.

July 7: EEC Ministers meet under Britain's presidency.

August 3 - 6: Seven-nation Commonwealth mini-summit adopts position on sanctions.

Aug 12 - 13: Nat Party Federal Congress.

Aug 16: Special session of SA parliament starts — intended to push through reform legislation.

Aug 28 - Sept 2: Non-aligned summit in Harare expected to adopt position on sanctions.

Sept 9: Renewal date for sanction package imposed by US executive order.

Sept: Commonwealth will have finalised position.

March 1987: International banks to meet for 12-month review of existing loans to SA.

Oct 1987: Commonwealth Vancouver summit will undoubtedly see calls for full sanctions. Will Thatcher still be in office?



Some form of limitation on relations already in force.

Commonwealth sanctions package pending. Limited sanctions already in force — 49 countries. Britain, Swaziland and Lesotho opposed to sanctions.

EEC or similar sanctions package pending. Limited sanctions already in force — main Western nations, SA's major trading partners. Britain and US opposed to sanctions, but under pressure.

BRITAIN will face demands for further sanctions against SA in the next few months.

Following Prime Minister Margaret Thatcher's concessions to the Commonwealth and the Common Market this week, it is likely to face renewed pressure from the Reagan administration for tougher measures next month.

The Commonwealth has already adopted an 11-point package which goes well beyond the British position taken further — in a Bill currently taking shape in the US Congress. Sanctions adopted over the past 12 months can be divided into seven groups.

1 The Reagan Package. Adopted in an executive order on September 9 last year (RP).

2 The Brussels Package. Adopted by the EEC on September 10 last year (BP).

3 The Nassau Package. Adopted at the Commonwealth Bahamas summit last October (NAP).

TURNING ON THE HEAT

- Ban on the use of the banking system by SA entities, whether public or private (LP)
- A plan to reduce dependence on SA strategic minerals including diamonds, chromium, cobalt, manganese and platinum (LP)
- Authority to sell gold reserves as a means of depressing world gold prices (LP)

US — existing sanctions:

- Prohibition on export-import bank transactions
- Pressure on US to vote against International Monetary Fund loans involving SA
- Prohibition of US exports to the SA police and military
- Non-recognition of "independent" homelands
- UN arms embargo (imports and exports)
- Prohibition of commercial bank loans to the SA government (RP)
- Ban on sale of computers and technology to apartheid-enforcing arms of the SA government (RP)
- Ban on nuclear collaboration with SA for other than humanitarian reasons (RP)
- Ban on the import of Kruggerands

US — sanctions in the pipeline:

- Ban on imports of fruit and wine.
- Withdrawal of consular facilities

Italy:

- Closure of immigration offices in Italy and discouragement of emigration to SA.
- Controls on the export of civilian aircraft to SA.
- Embargo on sales of military equipment.

Outside the EEC:

- Sweden: Ban on new investment, loans, credit and security for SA public debts.
- Ban on imports of coal, fruit and wine and Kruggerands.
- State scheme to seek alternative supplies of strategic minerals.
- Trade and maritime traffic officially discouraged.
- Ban on air links.

Norway:

- Ban on new investment.
- Tightening of ban on oil supplies.
- Official register for Norwegian ships calling at SA.
- Licensing system for trade with SA to be introduced with compensation for Norwegian companies.
- Ban on imports of fruit and wine.
- Withdrawal of consular facilities.

Tough talk



South Africa's response

SOUTH AFRICA will not take the latest Commonwealth sanctions against it lying down and there are "ways and means" of getting round them, Foreign Affairs Minister P. W. Botha says.

"But even if we can't get round sanctions, we are prepared to accept a lowering of our standards of living — we are prepared to make sacrifices for what we believe in," Botha said at a Press conference in Pretoria this week.

Referring to the role of Zimbabwe and Zambia in the sanctions package, Botha called on Zimbabwean Prime Minister Robert Mugabe and Zambian President Kenneth Kaunda "to put their money where their mouths are and institute sanctions."

"We want them to institute total comprehensive sanctions against this country," he said.

He also announced a government decision to introduce a levy system on goods imported from these states. Stricter border security would also be instituted.

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Metro THEATRES

AUGUST 8 - AUGUST 14

POLTERGEIST II (ALL WELCOME)

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Standard warns against complacency on sanctions

Financial Staff

A disturbing tendency is emerging in some circles to adopt a complacent or even defiant attitude towards the threat of sanctions," Standard Bank says in its August review.

Standard says it is understandable a country resents foreign interference in its domestic affairs, and a firm stand may be necessary as a short-term tactic.

But, it says, "There seems to be an underlying assumption that somehow sanctions will be good for the country.

"That simply cannot be so. Those who believe otherwise need only look to the gross price distortions that exist in the areas — in chemical feedstock production, diesel engine manufacture, and many others — where South Africa has effectively imposed sanctions on itself by import restrictions or burdensome tariffs.

"The imposition of sanctions may lead to a short-term boom of sorts, through import substitution and the like. However, the longer-term effect of strictly applied sanctions would be a degeneration of the economy.

"This is inevitable in an economy so extensively involved in foreign trade. Last year exports represented the equivalent of 34 percent of GDP, and imports some 23 percent.

"Even partially effective sanctions would imply extra costs and therefore an additional deterioration in the country's terms of trade.

"In addition the loss of foreign technology, expertise and capital is unlikely to be easily compensated for by the creation of homespun industries and products," Standard says.

Some sanctions may be inevitable, given the momentum created for them internationally, and measures unlocking some of the economy's potential can compensate for that event.

An enormous amount could be done immediately. Much of this the Government has already accepted in principle. "For example, very positive sub-strategies are in existence, which could potentially introduce new dynamics through urbanisation, privatisation, changing the transport system, industrial development, de-control and deregulation, and others such as overhaul of the tax system, are being considered.

"What seems to be lacking is implementation — or at least speedy implementation. Credit ought to go to Government for the Temporary Removal of Restrictions on Economic Activities (TRREs) Bill, which should become law later this year, and for its acceptance of the President's Council recommendations on deregulation and small business development."

Speed of deregulation becomes particularly important in the light of the probable extension of sanctions. "Sanctions, like the regulations themselves, are in effect restrictions on the effective operation of business.

Regulations

"More so than many Western countries, and much more so than newly industrialised countries of the Far East, like in Taiwan or Hong Kong, South Africa has effectively been imposing sanctions on itself for a long time through regulations and controls over the flow of goods.

"It is a fact that countries with free or relatively free markets have achieved strikingly better performances than countries with unfree or controlled economies."

In the short-term new sanctions will probably be of limited effectiveness, but to the extent that sanctions are applied on top of local regulations, the economy is doubly hampered.

If the South African response to heavier sanctions is to move to a siege economy, with nationalisation of assets and renewed controls over prices, imports, foreign exchange, the labour market, transport, rent, retailing and the like, the effect of sanctions will simply be magnified.

"The far preferable option therefore is to deregulate and privatise as fast as possible."



Haddons
Limited

(Incorporated in the Republic of South Africa)
Reg No 04/00683/06

Interim report to shareholders for the six months ended 30 June 1986

Interim report

Unaudited results of the group's operations for the half-year ended 30 June 1986 are set out below together with the results for the comparable period in 1985 and for the full year ended 31 December 1985

	6 months June 1986 R000	6 months June 1985 R000	variance %	12 months December 1985 R000
Income statement				
Income before finance costs and taxation	8 224	5 948	+38,3	11 489
Finance costs	1 757	1 625	+8,1	3 275
Income before taxation	6 467	4 323	+49,6	8 214
Taxation	3 635	2 149	+52,0	4 322
— Current	3 267	2 149		4 311
— Adjustment to previous year	368			11
Net income	2 832	2 174	+30,3	3 892
Outside shareholders' share of loss	26			95
Net income after tax before extraordinary item	2 858	2 174	+31,5	3 987
Extraordinary item	(35)			(58)
Net income attributable to shareholders	2 823	2 174	+29,9	3 929
Number of shares in issue	2 954 222	2 888 500		2 943 268
Earnings per share (cents)	96,7	75,3	+28,4	135,4
Dividend per share (cents)	30,0	27,0	+11,1	64,0

Balance sheet

Ordinary shareholders' funds	34 900	31 038	+12,4	32 077
Reserves of shareholders' funds	128			155
Provision for depreciation				5 230

underlying assets are progressively "in specie" (assets) and have been better employed around 128 million R24 million that the Tuckers acquisition was a very expensive exercise.

Mugabe threats could badly undermine multinationals

THE threat by Prime Minister Robert Mugabe to withhold dividends and profits from SA companies with subsidiaries in Zimbabwe could have far-reaching consequences for multinationals.

Among the companies threatened by the measures are Anglo American and SA Breweries, through its subsidiary Delta Breweries.

SAB chief executive Meyer Kahn says: "It is a threat by Mugabe, but it has not yet been converted into action.

"I can't make any comment on how it will affect us. We will have to wait and

MICK COLLINS and
MICHAEL HARTNACK

see the facts as they present themselves.

"These are emotional times, and one has got to remain cool and calm."

SA would also forfeit rail and harbour charges paid by Zimbabwe.

Mugabe warned at the weekend that 40 000 white pensioners living in SA could forgo monthly remittances.

Many are British citizens who no longer have an automatic right of residence in Zimbabwe.

Their only recourse, if left destitute, would be to ask to be repatriated to Britain.

"If it is an economic war, these things will have to stop," Mugabe said.

He said all direct air links with SA would be cut before year-end. There are now about 56 flights a week.

Travel sources say that as many as 100 000 travellers a year could be affected by the ban on flights, which would cause hardship to divided families and inconvenience and extra expense for businessmen.

Zimbabwe has also threatened to prohibit overflying by foreign airlines such as British Airways.

Mugabe vowed that a major effort would be made to open up other routes for Zimbabwe trade, including the rail link from Chicualacula to Maputo, which has been closed by Renamo rebel action since August 1984.

"We will get it going again even if it means lining it with guards every yard of the way.

"We will defend our trade routes to the last man."

Home calls for re-think on sanctions issue

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London Bureau

LONDON — Lord Home, a former Conservative Party prime minister, has warned Mrs Margaret Thatcher that even voluntary sanctions against South Africa and the use of the Commonwealth Secretariat here as an "executive instrument" dealing with the political concerns of member countries was unacceptable.

In a letter to The Times of London, which is regarded as critical of Mrs Thatcher, Lord Home warned that voluntary sanctions would not achieve a political aim.

To be effective against South Africa, he said, sanctions would need to be mandatory and enforced by a naval blockade. His letter read:

"Now that we have all had time to digest the contents of the communique of the mini-Commonwealth meeting there are one or two

conclusions that must be valid.

"First, the future constitutional and political pattern of South Africa must be settled in Africa, by Africans, for Africans of all races. The necessary programme of conciliation and co-operation cannot be brought about by any shotgun wedding organised by outsiders.

"Secondly, voluntary sanctions as a means to achieve a political aim are at best peripheral and as full of holes as a sieve. Effective sanctions would need to be universal, mandatory and, in the case of South Africa, enforced by a naval blockade.

"With the Prime Minister of Zimbabwe talking lightly of arming all Southern Africa, few are likely to entangle themselves in such military action.

"Lastly, all Commonwealth leaders should ponder deeply as to

whether they really wish to turn the Commonwealth Secretariat into an executive instrument dealing in the political issues concerning its members.

"A number of Commonwealth countries run one-party states; others, including Britain in Northern Ireland, India in relation to the Sikhs, Sri Lanka and the Tamils, have racial and religious problems which are stubborn and certainly cannot be solved by intervention from outside nor by sanctions.

"Surely the role of the Commonwealth is to meet, to learn and then to act individually as each government thinks best, and not to try to lobby and pressurise one member or another to take action against its judgment. That was the concept of the Statute of Westminster and we would be wise to stick to it."

West is harming race relations says Kaunda

LUSAKA — Zambia's President Kenneth Kaunda yesterday accused Western leaders of harming race relations throughout Southern Africa by supporting South Africa.

Western support for apartheid was also to blame for South African trade reprisals against Zambia, which were likely to have a serious impact on the country's deeply troubled economy.

South Africa was sending spies into Zambia and other black neighbours, he said in an interview.

He also disclosed that the president of the African National Congress, Mr Oliver Tambo, was willing to meet the US Secretary of State, Mr George Shultz, to discuss ways of dismantling apartheid.

Mr Shultz said last month he was ready to hold unconditional talks with Mr Tambo.

President Kaunda said: "I'm sure that President Tambo will be happy to meet Secretary of State Shultz. This is

a thing that we have been urging them (the US) for ages now."

In another development, the Bank of Zambia suspended with immediate effect holiday allowances under which Zambians are allowed \$500 a year in foreign exchange.

The bank gave no reasons but there has been an increase in the buying of travellers' cheques at the current exchange rate. The Zambian currency rose last week to 5,01 kwacha to the dollar from a record low of 8,07 a few weeks before.

Meanwhile, Zimbabwean authorities are confident the rail link from Harare to Beira will be fully operational in three years' time.

This could then replace rail links between Zimbabwean and South African ports if the cutting of rail links made it necessary, a spokesman for the Beira Corridor authority, Mr Denis Norman, said in an interview with the British Broadcasting Corporation. — Sapa-RNS

From SIMON BARBER

WASHINGTON — After a week of rancorous negotiation between Republican and Democratic leaders, the US Senate will try to pass a South African sanctions package by Friday evening when it is scheduled to begin its three-week summer recess.

This was announced at the weekend by the Senate majority leader, Mr Robert Dole.

But even if a bill is passed, there seems to be no chance that the Senate and House of Representatives will have time to agree to a compromise version for the President's signature before returning to work in September.

By default, this will provide the Reagan administration with breathing space to co-ordinate a sanctions programme with the European Economic Community and pre-empt congressional action with an executive order as it did last year.

The Senate will be debating the bill, S 2701, approved by the foreign relations committee ten days ago, but Mr Dole has agreed to allow nearly 50 amendments to be considered, making the shape of the end-product difficult to predict.

The bill includes bans on new US investment in South Africa, South African landing rights in the US, and imports of South African uranium and coal. It prohibits the South African public sector from holding bank accounts in the US

and denies visas to South African officials on a case-by-case basis.

Stiffer sanctions are threatened unless Pretoria meets certain conditions, including the release of political prisoners.

Potentially the most explosive requirement is for the administration to name US allies who have been circumventing the international arms embargo.

Opponents of sanctions, led by Senator Jesse Helms, intend to try to focus the debate on the ANC and will seek to make punitive measures against Pretoria conditional on the ANC renouncing violence.

Mr Dole has effectively made passage of some form of legislation by the end of the week inevitable by threatening to keep the Senate in session until there has been action on both South Africa and aid to the Nicaraguan Contras.

● A Daily Dispatch correspondent reports from Johannesburg that the threat by the Zimbabwe Prime Minister, Mr Robert Mugabe, to withhold dividends and profits from South African companies with subsidiaries in his country

could have far-reaching consequences for multinationals

Among the companies threatened by the measures are Anglo American and SA Breweries, through its subsidiary Delta Breweries.

SAB's chief executive, Mr Meyer Kahn, said. "It is a threat by Mr Mugabe, but it has not yet been converted into action.

"I can't make any comment on how it will affect us. We will have to wait and see the facts as they present themselves."

Mr Mugabe also warned that about 40,000 white pensioners living in South Africa could forgo monthly remittances.

Many are British citizens who no longer have an automatic right of residence in Zimbabwe.

Mr Mugabe vowed that a major effort would be made to open up other routes for Zimbabwean trade, including the rail link from Chicualacula to Maputo, which has been closed by Renamo rebel action since August 1984.

Editorial opinion P8; see also P9.

US Senate set to approve sanctions

Cape Times 11/11/84 280 380

'Profits' threat to SA companies

Own Correspondent
JOHANNESBURG. — The threat by the Zimbabwean Prime Minister, Mr Robert Mugabe, to withhold dividends and profits from South African companies with subsidiaries in Zimbabwe could have far-reaching consequences for multinationals.

Among the companies threatened by the measures are Anglo American and SA Breweries.

SAB chief executive Mr Meyer Kahn says: "It is a threat, but it has not yet been converted into action. I can't make any comment on how it will affect us."

South Africa would also forfeit rail and har-

bour charges paid by Zimbabwe.

Mr Mugabe warned at the weekend that 40 000 white pensioners living in South Africa could forgo monthly remittances. Many are UK citizens who no longer have automatic right of residence in Zimbabwe. Their only recourse, if left destitute, would be to ask to be repatriated to the UK.

"If it is an economic war, these things will have to stop," Mr Mugabe said.

He said all direct air links with South Africa would be cut before the end of the year. There are now about 56 flights a week.

Travel sources say that as many as 100 000 travellers a year could be affected by the ban on flights, which would cause hardship to divided families and inconvenience and extra expense for businessmen.

Zimbabwe has also threatened to prohibit overflying by foreign airlines such as British Airways.

Mr Mugabe vowed that a major effort would be made to open up other routes for Zimbabwe trade, including the rail link from Chicualacula to Maputo, which has been closed by Renamo rebel action since August 1984.

"We will get it going again even if it means lining it with guards every yard of the way," he said.

Meanwhile, Pretoria has yet to decide whether it is going to place a clamp on the release of information relating to South Africa's international trading activities if more sanctions are imposed.

It is a contingency now being explored, Department of Trade and Industry officials say.

The likely introduction of an information clamp was referred to by the Trade and Industry Minister, Mr Dawie de Villiers, last week.

He observed that, as the introduction of sanctions and trade embargoes drew closer, South Africa had to consider the desirability of refraining from releasing information relating to its trading activities.

It has been stressed that a gag of this nature was little more than an idea at this stage.

Kaunda attacks Western powers

LUSAKA. — Zambian President Kenneth Kaunda yesterday accused Western leaders of harming race relations throughout Southern Africa by supporting South Africa.

He also claimed that Mr Oliver Tambo, president of the African National Congress (ANC), is willing to meet United States Secretary of State Mr George Shultz to discuss ways of dismantling South Africa's apartheid system.

Dr Kaunda also said that Western support for apartheid was also to blame for South African trade reprisals which were likely to have a serious impact on Zambia's troubled economy.

President Ronald Reagan, British Prime Minister Mrs Margaret Thatcher and other Western leaders were "succeeding in poisoning our otherwise happy racial atmosphere" in Zambia, Zimbabwe and elsewhere with their support for the Pretoria government, Dr Kaunda said.

● At least four countries — Britain, West Germany, Austria and Switzerland — have said some of their citizens have been severely beaten while being held in Zambian jails in the aftermath of a South African air raid on an alleged guerilla base near Lusaka in May.

Dr Kaunda said he did not know of any cases of foreigners being mistreated in jail but if this had happened the culprits would be punished — Sapa

the grows

SAA loss could be many millions

Mercury Correspondent

JOHANNESBURG—South African Airways could lose hundreds of millions of rands through Commonwealth countries' bans on air links with South Africa.

But it could take 14 months before air links were severed and if Commonwealth countries and airlines renege on international air treaties before then South Africa would have a watertight case in the World Court.

The bans would ultimately force the SAA — which would then be stranded with large sums of idle capital — to turn to contingency plans which may include the leasing or selling of aircraft, possibly to neighbouring states.

So said Leon Kok of the SA Institute of International Affairs (SAIIA) yesterday.

Transport Minister Hendrik Schoeman slapped restrictions on 'any further discussion' or comment from his department or the SAA on the issue.

Bombing

Dr Andre Thomashousen of the Institute of International and Comparative Law at Unisa said that if Britain joined the Commonwealth countries' decision and West European countries and the US followed suit it would, in terms of international law, amount to war against South Africa.

"Theoretically air traffic cannot be completely cut off South Africa would then be entitled to take the appropriate retaliatory measures, for example bombing their ships... or retaliating against nationals," he said.

Initial reports on the mini-summit's resolution which refer to the air links are still unclear.

Dr Thomashousen said it was unlikely that airlines coming from Commonwealth countries would be denied access into South Africa.

Johannesburg is the main destination for the airlines of South Africa's neighbouring states, accounting in some cases for about three-quarters of their airline's international services.

Sanctions and SA — a double-edged sword...?

By BRUCE CAMERON, Political Staff

SOUTH Africa has warned the world that sanctions are a double-edged sword and has moved quickly in reaction to the Commonwealth clamour for economic action to force South Africa to meet international demands.

But counter sanctions can also have a substantial cost in return.

And Mr Harry Schwarz MP, PFP finance spokesman believes there could be a political cost.

Mr Schwarz said that the other problem was that as South Africa argued that blacks would be the main sufferers of sanctions, counter sanctions would also hurt the general population of the other countries.

Although the rest of Africa is a comparatively minor source of trade for South Africa compared with the United States and Europe, the continent is proving to be a growing market for the Republic.

FROM January until June this year South Africa exported R828,6-million in goods to African countries while importing products

with a value of R279,4-million.

The Government does not supply a break down of these figures, but most the trade is with states in the immediate vicinity of South Africa.

This amount is relatively little when compared with the roughly R30 000-million worth of goods that South Africa not only exports, but also imports annually.

But it remains significant and in recent years has been growing. It is also a market that absorbs a different type of product range than that of the developed countries.

ACTION such as the closure of borders that Rhodesia took during its rebel years in cutting trade with black Africa, particularly Zambia, not only cost them but also Rhodesia itself.

The economic war against Rhodesia is estimated to have cost Zambia in the region of R800-million but Rhodesia also saw an annual trade of R70-million drop off to virtually nothing.

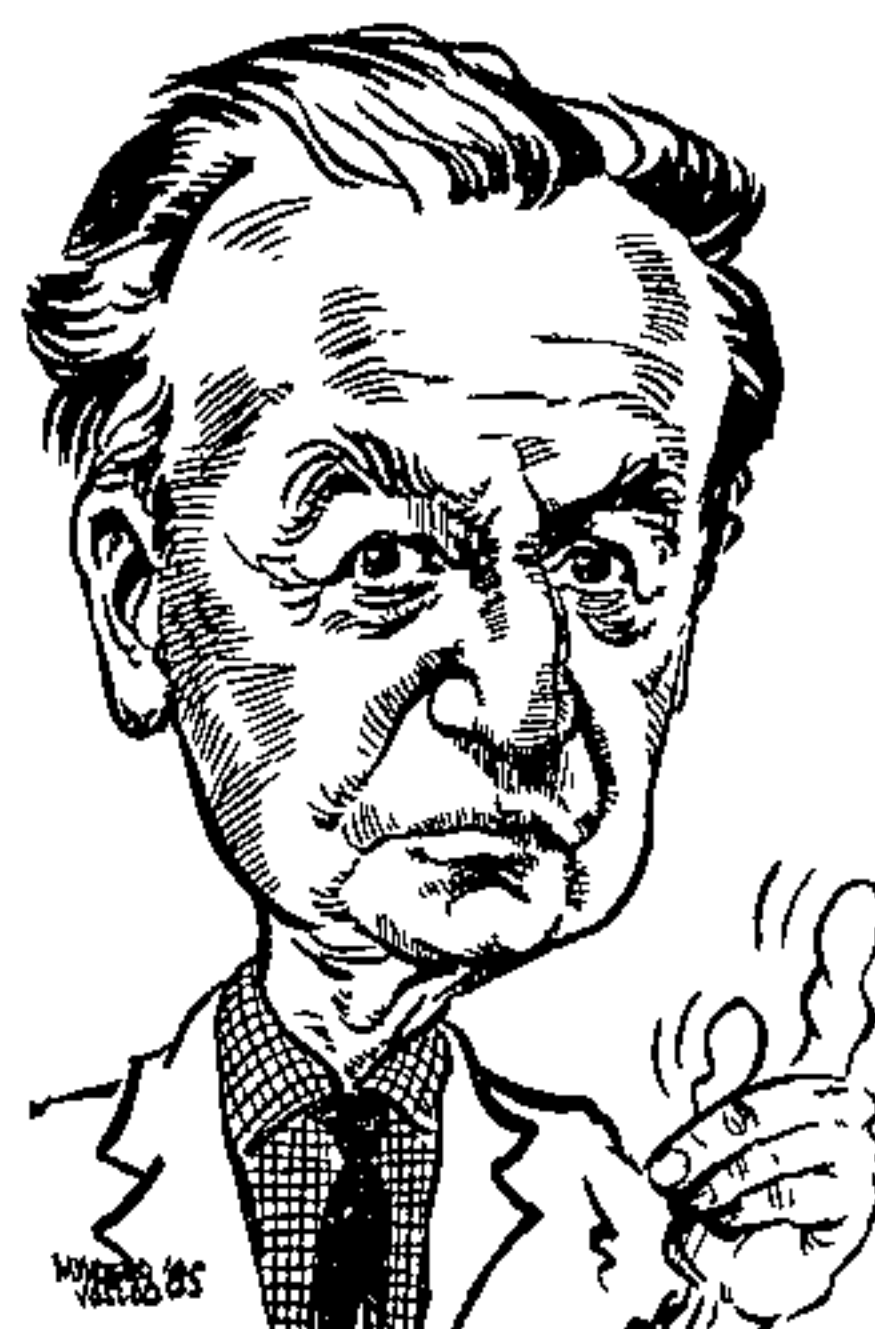
And when Ian Smith closed the Zambian border, Zambia continued to trade with South Africa through Botswana, increasing trade generally between the two countries.

Alternative routes were also sought with the construction of the Tanzam railway line.

Although the main target of the Government so far has been to hit the frontline states, particularly Zimbabwe, by placing hurdles in the way of transit goods, the action has been accompanied with threats of firmer action.

SOUTH African Transport Service figures show the enormous tonnage of goods which flow in transit through South Africa.

South African harbours have handled in transit 819 000 tons of export goods



Mr Harry Schwarz

And how we could lose out

bound for Zimbabwe and another 225 000 for Zambia.

What is worrying business organisations is that even irksome hurdles such as those imposed over the past 10 days could have a counter effect.

South Africa undoubtedly has the whip hand at the moment with the state of alternative links and harbours available to the frontline states.

There is not much that Zambia and Zimbabwe can do in direct response while the idea of New Zealand premier, Mr David Lange, of an airlift to the countries is generally dismissed as extremely woolly-headed.

But the affected countries would obviously look for other means to improve their trade routes, including spending money on building and improving existing facilities.

ZIMBABWE has already been actively working at reducing its dependence on South Africa with some success.

The business organisations also point out that Zambia and Zaire could for instance get some of the goods from Zimbabwe which has the potential to produce more and a wider range of goods although they would be more expensive.

The loser then would be South Africa. South African Transport Services could also land up losing a profitable source of revenue or at least seeing a decrease.

Once trade is lost it also becomes difficult to recover.

If it ever reached the stage that the borders with the front line states were closed as a result of political action from either side, South Africa would have a considerable amount to lose with the balance of trade being well in her favour.

There is no doubt that the cost to the frontline states would be equally if not much more expensive to bear.

AN interesting fact of the Commonwealth sanctions package which Zambia and Zimbabwe pushed so hard to get was that not many of the goods listed by the Commonwealth countries are products imported by the front line countries. (Something which Messrs Mugabe and Kaunda must have been well aware).

They do not import coal, uranium, iron ore or primary steel and iron.

Most of the goods imported by Zimbabwe and Zambia are mining equipment and chemicals, lubricating oils and fabricated metal products.

Although he concedes South Africa has been forced into a difficult position, Mr Schwarz believes that in the end all the parties will have to talk to each other and counter sanctions can only put up more barriers.

"Our job should be to try and keep channels open."

Standard warning on complacency

IT IS understandable that a country resents foreign interference in its domestic affairs and a firm stand might be necessary as a short-term tactic, Standard Bank says in its August review.

"It is disturbing to notice a tendency emerge in some circles to adopt a complacent or even a defiant attitude towards the threat of sanctions," Standard says.

"There seems to be an underlying assumption that, somehow, sanctions will be good for the country. That simply cannot be so. Those who believe otherwise need only look to the gross price distortions that exist in the areas — for example in chemical feedstock production, diesel-engine manufacture, and many others — where South Africa has effectively imposed sanctions on itself by import restrictions or burdensome tariffs.

"The imposition of sanctions may lead to a short-term boom of sorts, through import substitution and the like. However, the longer-term effect of strictly-applied sanctions would be a degeneration of the economy.

"This is inevitable in an economy so extensively involved in foreign trade.

"Even partially-effective sanctions would imply extra costs and, therefore, an additional deterioration in the country's terms of trade.

"In addition, the loss of foreign technology, expertise and capital are unlikely to be easily compensated for by the creation of home-spun industries and products," Standard says.

It adds that some sanctions might be inevitable, given the momentum created for them internationally, and action to implement measures to unlock some of the economy's potential can compensate for that event.

"If the SA response to heavier sanctions were to move to a siege economy — with nationalisation of assets and renewed controls over prices, imports, foreign exchange, the labour market, transport, rent, retailing and the like — then the effect of sanctions would simply be magnified," the review adds.

"The far preferable option, therefore, is to deregulate and privatise as fast as possible. Deregulation and privatisation have low, if any, domestic political costs and would probably have the effect of deflecting international pressure." — Sapa

WASHINGTON — Congress and the continued obstinacy of SA are overwhelming US President Ronald Reagan's policy towards Pretoria and pushing him inevitably towards new sanctions he has been resisting, according to a *Wall Street Journal* analysis.

The White House is trying in the face of heavy odds to slow the Congressional momentum, partly to take the steam out of the sanctions locomotive and also to buy time to co-ordinate a joint stance with the Europeans for less punitive than that sought by US legislators.

But Assistant Secretary for African Affairs Chester Crocker, just returned from Europe, reported that the US will find it difficult to harmonise sanctions policies with its allies. He told Reagan that, although the timing could coincide because both the US and Europe face likely mid-September decision deadlines, the planned European sanctions are largely symbolic and far less stringent than those Congress wants.

Reckoning

Reagan's most probable time of reckoning is September 8, when his Executive Order on limited sanctions against SA expires and Congress reconvenes. The legislature will probably move quickly to complete a House-Senate compromise Bill filled with provisions the administration has opposed.

In June, the House voted to cut most economic ties with SA. The more-moderate Senate Bill, expected to pass before the August 15 recess, would ban new US loans or investments and impose an embargo on imports from corporations owned or controlled by the SA government, among other things.

Senate Republicans argue that Reagan

Stubborn SA threatens Reagan's sanctions stand

could be pushed even faster if the House agrees to less far-reaching legislation that might have enough support to withstand a Presidential veto and more effectively pressure the White House. House members, however, say they will demand more teeth in Senate provisions.

"There's a great sentiment on both sides of the Hill to get something strong to Reagan quickly," says Representative William Gray, one of the leading Democrat proponents of sanctions. He says House Democrats will demand that the final legislation strengthen the Senate's proposed ban on new loans to include all trade financing. The House also wants the new investment ban to prohibit capital coming from outside the country to subsidiaries already operating within SA.

The administration says Reagan feels so strongly that new sanctions would be counter-productive that he is unlikely to seek a compromise to avoid confrontation with Congress. He has stayed out of the Bill's preparation altogether to avoid the perception that he is co-operating in framing the legislation, a senior official says.

Reagan's primary problem is that he's getting little help from SA itself. Instead of doing more to ease or end apartheid, SA is moving to cope with sanctions.

West European diplomats say the Senate legislation has put pressure on British Prime

Minister Margaret Thatcher and West German Chancellor Helmut Kohl, who also oppose sanctions. But they say a European Community sanctions package that's likely to emerge in mid-September will be far milder than the Senate Bill, the minimum measures Congress would seek.

US officials expect the Europeans to agree to largely symbolic measures drawn up in The Hague in late June but deferred until September. They include a voluntary ban on new investments and on the import of coal, iron, steel and gold coins from SA.

Landing rights

A West German official says that West Germany and Britain would resist calls for a ban on SA landing rights in their countries, despite the fact that this would be one of the few sanctions that would clearly hurt whites more than blacks.

Kohl, a Christian Democrat, also faces great pressures from his government partners, the Christian Social Union, not to bend to pressures for punitive sanctions.

Reagan, however, doesn't enjoy the luxury of even Senate Republican support for his current position. Congressmen don't believe he'll regain the initiative as easily as he did last year when he issued an Executive Order imposing minor sanctions just before the Senate voted on its own Bill — AP-DJ

Gag on trade activity info a possibility

CHRIS CAIRNCROSS

GOVERNMENT has yet to decide whether it is going to place a clamp on the release of information relating to SA's international trading activities if more sanctions are imposed.

It is a contingency now being explored, Department of Trade and Industry officials say.

The likely introduction of an information clamp was referred to by Trade and Industry Minister Dawie de Villiers last week.

He observed that, as the introduction of sanctions and trade embargoes drew closer, SA had to consider the desirability of refraining from releasing information relating to its trading activities.

It has been stressed that a gag of this nature was little more than an idea at this stage.

CMF Times 11/8/86 280

Top British travel groups cut SA trips

From IAN HOBBS
LONDON. — Sanctions have started to bite as one of Britain's leading travel agency chains, Exchange Travel, announced it was cutting trade with South Africa.

Many smaller agencies are also following the example which was set on Thursday when Thomas Cook, Britain's major travel group, said they were backing the Commonwealth's "voluntary" ban on promoting tourism to South Africa.

Thomas Cook will continue to provide business trips to South Africa but Exchange Travel has ended immediately all holiday and business travel services.

Exchange Travel chairman Mr Gordon McNally said: "We are adopting this course in line with the recommendation of the (British) government for voluntary sanctions on travel to South Africa."

He said his company had extensive holiday

and business travel commitments with South Africa over many years but he regretted that it had to end immediately.

A source in the company said: "We all feel devastated and sad. We know good people are going to lose their jobs in South Africa but there is nothing we can do."

A spokesman for the Association of British Travel Agents (ABTA) said a number of small travel companies had informed them that they were cutting all business with South Africa.

He said: "Unfortunately we are unable to give guidelines to our own members at this stage."

"What is happening with those travel firms already taking voluntary action on sanctions does not affect those clients who have already booked and paid for their holidays."

"And should they wish to switch to other tour operators they can do so without paying the customary alteration fee."

UST 11, 1986

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11/8/86

Steps to counter sanctions on cards

Post Correspondent

JOHANNESBURG — The Government is likely to take steps to promote the creation of import replacement industries to counter the sanctions campaign.

An announcement in this regard could be made by the State President, Mr P W Botha, at the National Party's federal congress in Durban this week.

He is expected to call on South Africans to stand together to meet challenges posed by sanctions, including commercial and industrial diversification to make the country more self-supporting.

Parliamentary circles believe Mr Botha will set the stage for a 1987-88 Budget geared to counter sanctions.

This could include financial incentives to industries and manufacturers prepared to make products that are now imported.

In the past it has sometimes been cheaper to import certain goods and highly sophisticated equipment rather than manufacture them internally for the limited South African market.

With the current exchange rate making these imports expensive, local manufacture of these goods has become a more viable proposition.

Pressure expected for quick independence

Body blow for Namibia on sanctions

THE sanctions drive could have a devastating effect on the fragile economy of Namibia, and Windhoek is expected to pressure Pretoria to concede the territory's independence before too much damage is done.

Since Namibia's economy is so intertwined with SA's, all sanctions imposed on SA would automatically apply to Namibia.

Moreover, as a neighbouring state relying heavily on SA aid — a third of its budget consists of a SA grant — it could suffer in that respect, too.

"It will be the cruelest part of the sanctions campaign. We scrapped apartheid years ago, we have a predominantly black government and our people are yearning for independence. Now we are going to be punished for white SA's sins," a spokesman for the Transitional government said yesterday.

But Namibia's independence seems remote. SA still treasures Namibia for strategic reasons: as a springboard for aid to Unita and for possible strikes on Zambia, and as a bargaining chip for the

MAX DU PREEZ
Political Correspondent

removal of Cuban troops from Angola. Proposed European Community (EC) sanctions would hit the uranium, karakul and fishing industries hardest.

Wider sanctions would hurt the diamond and other mining sectors. The mining industry constitutes more than 80% of Namibia's exports and more than a third of its gross domestic product (GDP). It employs 15 000 black workers.

Namibian Secretary of Finance Johan Jones said yesterday: "Ours is a very fragile economy and an escalation of sanctions against SA could have a severe effect. Our manufacturing industry is tiny and most of our exports are vulnerable because they are luxury articles with a fragile market."

"The two crucial factors are that we virtually have one economy with SA and that many of our products are also produced south of our border."

The proposed ban on the export of uranium could be devastating. Both

● To Page 2 ➡

Reagan won't defy Congress on sanctions, says Canadian PM

NEW YORK — Canadian Prime Minister Mr Brian Mulroney said in an interview published yesterday that he believed President Reagan could be persuaded to impose sanctions on South Africa if there were a strong enough show of force in Congress.

"Reagan is very much a pragmatist. If he is confronted with the will of Congress, strongly expressed on a fundamental moral concept, it is my judgment that he will not fight that expression of will by the people," Mr Mulroney said in the *Newsweek* interview.

Mr Mulroney said that at the recent meeting of Commonwealth leaders in London to discuss sanctions against Pretoria he told the British Prime Minister, Mrs Margaret Thatcher, that if Britain maintained its hard-line stance against sanctions it would "provoke an outpouring of hostility from countries such as India and Zambia and compromise the United Kingdom's position".

Britain agreed at the conference to accept the imposition of certain sanctions by Commonwealth countries and dropped its argument that sanctions were immoral, Mr Mulroney said.

He said Zambia and Zimbabwe were prepared for South African retaliation.

In Lusaka, Zambian President Kenneth Kaunda yesterday dismissed as impractical plans to form a pan-African army to overthrow the Pretoria Government.

Ethiopian leader Mr Megistu Haile-Mariam and

others have urged African nations to take up arms against South Africa.

But few African nations could afford to contribute more than a token force as their armies are generally poorly equipped and many of these countries are in the throes of a grave economic crisis.

In Suva, South Pacific countries today called on all nations to join the limited sanctions announced this month by the six Commonwealth countries.

A joint communique at the end of a four-day meeting of 13 nations, including Australia and New Zealand, expressed deep concern over the situation in South Africa.

"The London meeting has given a strong lead to the whole international community to bring pressure on South Africa," it said.

Swaziland Foreign Minister, Mr Shadrack Sibanyoni, has revealed in Mbabane that the Swedish Chamber of Commerce has imposed sanctions on his country.

The sanctions are apparently in the form of a boycott similar to that announced last week by the Finnish Transport Workers' Union, whose members refuse to handle any goods destined for Swaziland, Lesotho or Botswana.

The Finnish and Swedish actions follow allegations that Swaziland, Lesotho and Botswana are re-exporting such goods to South Africa, thus circumventing the boycott already in force against that country. — Sapa-Reuter.

'Reagan could apply sanctions'

NEW YORK — The Canadian Prime Minister, Mr Brian Mulroney, believes President Ronald Reagan would be persuaded to apply sanctions on South Africa if there was a strong enough show of force in Congress.

"He is a pragmatist but, if he is confronted with the will of Congress strongly expressed on a fundamental moral concept, I believe he will not fight that expression of will by the people," Mr Mulroney said in a Newsweek interview.

At the recent Commonwealth leaders meeting in London, he told the British Prime Minister, Mrs Margaret Thatcher, that if Britain maintained its hardline stance against sanctions it would "provoke an outpouring of hostility from countries like India and Zambia, and compromise the United Kingdom's position".

He said Zambia and Zimbabwe were prepared for retaliation by South Africa.

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"The London meeting had given a strong lead to the international community to bring pressure on South Africa," it said.

In Washington last night rival parties in the US Senate broke an *impasse* to allow action soon on two major foreign policy issues — South African sanctions and aid to Nicaraguan rebels.

The Republican leader, Mr Robert Dole, of Kansas, said the complicated agreement he reached with opposition Democrats could force the Senate to postpone a three-week recess if action on the two issues is not completed next week.

Democrats, who favour sanctions against South Africa, maintained a marathon debate to prevent a vote on the rebel aid package which many of them

oppose.

The decision of the Commonwealth summit concerning sanctions against South Africa was the subject of an editorial in the independent London newspaper, The Observer, yesterday.

"It was not its finest hour. To have held out for months against imposing sanctions and then to concede so gracelessly that she attracted odium equally from both sides was not Mrs Thatcher at the top of her form.

"The result was to send a confused and weakened message to Pretoria, to alienate Commonwealth opinion, and yet at the same time to take the first steps down a road she had sworn never to follow.

"Mrs Thatcher claims to be defending British interests and protecting as best she can those of the black workers in South Africa for whom she has lately discovered such a deep fellow-feeling."

In Harare, Mr Robert Mugabe's Government has set up a special Cabinet committee to examine ways of counteracting South African economic measures in a sanctions war against Zimbabwe.

The Sunday Mail said yesterday substantial numbers of Zimbabwean businessmen responded to last week's South African restrictions at its border posts by making urgent visits to the Mozambican port of Beira.

They hope by the year end to have switched a large quantity of Zimbabwean trade to the Indian Ocean port, which at present takes only about 7%.

The Sunday Mail says Government reluctance to say anything about its plans to re-route trade to Beira stems from the fear that Pretoria will attempt to get Mozambique's Renamo rebels to stage new sabotage attacks on the 300km corridor from the Zimbabwean border town of Mutare.

It was reported from Johannesburg that there were no delays or a heavy build-up of trucks or holiday traffic at Beit Bridge and Messina yesterday as a result of vehicle searches by the Department of Customs and Excise. — Sapa-Reuter

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August 1986

'S A will not cut off metal supply to the West'

JOHANNESBURG—Senior Government officials yesterday dismissed fears that South Africa would retaliate for Western sanctions by cutting off supplies of gold and metals crucial to foreign industry.

Exchange dealers said instead a jubilant Pretoria had 'made a killing' by selling large quantities of gold at last Monday's peak price of \$395 an ounce, the highest for 30 months.

The officials said S A would not take revenge for sanctions by cutting precious metal supplies. 'It would jeopardise our proud record of being a reliable and responsible supplier,' Dr Louw Alberts, Director-General of the Mineral and Energy Affairs Department, said.

Platinum

S A provides more than half the West's gold and more than 80% of its platinum. It is also a key source of manganese, chrome, vanadium and other rare minerals.

Economists said Monday's gold sales enabled the central bank to top up depleted foreign exchange holdings, badly needed to repay the country's \$24 billion foreign debt.

Dr Jan Lombard, the official in charge of the central

bank's bullion sales, confirmed S A had no intention of playing politics with gold and metal exports.

Economist Mr John Banos said precious metals were such an important revenue earner 'the chances of S A's cutting off supply are close to zero'.

Last year the country earned \$5.9 billion dollars from gold and one billion dollars from classified metals, of which platinum is the most important.

Platinum mining is shrouded in secrecy. Neither Government nor mining houses divulge information about the metal, which is crucial to the automotive industry and is also used in jewellery.

Mr Aubrey Dickman, Chief Economist of the giant Anglo American mining corporation, said it would not be in S A's long-term interest to disrupt supplies.

Other economists said that with sanctions beginning to bite sections of the economy, the government needed as much foreign exchange as it could get from metal sales.

1986

P W expected to stick to tough stance

Mercury 11/08/86
280
and

Ormande Pollok
Political Correspondent

PRESIDENT Botha is fully expected to maintain his hardline stand tomorrow that South Africa will change at its own pace and in its own way — sanctions or not.

Nationalists who are already gathering in the city for this week's Federal Congress suggest that Mr Botha will not be cowed by the increasing international threats — and promises — of sanctions.

Instead, he could turn the tables and use the growing clamour as a rallying call to unity as Mr John Vorster did so successfully in the anti-South Africa Carter era.

Nationalist MPs, particularly from the Transvaal, are reporting the party is facing a serious threat from the combined Right-wing in several constituencies where they have been working all-out to consolidate support since Parliament went into recess at the end of June.

They are hoping that when Mr Botha opens the Federal Congress tomorrow night he will be able to consolidate it even further in the face of rising international pressure.

Nobody seems to be expecting him to spell out in chapter and verse what the Government's future constitutional plans are for bringing blacks into the decision-making processes at the 'highest level'.

However, he is expected to spell it out in general terms and to reaffirm his commitment to change — but at South Africa's own pace.

Nationalist have strong hopes that the much vaunted National Council will pave the way for a negotiated settlement in South Africa.

However, there are doubts that the final draft of the legislation to establish it has been completed which would mean Mr Botha would only be able to talk on it in general terms.

So far there has been no indication of which black leaders will be prepared to serve on it.

The Government has stated repeatedly that the National Council will be the start of a new phase in reaching a negotiated constitution involving all communities in Parliament and not the final solution.

It is estimated that about 1 600 delegates from all corners of South Africa will attend the congress which is expected to debate various crucial issues throughout Wednesday.

The Natal provincial congress will be held on Thursday.

'Bitter test' looms for South Africans

THE FORBIDDING prospect of sanctions has eclipsed all other subjects in the headlines and editorial columns of the Afrikaans Press.

Dawie, political columnist of the Nasionale group, said that, stripping away all the false piety and other hypocrisies, it was clear that an intense attack was being aimed at South Africa from abroad. In one important respect it was an acknowledgement that the attempt at an internal revolution had failed.

South Africans now faced a 'bitter test' in finding a solution to their internal problems.

The Burger said the formers of sanctions evidently did not realise how difficult, if not impossible, it would be to control the movement they had initiated. There could be a chain reaction, because South Africa was already being threatened with more punitive measures if it defended itself.

Rapport said the Government would receive wide support, at least from the white population, in its resistance to pressure for changes that could cause chaos and dislocation. But if we went into the laager it must be because we were seeking there what demands from abroad would not be able to accomplish and were possibly not intended to accomplish.

'Who knows, perhaps black and white will learn to know and appreciate each other better in the circumstances of the laager, because each will be so much more dependent on the other.'

★ ★ ★

BEELD took a more controversial line.

Not even Mussolini's Italy, it said, had endured such a wave of hatred, with its undertones of hysterical unreasonableness. Never-

theless, it would pay South Africa to listen to the arguments of the Western countries.

A 'leap of the imagination' was necessary to break out of the present impasse, and it was true that the 'fundamental question' of meaningful black rights must be purposefully addressed.

'And all the public rage?

'Hasn't it, among other things, to do with what the world has seen of South Africa on television over the past year?

'South Africans, and particularly Afrikaners, like to believe that they alone are right and the whole world wrong. Such an attitude will not help us or the few friends we still have left.'

★ ★ ★

With the predictable exception of the Burger the Afrikaans Press was sharply critical of the salary increases for parliament-

arians and top civil servants

The Vaderland described the move as 'a political mistake and economically unjustified'

Rapport said that against the background of the whole public sector the additional amount involved was a drop in the bucket. But the psychological effect

State's new prop, narrowly escaped this dilemma when someone else was found to chair a meeting of the Afrikaner-Weerstandsbeweging and he was left free to play against the Transvaal. But, he told Rapport, had he been forced to choose he would have plumped for politics.

There was, he said, a

The Afrikaans Press
by James McClurg



should not be underestimated.

Rapport columnist Pollux pointed out that the increases were supposed to have been suspended until there was a sufficient improvement in the economy. This improvement, said Pollux sardonically, must have taken place, but if so it had remained a 'well-kept secret'.

The Volksblad said timing was extremely important. Few people today would be convinced that this was a suitable time for such a big 'swig at the bottle'.

★ ★ ★

PITY the up-and-coming young Afrikaner who has to choose between rugby and politics.

Piet Bester, the Free

feeling in the AWB that it would mean much to this Far Right organisation if one of its members 'achieved something' on the rugby field. At the meeting Bester was to have chaired an unnamed member said that 'the AWB would very much like to play in the rugby series' but wanted the name Currie Cup to be changed.

★ ★ ★

IT HAS been reported that the fire at the official residence of the Minister of Finance, Mr Barend du Plessis, left him with 'only the shirt he was wearing'. Now, observed Beeld columnist Lood, Mr du Plessis would know what he (Lood) felt like every year when the minister's tax-gatherers had finished with him.

Mugabe in move to counteract S A trade clamps

HARARE—Mr Robert Mugabe's Government has set up a special Cabinet committee to examine ways of counteracting South African economic measures in a sanctions war against Zimbabwe.

According to Sapa, the Sunday Mail reported that substantial numbers of Zimbabwean businessmen responded to last week's South African restrictions at its border posts by making urgent visits to the Mozambican port of Beira.

They hope by the year end to have switched a large quantity of Zimbabwean trade to the Indian Ocean port, which at present only takes about 7%.

The Cabinet committee is chaired by the Minister of Trade and Commerce, Dr Oliver Munyaradzi, who is trying to allay panic over the possible effect of a South African 'go slow' on Zimbabwean shipments.

The paper said Government reluctance to say anything about its plans to re-route trade to Beira stemmed from the fear that Pretoria would attempt to get Mozambique's Renamo rebels to stage new sabotage attacks on the 300 km corridor from the Zimbabwean border town of Mutare.

Alternative

Some 6 000 Zimbabwean troops are believed to be deployed in Mozambique defending the corridor.

The British High Commissioner, Mr Ramsay Melhuish, told the Sunday Mail that no one should question Britain's commitment to help the front-line states develop the Beira corridor as an alternative to South African routes.

During his recent visit to Harare and Maputo the British Foreign Secretary, Sir Geoffrey Howe, had pledged British eagerness to assist, he said.

Our London Bureau reports that some Zimbabwean authorities are confident that the Harare to Beira rail link will be fully operational in three years.

This was said yesterday by a spokesman for the Beira Corridor Authority, Mr Denis Norman, in an interview broadcast by the BBC.

He felt that this route could soon be operating again as Zimbabwe's lifeline.

The BBC interviewer pointed out the attacks by Renamo and asked if it had ever been considered that the ANC should be brought in to guard the line.

Training

Mr Norman replied: 'The Mozambique Government alone can't defend this line. It is no secret that Zimbabwe currently has troops in this corridor, stationed along the line.'

'The British Government is also currently training some of Mozambique's officer corps.'

Our correspondent in Harare writes that the threat by Mr Mugabe to withhold dividends and profits from S A companies with subsidiaries in Zimbabwe could have far-reaching consequences for multinationals.

Among the companies threatened by the measures are Anglo American and S A Breweries, through its subsidiary Delta Breweries.

SAB chief executive Meyer Kahn said: 'It is a threat by Mugabe, but it has not yet been converted into action.'

'I can't make any comment on how it will affect us. We will have to wait and see the facts as they present themselves.'

'These are emotional times and one has got to remain cool and calm.'

South Africa would also forfeit rail and harbour charges paid by Zimbabwe.

Sanctions will bring no peace to the work-place

THE REALITY and effect of economic sanctions and disinvestment would hit all South Africans and there would be no peace in the work-place, an industrial relations seminar in Durban was told last week.

Mrs Sebolelo Mohajane, a director of Careers Centre, told the Institute of Personnel Management-organised seminar attended by more than 150 top managers that it would have been too late for negotiations.

She said that in the years between 1996 and 2000 the workers would be a black majority that would be highly politicised and revolutionary, and the violence in the townships would make a shift to the labour front.

'The reality, effect and result of sanctions and disinvestment will only be real then on all races. This time whites as well. Negotiations will not even be thought of — it will be too late.'

All victims

'The most painful issue is that all South Africans will be victims, the active as well as the passive. The effects will be hard-hitting and no peace in the work-place,' she said in a paper *Township Youth: Today's Children, Tomorrow's Workers*.

She said the present discontent among blacks, especially schoolchildren, appeared to stem from apartheid education and the pillars of apartheid — the Group Areas Act, the homelands concept and separate voters' roll.

'Unless all these are done away with there will be no peace,' she said, adding that there was, however, still hope for peaceful change.

She appealed to business leaders to take a positive stand in abolishing apartheid and all its pillars. They could also help improve education by helping create more vocational educational programmes to provide students with strong academic and real job-related skills.

She said black schools had virtual-

Mariah Vengtas
Labour Reporter

ly become major battle-grounds in the struggle for fundamental social change, and what initially started as a protest over education grievances had now been extended to embrace wider community and political issues.

Education had virtually come to a standstill, and there were hundreds of thousands of children out of school in many parts of the country.

The 1976 students' revolt marked the beginning of a new phase in the educational situation 'Bantu Education' as a policy had failed. And just as the black students in schools and universities continued to challenge the State's educational system so, too, in the wider South African context the black communities challenged the State's policies.

The 1970s had seen a shift in application of the policy of 'Bantu Education'.

The boom in the economy, the move into more advanced industrial technology, the rapid forward mobility for the privileged whites, and the State's attempt to co-opt more blacks into its politics strategy, created a greater need for more skilled and semi-skilled black labour.

Mrs Mohajane said that although the growth of the black school population in the late 1970s was vast, this growth was accompanied by a number of factors that only served to heighten the failure of the State's educational policy; the emergence of the independent black trade-union movement, the spread of the black-consciousness ideology, the significant downturn in the economy, the growing and high rate of unemployment and the liberation of Angola and Mozambique.

The cumulative effect of all these factors was to spill over to the schools.

The student revolts of 1976 and the

school boycotts of 1980 heightened certain characteristics of student action that were to become an integral part in the 1980s students' rejection of the State's education system.

'The inadequacies of the State's racist educational system were seen as short-term demands, while the national struggle for liberation — and therefore the linkage to broader community and political issues — became an important part of the students' educational struggle.'

'The events of 1980 reinforced the depth and extent of the educational crisis in South Africa. It also significantly re-emphasised the failure of the State's educational system to realise its political objective.'

'The heightened political consciousness of the students, their strengthened organisational abilities and their long-term perspectives regarding the need for a fundamentally changed educational system underlined this failure,' she added.

Labour arena

Although the schools were quiet in 1981 and 1982, the labour arena was intensively active during this period.

In 1981 and 1982 Fosatu-affiliated unions were involved in 183 strikes and its signed membership nearly doubled, increasing from 59 460 to 105 690 in 1982, Mrs Mohajane said, adding that this appeared to have had an effect on student organisation. At the Congress of South African Students' second annual congress in Cape Town the theme was worker-student action.

Then 1984 saw an intensification of the educational crisis in South Africa. 'The poor Department of Education and Training results of November, 1983, evoked considerable anger, and by the end of that year it was estimated that more than 500 000 students had been in protests against the State's educational system.'

Tourism ban riles UK travel industry

280

SPM
11/8/86

The Star Bureau

LONDON — Britain's ban on South African tourist promotion and new investment could take six months to implement, says a Foreign Office official. Although legislation is not required, "consultations will have to start from scratch".

British travel firms are furious that Mrs Thatcher accepted a travel ban last week without having considered how it would operate. The Foreign Office has told agents that it cannot tell them whether the ban will cover only advertising or whether it will prevent package holidays to South Africa.

"Tour operators are caught in the middle," said Mr Bill Archer, manager of Speedbird Holidays, which is owned by British Airways.

Decision this week

"If we cancel our tours we are seen as being involved in politics. If we carry on as usual we are likely to be in trouble in Britain and in other areas where we operate, such as the Caribbean."

Speedbird will decide this week whether to pull out of the South African market.

Britain's largest long-haul tour operator, Swiss-owned Kuoni, has already stopped taking bookings for South African holidays and Abercrombie and Kent have also withdrawn South African packages from their brochures although they will continue to offer holidays to clients who ask for them.

But other tour companies are determined not to end the lucrative South African holiday business unless they are forced to do so.

Poundstretcher, wholly owned by British Airways, says it will carry on selling packages "as long as British Airways flies to South Africa".

Others major operators, including Southern African Travel, Tempo, Worldspan and, of course, the South African agency, Sartravel, say it is business as usual.

London-based Tempo said that South African bookings were actually considerably up this last week.

"Some customers said they were worried that it could become difficult to go to South Africa, so they wanted to book now," a senior Tempo official said.

Satur, which spent about R2 million on promotion in Britain last year, says it is operating normally.

The United Kingdom is South Africa's largest source of overseas visitors, accounting for 124 000 tourists last year. But many tour operators report a drop this year and attribute it to the security situation.

The London Observer said yesterday that Mr Danie Hough, chairman of the State Tourist Board, shrugged off the effects of sanctions this week. He is quoted as saying that alternative methods of promot-

ing tourism were under consideration. Among his plans are promotional material stressing reforms in South Africa and direct mail to carefully targeted audiences in Britain

Air cuts will prod whites into action, says Young

The Star Bureau

WASHINGTON — An embargo on all air travel to and from South Africa would force the passive majority of South African whites to get involved in the struggle against apartheid, according to Mr Andrew Young.

Mr Young, former US Ambassador to the United Nations and now mayor of Atlanta, Georgia, is one of the most prominent black leaders in America.

He said in the Washington Post that in most social struggles, activists usually numbered about 10 percent.

"There are perhaps another 20 percent who are friendly and supportive, who contribute money and moral support but never get directly involved."

"This leaves nearly 50 percent of the population neutral or uninvolved ex-

cept to wish the conflict would end."

In South Africa the passive majority whites were the target of sanctions.

"For the most part its members profit silently by the system of apartheid but struggle daily to bury their consciences and religious guilt in a maze of rationalisation."

This sector almost always voted with the government and supported the status quo, because anything else required too much courage and vision and risked its primary and often only interests: success and security.

"As long as these people can go on with business as usual, they will. When the violence and bloodshed finally reach them, it will be too late."

An international ban on air travel could be enforced immediately, would

not destroy the SA economy, but would inconvenience the passive majority and spur it to pressure the government for substantive change.

Mr Young said an airline embargo would add an extra day of travel to Europe or the US because South Africans would have to drive or catch a train to neighbouring countries to board a plane.

It could also have the effect of boosting flight facilities in neighbouring countries such as Lesotho, where the runway needed to be extended.

"South Africans would get first-hand experience of life in nations governed by the majority, in which white citizens continue to enjoy peace and prosperity in a multiracial environment."

"The dependence of South Africa on

the hospitality of its neighbours would also help to prevent the SA military from continuing its raids into those countries and would offer a new possibility for stability and security."

The US Senate is likely to approve sanctions, including a ban on SAA landing rights, later this week.

A flight ban is said to be among measures President Reagan may take on to his sanctions package when he renews his executive order against South Africa on September 9.

A former special assistant to the President, Mr Doug Bandow, said at the weekend the US should break diplomatic relations with South Africa rather than impose economic sanctions. But it is highly unlikely that the White House will follow this advice.

Sanctions: the Rhodesian experience

IT SOUNDS like the title of a paperback thriller and it has all the ingredients of a best-selling novel — intrigue, cunning, the fate of a nation in the balance.

But *The Rhodesian Factor* is just part of the current argument over sanctions against South Africa.

The most recent example of the imposition of international sanctions against a country has produced a widely quoted thesis that, based on what happened in Rhodesia, they don't work.

The 15 years of rebel rule in Rhodesia, from break-away with the British Crown in 1965 to independence as Zimbabwe in 1980, marked the most comprehensive effort in recent history by world opinion to bend a delinquent nation to its will through punitive economic action.

Heady time

For a defiant white minority it was a heady time as they thumbed their noses at the world and, for a time, repelled its harshest strictures.

The wheel has turned as Zimbabwe has sprung to the fore in demanding that sanctions now be used against Pretoria to end apartheid.

But *The Rhodesian Factor* raises questions of how effective sanctions are as a measure of world reprobation, how much they played a part in Zimbabwe's independence and just how much they will influence South Africa's own white minority.

Canadian political scientist Miss Margaret Doxey notes that the measures, even against a vulnerable land-locked economy, were like a sieve with South Africa, in particular, Portugal and other European countries largely ignoring them.

Sanctions-busters ensured that vital imports such as oil continued to flow. Petrol-rationing was introduced but oil supplies

were never seriously disrupted.

The Rhodesian experience of sanctions was marked by two distinct phases. The first stage, from 1965 to 1974, saw an economic boom as sanctions gave a strong impetus to self reliance, import-substitution and development of the manufacturing industry.

Agricultural exports, notably meat flown out to the world via Gabon and sold as 'Zambezi beef', continued to find markets. Crop diversification away from an over-dependence on tobacco led to increased wheat and sugar production and a new export earner in cotton.

Best period

'Sanctions was the best period in this country,' said the head of a large Harare-based construction company. 'We had to make do, everybody buckled down. We weren't going to be told what to do by the world,' he added, asking not to be named.

'We created a wider base to our economy. We diversified. We improvised. The economy expanded more than it would have done without sanctions.'

But in the second phase of UDI, from 1974, the sanctions boom was brought to a sudden halt by a variety of factors.

The oil crisis of that year, world recession, high world inflation rates, the escalating guerilla war inside the country and prolonged military call-ups for all white men under 50 combined to sap morale and key skilled whites began to flee the country in increas-

ing numbers.

Ironically, it was South Africa itself, Rhodesia's 'Big Brother' and economic lifeline until then, that forced Mr Smith in 1976 to concede the principle of majority rule that paved the way for independence by its own economic sanctions in the shape of a transport squeeze.

'Although sanctions didn't work to start with they worked in the end by attrition, sapping personal and business morale,' said one 'sanctions-buster' who still works in Harare and requested anonymity.

'For me it was exciting, flying out to Libreville and Amsterdam on false British passports, trying any trick we could to beat what we were up against. But for most people here the main effect was psychological. Not being able to get out, not being able to go anywhere. That's what won in the end.'

Whether sanctions against South Africa will follow the pattern of the Rhodesian experience, with an initial phase of import-substitution and a new era of international smuggling, remains to be seen. There are vast differences between tiny Rhodesia and the economic and military might of Pretoria today.

But there are close parallels. Like Rhodesia then, the rulers of South Africa reject sanctions as a way of

achieving political change and point out they will hurt the majority blacks far more than the privileged whites.

Like the Rhodesian sanctions war, the neighbouring states will also again be badly bruised. Mozambique recently said implementing sanctions against Rhodesia cost its battered economy 500 million dollars (about R1.2 billion) between 1977 and 1979.

Zambia, which closed its border with Rhodesia in 1973, was forced to re-open it for rail traffic in 1978 or face a total collapse of its economy. Along with Zimbabwe, it is heavily dependent on South African transport routes but both states say they are willing to pay the economic toll of backing sanctions.

Unrealistic

Miss Doxey says the main lesson to be learned from the Rhodesian experience is that sanctions are unlikely to be universally applied.

She adds 'It is unrealistic to envisage all countries, whether members of the United Nations or not, co-operating fully in imposing a total boycott on economic relations with a delinquent state.'

'The difficulty of effective enforcement of boycotts was shown all too

clearly by the case of Rhodesia,' said a paper produced late last year by the British Foreign Office.

'In practice very large numbers of countries, including many of those most vocal about the desirability of sanctions, continued to trade in one way or another. Middle-men quickly emerged to find ways round sanctions. This would be likely to happen with South Africa also,' it added.

In her authoritative 1980 book *Economic Sanctions and International Enforcement* Miss Doxey said of United Nations sanctions against Rhodesia:

'The first and obvious conclusion must be that for as long as they were the main instrument of pressure they did not achieve the goal of ending UDI' — the Unilateral Declaration of Independence proclaimed by Prime Minister Mr Ian Smith in 1965.

Britain began imposing economic restraints within a week of UDI and progressively widened them over the next three months. It was followed by the Commonwealth, the Organisation of African Unity and the United Nations, which adopted mandatory sanctions in December 1966.

The UN measures were stiffened in March 1968, notably to include rejection by all members of Rhodesian passports — (Sapa-Reuter).

Sapping of their morale was the vital factor

Peter Gregson HARARE

Kaunda backs off from tough sanctions stand

Mercury 12/9/86

LUSAKA—Zambian President Kenneth Kaunda has toned down his strong rhetoric calling for tough sanctions against South Africa following the Pretoria Government's announcement of economic reprisals against hostile black African states.

Dr Kaunda acknowledged this week that Pretoria's trade curbs aimed at Zambia, Zimbabwe and other nations 'will affect our economy very adversely indeed', and fended off questions on what kind of sanctions Zambia planned to impose against South Africa.

He told journalists Zambia would not cut off air links with South Africa as it would need to co-ordinate any such action with other Commonwealth nations, the European Community and the United States.

Dr Kaunda's cautious stand contrasts strongly with Zimbabwe's, where the Prime Minister, Mr Robert Mugabe, said last week his country would fully implement by the end of the year a package of sanctions agreed by six Commonwealth countries — though not by Britain — including severing air links.

Heroes' Day

Mr Mugabe told a Heroes' Day memorial service yes-

terday. 'We must proceed immediately to gear ourselves to effective measures. In doing so, our nation will be called upon to be prepared to endure hardship ... let each and every one make noble sacrifices.'

Both Zambia and Zimbabwe trade extensively with South Africa and the two landlocked nations rely on South African ports for a high proportion of their imports.

Zambia is especially dependent on South Africa as its economy is based almost entirely on copper mining and much of the equipment used in the mines comes from 'down south'.

South Africa announced last week it was charging a levy on goods bound for Zambia and Zimbabwe transported across the country and was imposing stricter border controls.

Piecemeal

The new measures are expected to result in shortages and higher prices in Zambia, which is in the midst of a grave economic crisis because of a fall in the world price of copper.

Dr Kaunda said yesterday the measures would mean 'we will have to suffer that much more. We have to thank the West for supporting apartheid'.

Zambia was not going to apply sanctions unilaterally, he added.

'We can't do it piecemeal. It's a complicated affair. We want sanctions to suc-

cession television that the line was carrying only about half of its annual capacity of 2 500 000 tons and would welcome the opportunity to carry more traffic.

But diplomats said congestion at Dar-es-Salaam would continue to make the northern rail route an unattractive proposition.

Not alone

In his Heroes' Day speech in Harare, Mr Mugabe said immediate steps must be taken to counter South Africa's military and economic 'aggression'.

'I assure you that in maintaining our sanctions stance we are not alone but have the support of most of the international community.'

'The current acts of economic sabotage by the racist regime are more than an indication of the threat facing our young nation, especially when viewed against the background of unprovoked aggression directed against us and other states in recent months.'

The two-day Heroes' holiday commemorates the people who died in the bush war which preceded Zimbabwe's independence in 1980. — (Sapa-Reuter)

ceed. It's not just a matter of a demonstration of hatred of apartheid,' he said.

Western diplomats said that Dr Kaunda's relatively moderate tone did not mean he had climbed down from his repeated strong calls for sanctions.

But he was clearly well aware of the widespread suffering and possible political uncertainty that sanctions could cause.

'There are signs that they are applying the retro-rockets as they get to grips with the reality of sanctions,' said a Western ambassador who asked not to be identified.

But diplomats said Zambia had little choice but to continue to use South African ports as more than 60% of its imports came via this route and the main alternative via Dar-es-Salaam was riddled with problems.

The port of Dar-es-Salaam was grossly inefficient and the Chinese-built Tazara railway linking Zambia with the Tanzanian coast was also not reliable, they added.

Tazara general manager Standwell Mapara said in an interview on Zambian

Spectre of hug

Senate

By Neil Lurssen, The Star Bureau

WASHINGTON — Bickering Republicans and Democrats in the United States Senate have worked out a political deal that will enable them to vote on sanctions against South Africa by Friday.

It is virtually certain that the Bill will be approved before the upper chamber of Congress winds up its session late on Friday night for a summer break.

This will put the Senate on a collision course with President Reagan over South Africa and probably force the President to beef up his year-old sanctions executive order with new measures when the order comes up for renewal on September 9.

The Senate Bill includes a ban on new US investments in SA, a ban on uranium and coal imports, curbs on bank loans and SA aircraft landing rights, and a ban on the purchase of any product from SA parastatal corporations.

It had been held up in a heated political dispute involving US military aid to anti-communist Contra rebels in Nicaragua. The same senators who are pressing hard for SA sanctions are adamantly opposed to the Contra aid.

Deal worked out

The dispute, which led to a split along party lines, was whether the two issues should be part of the same Bill.

But party leaders worked out a deal and the Nicaragua debate started yesterday as a separate issue, leaving the way clear for a debate and a vote on South Africa later in the week.

The next stage will be a conference between members of the Senate and members of the House of Representatives, who have already approved a drastic disinvestment Bill, but the conference to work out a compromise Bill will not take place before late September or early October.

Nervousness over cost

Meanwhile, with anti-SA sanctions now apparently inevitable because of Congressional pressure, there are growing signs of American nervousness about the potential costs of the sanctions.

Several newspapers have published warnings that a Pretoria-ordered restriction on the export of strategic minerals to the US could push up the price of cars, petrol and steel for American consumers, and cost them billions of dollars in premium payments to alternative suppliers such as Russia.

While neither of the two Congressional bills bans the importation of strategic supplies from SA, there is anxious speculation here that the SA Government may take such action out of anger.

Pensions guarantee

It has been estimated that if the SA Government chooses to sell minerals through third country middlemen, it could push up world prices and add 3,6 billion dollars to US costs.

Another potential cost was raised by the conservative *Washington Times*, which reported yesterday that the US and Britain might have to pay for the pensions of 40 000 former Rhodesians now living in South Africa if Zimbabwe Prime Minister Mr Robert Mugabe followed through with his threat to block the pensions.

How an air travel ban would hurt SA

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The Argus Foreign Service in WASHINGTON

AN embargo on all air travel to and from South Africa would force the passive majority of SA whites to get involved in the struggle against apartheid, according to Mr Andrew Young.

Mr Young, former US ambassador to the United Nations and now mayor of Atlanta, Georgia, is one of the most prominent black leaders in America.

In a weekend article in the Washington Post, Mr Young argued that in most social struggles, activists usually numbered about 10 percent — five percent on each side.

"There are perhaps another 20 percent on each side who are friendly and supportive of the activists, who contribute money and moral support but who never get directly involved.

"This leaves nearly 50 percent of the population virtually neutral or uninvolved except to wish that the conflict would end... this is the pas-

sive majority that attempts to blind itself to the conflict and goes on with business as usual to the best of its ability," he said.

In South Africa's case the passive majority of English and Afrikaans-speaking whites was the target of sanctions.

"For the most part its members profit silently by the system of apartheid but struggle daily to bury their consciences and religious guilt in a maze of rationalisation," Mr Young said.

This sector almost always voted with the government and supported the status quo, because anything else required too much courage and vision and risked its primary and often only interest: success and security.

"As long as these people can go on with business as usual, they will. When the violence and bloodshed finally reach them, it will be too late," Mr Young wrote.

PRG:mbs 12/8/86
An international ban on air travel could be enforced immediately and would not destroy the SA economy, he argued.

But it would inconvenience the passive majority and spur this group to pressure the government for substantive change, he said.

According to Mr Young an airline embargo would add an extra day of travel to Europe or the US because South Africans would have to drive or catch a train to neighbouring countries to board a plane.

The psychological impact could be phenomenal, he wrote.

It could also have the effect of boosting flight facilities in neighbouring countries such as Lesotho where the runway needed to be extended.

"The frontline states would presumably welcome the additional air-service and the foreign exchange brought in by SA passengers, who would



Andrew Young

also get a firsthand experience of life in nations governed by the majority and in which white citizens continue to enjoy peace and prosperity in a multiracial environment.

Sanctions squeeze will devastate Zimbabwe: Smith

HARARE — Economic sanctions will not force South Africa to concede black rule, the former Rhodesian Prime Minister, Mr Ian Smith, has predicted in an interview in Harare.

Mr Smith, who believed a federal system would suit South Africa best as a long term solution to its political and racial problems, attacked attempts by "people who live 10 000 km away" to dictate how the Republic should be run.

He was contemptuous of suggestions that South Africa's National Party Government is repeating "mistakes" he made, which led to the 1972-80 bush war in Rhodesia and ultimately, white defeat.

Having survived 14 years of mandatory United Nations sanctions against Rhodesia, Mr Smith did not believe sanctions would force South Africa to accept a black government on the lines of Mr Robert Mugabe's present one in Zimbabwe.

"For the first ten years or maybe even longer sanctions proved to be a tonic to Rhodesia," said Mr Smith, who outraged the black states of the Commonwealth with his November 1965 Unilateral Declaration of Independence from Britain.

"Our economy grew at twice the rate it would have without sanctions," said Mr Smith, recalling Rhodesia's boom in import substitution industries after Harold Wilson's Labour Government launched a trade blockade that was meant to bring the rebel colony to heel.

YOU GET THE BEST OUT OF THEM

"Whenever people are challenged, when they have their backs to the wall, you always get the best out of them," said Mr Smith (67), leader of the 14-member Conservative Alliance white opposition party in the Zimbabwean House of Assembly.

"Ours was a classical example of this, where people worked harder, more efficiently, and used all their powers to improvise in the cause of their country," he said.

"It was a stimulating time.
"I had few problems appealing to people's

sense of dedication," he said, referring to the annihilation of all white opposition parties at all elections between 1964 and 1980.

"I believe my task as a political leader was made infinitely easier," he said. "I believe in all honesty the same thing will happen in South Africa."

While the sanctions war raged, Mr Smith's white political opponents failed to gain any significant support from the 100 000 white voters for their pleas that Mr Smith should negotiate a phased handover to black majority rule.

"UDI failed for one reason only — that our friends in the end betrayed us. We were never beaten by our enemies."

'THAT WAS OUR ACHILLES HEEL'

"Because we were a landlocked country, relying on our lines of communication through another country, that was our Achilles Heel," he said.

Mr Smith blamed the late South African Prime Minister Mr B J Vorster for compelling Rhodesia's surrender in an effort to gain international acceptability for his own hard-line regime in South Africa.

Modern Zimbabwe is just as vulnerable to a South African squeeze on its trade lifelines, he warned.

"It has been estimated that about 80 percent of our imports and exports traverse the South African Transport System, and people who advocate sanctions should pause to think about the effect it is going to have on our country," he said.

"I think it is going to be devastating. I do not see how we can survive."

The challenge posed by a South African blockade would not stimulate another triumph for Zimbabwean self-sufficiency, as in 1965, predicted Mr Smith, whose fellow whites are no longer 1 in 16 but outnumbered 70 to 1 as a result of mass white emigration and the doubling of the black population over the past 20 years.

"The Government's policy of Marxist-Leninist Communism kills initiative, so the edge has been taken off even before we start," said Mr Smith. "But of course the reason it won't be able to go that way here again is because we will have cut off our lines of communication with the rest of the world."

Mr Smith is angered by claims that President P W Botha is repeating the mistakes that led to civil war and white defeat in Rhodesia.

"There is no analogy," he retorted. Rhodesia was a landlocked country. South Africa has thousands of kilometres of coastline.

"I believe the South African Government is taking the only course open.

"I am convinced the majority of black people down there are behind the Government."

STRATEGIC WEALTH

"I can't walk into a shop in South Africa without being surrounded by black people from our country who ask me how things are. I am told there are over a million black people in South Africa from neighbouring countries. Why do they go there?"

"The problem is the same as our problem, not a racial one but Russia trying to get control of the greatest strategic wealth in the world."

"I am opposed to forced discrimination based on race, colour or creed. But I would say there is less racial discrimination in South Africa today than there was under the great liberals, Smuts and Hofmeyr."

COMMUNICATION

Mr Smith said it was hard to predict the future of the Republic.

"I have always been in favour of a federal type of government, particularly in countries where you have different peoples, different racial groups," he said.

Mr Smith condemned pressure groups who sought to prescribe solutions to South Africa.

"The most effective way of achieving results is to communicate with the people," he said. "Recent history shows that changes that have been made by people who have invested in South Africa and used the influence this has given them.

"Now, just because the South Africans are not prepared to go the whole hog and virtually hand their country over to Russia, which is what it boils down to, the free world is asking them to commit suicide." — Sapa.

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Sanctions 'threaten privatisation'

Own Correspondent

DURBAN — Businessmen have been warned that sanctions could cause the Government to go backwards on privatisation and deregulation — imposing more controls on the economy.

Should this happen, South Africa would slip back and become a Third World dictatorship, Mr Andre Spier, managing director of the "think tank" Syncom, warned at the weekend.

Mr Spier, who recently completed a major study on privatisation for the country's five biggest private employer bodies, was addressing Asso-com's Natal congress at Mtunzini.

He said privatisation was a global phenomenon for which the time had arrived in South Africa.

LOCAL LEVEL

South Africa could no longer afford to have 18 Ministers of education, 15 Ministers of health and 150 Cabinet Ministers.

The place to start with privatisation was at local level. People of all persuasions could effectively get together to control community-based services.

Friday's co-operation agreement between Afrikaans farmers and Zulus at Louwsburg was an example of how this could begin to work.

For example, health functions should be turned into community-based services. If people in an area owned the schools they would ensure they were not burned down.

Five major employer bodies have made submissions to an official inquiry, headed by Dr Wim de Villiers, covering privatisation and deregulation.

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GOLD PRICE AT 29-MONTH HIGH

Financial Staff

THE price of gold — South Africa's major export — although a little lower today, was still an encouraging \$387,25 an ounce in London.

This is \$28 higher than this time last week and the highest for 29 months. It is also a gain of \$100 from its 1985 low.

Gold closed at \$391,25 an ounce in New York last night after leaping to \$401.

If the price holds South Africa's annual earnings from gold could soar by almost \$700-million (R1 700-million).

The precise reasons for the higher gold price are not known, but New York dealers are inclined to attribute the strong demand for gold and platinum in the past few days to fears that sanctions will force South Africa, the world's biggest producer, to limit exports.

OFF BALANCE

The upsurge in both the gold and platinum prices clearly caught off balance many speculators who sold gold short in expectations of a drop in price.

An annual rise in the gold price of about \$60 an ounce would replace all the revenue from coal should South African coal exports be blocked, said a Johannesburg analyst, Mr John Banos.

Panic purchases were made by speculators and traders in futures and options in London during yesterday's unexpected gold rally.

The price increases add an ironic twist to the arguments over imposing sanctions against South Africa, wrote Stefan Wagstyl of the Financial Times in London.

"Fears about the effect of sanctions have improved rather than damaged South Africa's balance of payments."

SURGE

A rumour that South Africa would limit platinum exports set off a surge in orders in New York and the price jumped to a peak of \$562 an ounce last night from \$500 on Friday before retreating to \$525.

Mr Heinrich Looser, chief economist at Switzerland's Bank Julius Baer, said: "Gold could easily go over \$400 an ounce and I don't rule out substantially higher levels."

● Krugerrand prices soared to record levels and dealers in

Share prices soar to record levels

THE soaring gold price has triggered a huge buying boom on the Johannesburg Stock Exchange, lifting share prices to record levels and enriching thousands of large and small investors.

Turnover soared to what is believed to be a record R110,8-million yesterday from R90,3-million on Friday and from just over R37-million a week ago as the little man and the big institutions rushed to buy a share in the rising gold mining profits.

The gold share index jumped by 6,9 percent yesterday to a new high of 1605,4 while the all-market index increased by 4,8 percent to 1773,6.

This brought the rise in share prices in the last six trading days to 9,5 percent and boosted the market value of shares listed by R18,24-billion to R209,23-billion.

Since the beginning of this year the value of shares listed on the JSE has risen by more than R53-billion.

● Gold shares were steady to slightly easier in quiet trading on the JSE today.

Among the trades, Buffels slipped 100c to R10,50 and Welkom 25c to R28,50, while in diamonds De Beers eased 10c to R33,25 after rising 125c yesterday.

● The rand was quoted at 38,70 US cents today in Johannesburg, after closing at 28,85 US cents last night.

● The financial rand was 19,40 US cents, down from last night's closing rate of 20 US cents.

Senate's deal will speed up US vote on SA sanctions

From NEIL LURSEN

The Argus Foreign Service

WASHINGTON. — Bickering Republicans and Democrats in the United States Senate have worked out a political deal that will allow them to vote on sanctions against South Africa by Friday.

It is almost certain the Bill will be approved before the upper chamber of Congress winds up its session late on Friday night for a summer break.

This will put the Senate on a collision course with President Ronald Reagan over South Africa — and probably force the president to beef up his year-old sanctions executive order with new measures when the order comes up for renewal on September 9.

The Senate Bill includes a ban on new US investments in South Africa, a ban on uranium and coal imports, curbs on bank loans and South African aircraft landing rights, and a ban on the purchase of any product from South African State-linked corporations.

The Bill had been held up in a heated political dispute involving US military aid to anti-communist "Contra" rebels in Nicaragua. The same senators who are pressing hard for sanctions are adamantly opposed to the Contra aid.

Same bill

The dispute, which led to a split along party lines, was over whether the two issues should be part of the same Bill.

But party leaders worked out a deal and the Nicaragua debate started yesterday as a separate issue — leaving the way clear for a debate and a vote on South Africa later in the week.

The next stage will be a conference between members of the Senate and the House of Representatives, which has already approved a drastic disinvestment Bill.

But the conference, to work out a compromise Bill, will not take place before late September or early October — giving the White House time to establish whether the president can

veto the sanctions or whether he must order his own sanctions to avoid a defeat on his South African policy.

Meanwhile, with anti-South African sanctions now apparently inevitable because of congressional pressure, there are growing signs of American nervousness about the potential costs of the sanctions.

Several newspapers have published warnings that a Pretoria-ordered restriction on the export of strategic minerals to the US could push up the price of cars, petrol, and steel for American consumers and cost them billions of dollars in premium payments to alternative suppliers such as the Soviet Union.

Ban on pensions payments will hit thousands

A ban on the payment of pensions to former Rhodesians living in South Africa would deprive thousands of elderly people of their only source of income, Mr John Redfurn, of the Rhodesian Association of South Africa, said today.

He said Zimbabwean Prime Minister Robert Mugabe's threat to stop the payment of pensions to South Africa was of great concern to the Association.

"We are a non-political organisation established to assist former Rhodesians in settling down in South Africa.

"We are naturally most concerned and will do whatever we can to assist," he said.

On Friday Mr Mugabe threatened South Africa with the implementation of sanctions by the end of the year.

These included a ban on the remittance of pensions, company profits and dividends to South Africa; a ban on direct air links and over-flying rights with South Africa; and the withdrawal of most consular facilities.

Mr Redfurn said however, that the Association refused to speculate on whether or not the United States and United Kingdom would step in to aid the pensioners.

The association met on Saturday but Mr Redfurn declined to reveal the nature of the meeting or the decisions it took.

He could not give an estimate of how many pensioners would be affected by the ban.

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JOHANNESBURG. — Because there are more than 700 000 unemployed in South Africa, the Government will make every effort to repatriate "illegal" workers.

The Director-General of Manpower, Dr Piet van der Merwe, said not only the co-operation of employers, but that of workers would be necessary to identify about 1.3-million "illegal" workers in the country.

Dr van der Merwe said that considering the millions of rands spent to reduce unemployment, the presence of "illegal" workers was counter-productive. Efforts would be made to reduce the number of "foreign" workers.

It was the Government's policy to give priority to local unemployed. Only where local labour could not be employed would "foreign" labour be used.

These "foreign" workers must enter the country through the correct legal channels and be in possession of valid work permits. The presence of "legal" foreign workers was subject to their behaviour and the policy of their governments, Dr van der Merwe said.

This included workers from Transkei, Ciskei, Bophuthatswana and Venda. — Sapa.

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UK drags feet over SA

LONDON — The British government appears to be in no hurry to impose voluntary bans on tourism and investment in SA.

The bans were Prime Minister Margaret Thatcher's contribution to sanctions at the Commonwealth meeting early this month.



• THATCHER

No guidance has been offered by the Foreign Office, where officials are said to be "looking at the issue".

Some estimates are that it could take six months before anything happens.

It has not yet even been decided which government department should handle discussions with companies and tourist organisations.

Because the measures are voluntary, no legislation is needed. All that seems likely — eventually — is that some explanation of government policy will be passed on.

That will probably not be until at least the end of September, after the European governments have met again to discuss the failed initiative undertaken by Foreign Secretary Sir Geoffrey Howe.

Company directors who have been asking the Foreign Office what they should do are merely being referred to the communique issued at the end of the Commonwealth mini-summit.

Tourist operators are angry that Thatcher announced the ban without knowing how it would operate and without consulting them.

They do not know whether the ban covers advertising or package holidays to SA.

The Poundstretcher organisation, which is wholly owned by British Airways, intends defying the ban.

The SA Tourism Board, which advertises extensively from its London offices, will not be affected. Thatcher has said she would not close it down. — Sapa.

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Israelis mum on SA visit

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A TOP-LEVEL Israeli trade delegation is on a secrecy-shrouded visit to SA amid reports that Pretoria is seeking economic lifelines to side-step Western sanctions.

Headed by the Director-General of Israel's Finance Ministry, Emmanuel Sharon, the four-man team, which arrived last week, has been meeting SA officials.

Both governments have maintained a news blackout on the tour which was postponed after the declaration of the state of emergency.

Western diplomats said the delegation's intention was to renew long-term trade agreements. The team arrived as overseas pressure for sanctions intensified.

Local Press reports say trade officials in Pretoria are working on contingency plans to maintain vital imports flowing into SA even if its major economic allies adopt harsh punitive measures.

Official figures show that SA's trade with Israel is growing. Pretoria imported R110m worth of goods from Israel in 1985 while exports amounted to R253,7m.

In the first two months of 1986, the surplus widened — with exports of R60m and imports of R18,25m.

Informed sources said the Israeli visitors, which includes a representative of the Chief Scientist's office of the Israeli government, were also here to help SA Jews invest in Israel. — Sapa-Reuter.

Germans dislike sanctions

STOCKHOLM — West German Economy Minister Martin Bangemann said yesterday he did not believe trade sanctions against SA would have the effect of bringing down Pretoria.

Speaking at the end of a two-day official visit to Sweden, he said that despite the arguments of sanctions supporters, SA blacks and not government, would be hurt most by a trade boycott.

"Apartheid is a moral monster and politically ineffective, but despite that I

do not believe a trade boycott of SA would be particularly successful," Bangemann said.

He said West Germany was not keen on using sanctions against countries of which it disapproved.

"If we were to boycott SA because it was not observing human rights, we would be forced to boycott a string of other countries," he said. — Sapa-
Reuter.

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Don't use sanctions to get votes — Eglin

Political Staff

PRESIDENT P W Botha should not play party politics with the sanctions issue, the Leader of the Opposition, Mr Colin Eglin, said last night.

"In the serious situation in which the country finds itself, Mr Botha has a duty to put the interests of South Africa and its people first," Mr Eglin said in a statement.

"If he succumbs to the temptation of exploiting the emotions generated by sanctions to get votes for the National Party, he will be doing South Africa a grave disservice.

"Sanctions is not a party issue. It is a national one."

Sooner or later sanctions would affect every section of the South African people.

"It will need cool heads and a mammoth effort that reaches out beyond any one section of any one political

party if our people are going to be saved from the negative consequences of sanctions."

Mr Botha should not allow the sanctions issue to distract the attention of his government from the fundamental issue of dismantling apartheid and negotiating a new democratic and truly representative constitution.

Mr Eglin said sanctions would undoubtedly arouse fierce emotions and would make the solution of South Africa's problems more difficult.

"Sanctions or no sanctions, external or no external pressures, there is a task to be done inside South Africa that can only be done by South Africans.

"My call to Mr Botha is: Don't play party politics. Don't be side-tracked.

"Meet the apartheid problem head-on — meet it now," Mr Eglin said.

(News by B Streek, 122 St George's St, Cape Town.)

Only SA radicals favour sanctions, says Reagan

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By Neil Lurssen, The Star Bureau

WASHINGTON — President Reagan said last night that the United States could not dictate to South Africa, but was willing to help to bring South African groups together to seek an end to apartheid.

Addressing a news conference in Chicago, he reaffirmed his strong opposition to punitive sanctions, and said the only South Africans who favoured sanctions were radicals who believed they could "rise out of all that disruption and seize control".

In reply to a question, President Reagan said he had not intended to link Bishop Desmond Tutu with the radical group — "but I don't think he's right in what he is advocating now".

Questions about South Africa dominated the news conference

President Reagan said he had not yet been able to read the text of President Botha's speech yesterday, but media reports had noted his suggestion of a meeting between Western European countries and the US on South Africa's problems.

"If we could be of help ... this we would be pleased to do," said Mr Reagan.

Asked how long he would ignore calls from the Congress for firmer US action, President Reagan said the simple fact was that sanctions would harm the South African economy.

"Sanctions ... would not only be disruptive to surrounding states that are virtually linked to the South Africa's economy, but would also be very punitive to the very people we want to help," he said.

Whether or not Congress was ready to accept his position, he had been told by some of South Africa's most prominent black leaders

that they were solidly opposed to sanctions

Asked whether a stage would be reached when the US would be pushed beyond friendly persuasion, President Reagan said the US felt strongly about apartheid and was impatient for it to end.

"On the other hand, President Botha has said the same thing, and that his goal is to eliminate apartheid."

President Reagan made it clear that his administration was uncomfortable in its recently expanded, but still limited, dealings with the ANC. The SA Communist Party had moved into the ANC, and the problem was to separate out the communists and get the solid citizens in the ANC to come forward on their own.

"We have had enough experience in our own country with so-called communist fronts to know that you can have an organisation with some well-meaning and fine people, but you can have an element in there that has its own agenda.

"And this is what's happening with the ANC. Right now, the ANC in exile, the ones we're hearing from ... are the members of that African communist party."

● During the conference, President Reagan said a bishop who led millions of black South Africans was strongly opposed to sanctions — but he could not recall his name "It's, I think, Moreno or Moran-erema."

The Press counsellor at the South African Embassy in Washington, Mr Manus le Roux, told reporters later that he believed the President meant Bishop Barnabas Lekganyane, head of the Zion Christian Church, whose headquarters are at Mount Morija, near Pietersburg.

Border check on trucks, trains

Pretoria Correspondent

Zambian and Zimbabwean cargo trucks and trains are being subjected to searches by South African customs authorities who wish to "obtain a clear picture of goods transported through South Africa, bound for foreign countries."

The Commissioner for Customs and Excise, Mr Daan Colesky, reported yesterday that all cargo trucks travelling from the two countries were being checked at Messina on their way to Komati-poort.

Trains carrying Zambian and Zimbabwean goods were being

searched in Capital Park.

Although the searches, which have been conducted since last Monday, will have a delaying effect, said Mr Colesky, drivers and the private sector have not been inconvenienced as transport agents had already been instructed about the searches.

Sanctions may hit Namibia

The Star's Africa
News Service

WINDHOEK — Minister of Finance Mr Dirk Mudge says a study group will be appointed soon to look into the effect that comprehensive economic sanctions against South Africa will have on Namibia and to recommend possible counter-measures.

Any effective sanction on South Africa would affect Namibian exports of minerals, karakul pelts and rock lobster.

Some people in the private sector have suggested approaching the Western Contact Group to have Namibia separated from South Africa when sanctions are implemented.

This would have the effect, they believe, of stimulating a "boom" in the Namibian economy, by attracting South African sanctions-busting firms across the Orange River.

A number of black politicians, and in particular Swapo, have called for sanctions on South Africa as a way of forcing Pretoria to implement UN Resolution 435.

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Sanctions backed by 'mainly radicals'

CHICAGO. — In a strong defence of his South African policies, President Reagan said calls for sanctions against South Africa were mainly supported by the most radical South African blacks.

At a televised news conference, Mr Reagan said the white minority government in Pretoria was far preferable to the leftist regime in Nicaragua and expressed hope that Western diplomatic persuasion could still bring a peaceful solution to South Africa's racial strife.

Declaring impatience with South African apartheid, he said that he and President P W Botha had the same goal of ending Pretoria's system of racial segregation.

He said: "I think there are evidences that maybe ourselves and some of our allies could be invited to meet with their (South African) Government representatives and see if we couldn't bring about some coming together of the responsible leaders of the black community."

Insisting, as he has before, that sanctions — including many now before Congress — would hurt African blacks worse than whites, he stated that many moderate South African black leaders had told him they opposed such pressure tactics. — Sapa Reuter.

Du Plessis 'No' on socialism to fight sanctions

Political Staff

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DURBAN. — The Finance Minister, Mr Barend du Plessis, today rejected the notion that South Africa should introduce a fully controlled or socialist economic system because of trade sanctions.

Instead, he told the National Party's federal congress in Durban, the Government was giving urgent attention to tightening the economic systems that could be imposed within the framework of a market-oriented system.

He said the Government would continue with its policy, so far as it was in its power, of creating the needed climate and conditions for economic recovery, even if it was forced temporarily to deviate, domestically and in the country's international relations, from its accepted principles of a market-oriented economic policy approach.

Mr du Plessis admitted that general sanctions would create problems for the economy. "But we cannot permit this misplaced threat to undermine our total economy and to create growing unemployment and poverty for the people of South Africa without taking suitable counter-measures," he said.

The Minister was proposing the first motion at the congress, an opportunity for the Government to show how it sees the road ahead.



Mr Barend du Plessis

The motion reaffirmed the National Party's commitment to economic guidelines based on private initiative, private property and effective competition, meaningful privatisation of the economy and the removal of backlogs in the country's various communities so as to raise the quality of life.

Mr du Plessis said that one of the first disciplines called for in present circumstances was that domestic expenditure be subjected to strict norms, and that the use of scarce funds for current and capital purposes be "optimalised" and be done on the basis of priorities.

The Government's expenditures must be kept within strict limits, while the tax burden should be equitably spread.

"Discipline over all forms of spending by the Government and the rest of the public sector will have to be tightened in the interests of all in South Africa and in the light of our changed circumstances.

"South Africa can simply no longer afford to tackle unnecessary luxury projects or to leave any production capacity under-utilised," he said.

Mr du Plessis called on the private sector to adopt a more positive attitude towards business confidence.

Pik warns Africa on cost of sanctions

From BRUCE CAMERON, Political Staff

DURBAN. — The Minister of Foreign Affairs, Mr. Pik Botha, today hinted that African countries could lose a wide range of supporting services and trade with South Africa if they continued with boycott threats.

But in a hard-hitting speech, he again offered "the hand of friendship to all African states" on condition their territories were not used for the planning or execution of violence.

Mr Botha and Mr Piet du Plessis, Minister of Manpower, accused foreign countries of using self-interest rather than political morality in urging sanctions against South Africa.

Both were speaking to a motion dealing with sanctions at the National Party federal congress.

Saying he was not making threats, Mr Botha asked if African countries wanted to do without the trade and aid supplied by South Africa.

"In the final analysis, we suffer or we prosper together. Our futures are indivisible. Collectively the choice is ours."

Mr Botha said sanctions would not force South Africa to capitulate, saying the country "would sweat it out with all the painful consequences". He was confident South Africa could survive the impact of sanctions.

List of ways

Although the Government was committed to a programme of reform he warned that sanctions could retard the negotiating process. The instigators of violence would believe the outside world was doing their work and would see no need to come to the negotiating table.

Lashing out at foreign countries, particularly Australia and Canada, the two Ministers said they were looking at purely self-interest in international trade, taking over the vacuum left by South Africa.

Mr Botha spelt out a list of ways in which foreign countries were dependent on South Africa from trade to interconnected infrastructure through to the supply of technical knowledge and medicines.

South Africa traded with nearly every country in Africa, although for the greater part clandestinely. There was no doubt what damage economic sanctions could do. Mr Botha said in a number of cases the degree of dependency was critical and some of these countries were members of the Commonwealth which was in the forefront of sanctions.

CAPE TOWN 18/8/86 (280)

How sanctions would hit W Cape

By GORDON KLING
Financial Editor

POVERTY, severe State repression and violence are the most likely consequences of sanctions according to organized commerce in Cape Town, and a series of *Business Report* interviews indicates the Western Cape would be hit harder than most regions.

The key Cape industries — fruit, tourism and wine — are heavily dependent on the export market which is also important to clothing manufacturers.

Deciduous Fruit Board (DFB) GM Louis Kriel says two thirds of the board's business, worth some R600m a year, would be hit by full-scale sanctions.

About 85% of exports go to the EEC with the remainder divided among some 24 countries in the Far East and North America.

Redundancies

Fruit is the biggest employer in the Cape, accounting for some 250 000 jobs (95% black and coloured people) in farming, canning and the dried fruit industries. Redundancies would be almost directly proportionate to loss of market.

Kriel does not believe Cape fruit is a likely candidate for selective sanctions, although countries standing to gain market share such as Australia could be expected to keep up the pressure. But if the Cape was shut out on even a small scale the consequences would be serious.

Tourism revenue in the Cape accounts for roughly 25% of the

national total, according to Protea Hotels and Inns MD Otto Stehlik.

Stehlik believes foreign tourism to SA is now about 10% of the total, down from 25% in the early 1980s.

Assuming a three-fold multiplier effect to take account of spin-off, about 8 000 jobs in the Cape — 80% of them black — would be at stake if foreign tourism dried up completely.

Stehlik reckons the Cape is more heavily reliant on international tourism than elsewhere in SA, because it lacks primary industries.

It also stands to lose out on post sanctions business travel which would presumably concentrate on the industrial heart of the country.

Wine production

Chief director of marketing at KWV, Kobus van Niekerk, declines to release figures on exports, but it is understood that about 8% of the region's wine and associated drinks production currently goes overseas. The total market is worth about R280m at farmer level.

A few traditional markets have recently been lost (Canada and Scandinavia), but Van Niekerk says there have also been some gains.

Product loyalty to SA wines is apparently low.

Pepkor and Rex Trueform are the main clothing exporters. Neither goes into detail on volumes or markets, but the industry (employing some 50 000 in the Cape) is making heavy weather

and the loss of any market would hurt.

Averting sanctions is already very much a part of routine business.

Cape Town Chamber of Commerce President, Peter Hugo, yesterday told UCT commerce students that repression, violence and poverty were the most likely consequences of punitive sanctions.

Threat

Additionally, their implementation would imply the loss of the threat, possibly enabling Pretoria to turn the knife around in the West's hand.

Assuming sanctions would not work, Pretoria would be left with the option of demanding their removal before political change would be permitted to progress.

Hugo notes that most unskilled fruit and wine workers would be unable to transfer to other industries, even if they could be absorbed. He could not envisage alternative markets.

SA already produced more than 90% of its consumer goods, but it had to import raw materials, intermediate goods and machinery.

"We are unable to compete in these specialized areas," he said.

Even if embargoed goods and technology could be replaced, adequate job creation demanded GDP growth of about 4% a year. That was unlikely to be achieved without foreign investment capital.

040 2

Anti-SA vote just makes it in South

SIMON BARBER

WASHINGTON — Slightly more voters in the US's southern states favour sanctions against SA than don't, but they are against penalising US firms operating there.

The findings of a poll prepared for the Southern Governors' Association show a substantial number of don't knows.

Sanctions were favoured by 38%, to 35% against, in the 17 states south of the Mason Dixon line.

The margin opposed to selling the stock or refusing to buy the products of firms with operations in SA was 41% to 36%.

The survey of 620 southerners was taken between July 29 and August 2, and had a sampling error of plus or minus 4%.

There was little difference between blacks and whites or Republicans and Democrats on the issue, as 43% of blacks favoured sanctions, while 37% of whites did.

Blacks were opposed to penalising companies by 43% to 39%.

Highest support for sanctions — nearly 50% — came from young Southerners aged between 18 and 35.

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Profit after tax
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Final 18,0c (15,0c)

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ANNUAL REPORT

The annual report

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12 August 1986

'S A won't buckle to' foreign pressure

Mercury 14/10/82 288
Mercury Correspondent

SEVERAL Cabinet ministers have attempted to prepare South Africans for a future of siege and sacrifice under sanctions at the congress.

But one senior Government speaker after another vowed that whatever the cost, South Africa would not change in response to foreign pressure.

The Minister of Finance, Mr Barend du Plessis, described the mushrooming sanctions threat against South Africa as 'nothing else than economic warfare'.

'Our resistance and struggle will undoubtedly require sacrifice, particularly in the economic sphere,' he warned.

However, he urged South Africans to 'do our share' by buying South African and 'by keeping our material expectations in check and cheerfully making sacrifices where and when necessary'.

The Minister of Foreign Affairs, Mr Pik Botha, urged South Africans to 'accept the challenge to fight further punitive measures and to sweat it out with all the painful consequences'.

Mr Botha suggested that 'this mindless barrage that has been let loose against us could eventually bring the leaders of all our communities together to create a new dispensation for all of us'.

He was adamant that South Africa would not buckle to foreign pressure because those who advocated sanctions proceeded out of 'ignorance, malice, greed, hypocrisy, mistrust and guilt in pursuance of a cunning political objective'.

In his opening speech to the congress, President Botha appealed to different groups to bury their differences in a bid to beat sanctions.

Appealing for the co-operation of the business community in the fight against sanctions, he said: 'Planning for the future should be conducted jointly between the State and the private sector, without mutual reproach over the past.'

He noted that co-operation between the State and the private sector had allowed South Africa to overcome the international arms and oil embargoes against South Africa in the past.

'Our continuing endeavours towards self-sufficiency and increasing our export capacity will be our repeated response to international punitive sanctions in every field of life,' he said.

(Report by A Johnson, 22 Burg Street, Cape Town)

Thursday, August 14, 1986

19

S A's relations with foreign banks worsen

Mercury Correspondent

JOHANNESBURG—South Africa's prospects of raising further foreign credit have significantly deteriorated as relations with international banks worsen.

Senior banking sources say foreign bankers' attitudes to this country have hardened over the past three months.

Says one 'It is true that the position has become more difficult since May. Another says 'This includes banks that previously were favourably disposed to the Government'

In particular, the relationship between Government and German banks, traditionally well-disposed towards S A, has suffered

One major European bank has now tightened up on all its dealings with S A, including letters of credit and dealing lines after circulating a letter to commercial banks explaining the move

'Overseas perceptions, which improved dramatically in January, February and March this year, have deteriorated again. One has only to look at the discount on the financial rand to realise this'

However, the monetary authorities say that the harder attitude has not affected the availability of trade finance. 'Any order from Escom for finance for capital goods will be met. Credits guaranteed by overseas agencies will continue,' says an official.

And for a third time SA warned that sanctions could compromise its ability to meet its foreign debt commitments

Yesterday Finance Minister Mr Barend du Plessis said at the Durban National Party congress that sanctions would limit South Africa's ability to export and this would seriously impair its ability to repay its foreign debt.

'The disinvestment campaign and the pressure on overseas bankers to refuse any new loans to South Africa is steadily increasing and in these circumstances we must continue to seek, through negotiation, the co-operation of overseas bankers to roll over as much as possible of their existing loans to South African banks and other institutions in the private and public sector instead of immediate repayment,' he said.

News 14/08/86

Sanctions

'will keep S A in debt'

280

FINANCE Minister Barend du Plessis said sanctions that limited the country's exports would seriously impair its ability to repay foreign debt.

Speaking in an economic debate at the congress, Mr du Plessis said South Africa must continue to seek the co-operation of overseas bankers to roll over as much as possible of their existing loans.

He said sanctions 'that limit our ability to export will seriously impair our ability to repay our foreign debt'.

After overseas banks cut credit lines last year, South Africa was forced to re-schedule \$14 billion of its \$24 billion foreign debt.

General sanctions would surely create problems for the South African economy, Mr du Plessis said.

'But we cannot permit this misplaced threat to undermine our total economy and to create growing unemployment and poverty for the people of South Africa without taking suitable counter-measures.'

'We must protect and manage our economy in a way best fitted to so unnatural a set of circumstances.'

The Government would continue with its policy of creating the needed climate for economic recovery, even if South Africa was forced temporarily to deviate from the accepted principles of a market orientated economic policy approach, he said.

Increasing

South Africa could not expect to attract any important new foreign investment in the near future.

The disinvestment campaign and pressure on overseas bankers to refuse any new loans to South Africa was steadily increasing.

'In these circumstances we must continue to seek, through negotiation, the co-operation of overseas bankers to roll over as much as possible of their existing loans to South African banks and other institutions in the private and public sector instead of immediate repayment,' Mr du Plessis said.

The net foreign debt position would, in the next few years, have to be consolidated in one way or another — (Sapa)

(Report by M van der Velden, Old Mutual Bldg, Harrison Street, Johannesburg)

502-241 13/1/86

THOMAS JEFFERSON, returning from France where he had been serving as Ambassador, was annoyed to discover that the framers of the constitution, not content with a lone House of Representatives, had invented the Senate during his absence.

"Why?" he asked George Washington over breakfast one morning, grumpily slurping coffee from his saucer.

"Even so," replied Washington, watching his colleague slurp, "we pour legislation into a senatorial saucer — to cool it."

Those members of the SA ruling elite who worry about what the US is going to do to them (a dwindling number, evidently) can be grateful that the American legislature is not a mug. The Senate saved them from getting excessively burnt last year, and will likely do so again this week.

Whatever Senator Edward Kennedy and the other sanctioners may say, and pace the resulting folk wisdom, the Republican-dominated upper chamber is not especially gung-ho about Boer-busting.

Yes, there is a majority in favour of doing something to SA, but it is not a fervent majority. Indeed, unless it was absolutely essential to have a vote in order to free up money for the considerably more important Nicaraguan Contras and also be allowed to go home for the holidays, the majority would likely find something better to do with its time.

To see the Senate as rushing irresistibly towards sanctions is to miss not only the point but also a fascinating political soap opera which might be titled "The humiliation of Edward Kennedy and Senate minority leader Robert Byrd". In the past few weeks these two gentlemen have learnt the miseries of being out of power. You do not win, and you don't get any credit for trying either.

Senate majority leader Robert Dole and Senator Richard Lugar, chairman of the Senate Foreign Relations Committee, have between them seen to it that this year's sanctions vote will not only not become law, but that the unenacted Bill will not have Kennedy's name on it.

The Republicans will get the political kudos for having stood up against apartheid, they will also have managed to ensure that their stand will be little more than emblematic.

The main advantage in controlling the Senate is that you control its time. You get to say what gets dealt with, when and, to a lesser extent, how.

If there is a measure you don't like, you can quietly and unostentatiously delay it while pretending all along that you think it is the



□ KENNEDY... denied

Washington's Senate saves SA yet again

SIMON BARBER in Washington



□ WASHINGTON

finest measure in the world and, because of that, needs especially deep consideration.

To the innocent observer things looked very bad indeed for SA when, in June, the House adopted its surreal total disinvestment and trade embargo Bill and Kennedy, who for some reason is always confused with the *vox populi*, introduced a similar fantasy in the Senate.

Lugar, statesmanlike, publicly concurred with the intent, and to demonstrate his earnestness of purpose promptly announced that his committee would hold hearings as soon as possible with a view to constructing its own Bill.

The only trouble was, what with the Fourth of July vacation, the calendar was rather full. The first available date was July 22, three weeks before recess.

What Lugar did not say was that this oh so unfortunate delay would also give the administration the opportunity (subsequently botched) to get its act together while in all probability running out the clock on legislation being passed before September.

Kennedy glumly agreed to wait, knowing full well that without committee deliberation any SA measure was as good as stillborn.

Come July 22, President Reagan did his best to kickstart the Senate into sanctions with a truly absurd speech, and Lugar's carefully planned prevarication suddenly looked like losing its viscosity.

Kennedy, forswearing his agreement to wait for the committee to ruminate, rushed to the floor to tempt his colleagues with a new, more moderate Bill. And ran slap into Dole.

Sorry, Ted, doesn't seem to be much room on the agenda, better wait for the committee to finish up, unless of course you're willing to

promise you won't filibuster my Bill to give the Contras \$100m. No? Sorry about that.

The committee was to have thrashed out the details of its Bill on July 31, but a mystery Senator, perhaps not a million miles from the majority leader himself, decided to get literal about a routinely waived Senate rule that prohibits committees from meeting while the Senate is in session without unanimous consent to the contrary.

Lugar, sounding appropriately chagrined, ordered the panel to reconvene the following morning at 8.00am.

It was now Friday, and even though the committee did its job in short order, there was not much that could be done about it until after the weekend, when there would be just 10 legislative days left.

That evening Dole, Lugar, Kennedy, Byrd and their assorted seconds met to discuss how time could be found for SA and the Contras.

Dole offered a compromise under which both issues would be dealt with, but only on condition that both would be subject to cloture motions that would clearly delineate how many hours could be spent on each before a final vote. This seemed acceptable to all.

It was also tentatively agreed that the SA measure to be dealt with would be S 2701, the Bill reported out by the committee, and not Kennedy's alternative.

However, despite his apparent acquiescence, Kennedy still wasn't buying a deal in which he'd have to swallow Contra aid as the price for his beloved sanctions — to the extent that even his closest allies on SA were fast losing patience with him.

The scene was set for a confrontation of unprecedented vitriol. It came the following Tuesday.

Dole had stepped out of the Senate chamber to attend the House-Senate conference on the tax reform Bill when Byrd unexpectedly introduced the Kennedy legislation as an amendment to the defence measure then under debate.

The majority leader re-entered in a towering rage. "I think it is time we ask ourselves, in all honesty, what kind of game we are playing here," he snapped.

"I remember raising with the Senator from Massachusetts (Kennedy) that we didn't want any surprise parties, we had to be heads up as to whether we were going to sneak in and offer some amendment. We had a gentleman's agreement."

Byrd didn't like being accused of "sneaking" and demanded an apology, insinuating with exquisite senatorial periphrasis that Dole might be a racist.

When Dole refused to be contrite, the Democrat began whining. "I have had enough of this business of having the majority leader stand here and act as a traffic cop... He will not let other Senators have the floor. He will threaten to call a quorum, or call a recess or go into executive session rather than permit another Senator to call up an amendment."

Yes, Dole had been doing exactly that to Kennedy for the past week. For good measure he immediately did it again to Byrd. That was his prerogative, as the minority leader — having himself been in Dole's shoes until the electorate decided to put the Republicans in charge in 1980 — knew perfectly well.

He had tried to pull a fast one and had been put straight back in his box.

The majority leader would permit a vote on SA and the Contras when it suited him and there was

very little the Democrats could do about it unless they were willing to give Dole his Contra money, which Dole knew they were not.

As Dole and Lugar planned from the outset, Byrd and Kennedy have finally been forced to agree to an SA vote at the last possible moment before recess.

They have also had to agree to accepting cloture on the Contra Bill that would prevent them from filibustering. Dole has laid down that the penalty for their not accepting his terms is no summer holiday until they do.

The result is that tough-sounding and essentially Republican sanctions legislation will almost certainly be passed on Friday night or Saturday.

The House will be on its way out of town and not available to go into conference on a compromise version for the President's signature.

The administration will then spend the summer choosing a few items from the Senate language to add to last year's Executive Order, which it will renew on September 9.

The resultant order will be just sufficient to ensure that there are enough votes in the Senate (only 34 are needed) to sustain a Presidential veto if and when the two chambers settle on a final Bill after they get back on September 8.

In this way, having pushed the administration to amend its policy while stamping on the goofiness of the lower chamber, the Senate will hand the reins back to the White House and the State Department where they belong.

George Washington would be proud.

August 14 1986

STAR 14/86

US Senate agrees to make sanctions decision before going into recess



President Reagan . . . Senate will try to override a veto.

By Alan Dunn, The Star Bureau

WASHINGTON — The United States Senate today starts a debate on economic sanctions on South Africa. They are likely to include bans on new investment and landing rights for SAA.

In terms of an overwhelming 89-11 decision yesterday, a Senate vote must be cast before it recesses. That will probably be tomorrow night.

Expectations on Capitol Hill are that the package of sanctions which emerges will be at least as severe as that formulated recently by the Senate foreign relations committee.

About 89 amendments are tabled for debate in the next two days, reflecting the intensity of interest and urgency in Congress, which wants to signal strongly to Pretoria and the world its dislike of the South African system.

Mix of sanctions

But many of those amendments could be dropped in efforts to shape a Senate Bill. Both Republicans and Democrats are pursuing a mix of sanctions which will have two-thirds support, enough to override a possible veto by President Reagan.

Mr Reagan still strongly opposes punitive sanctions but may ease his stance to impose his own action against Pretoria next month to torpedo the harsher Congressional sanctions, as he did by executive order last September.

The bill before the Senate today hardens Mr Reagan's year-old sanctions order into law, prohibiting Krugerrand sales in the US; banning computers to Pretoria agencies enforcing apartheid; halt-

ing loans to the South African Government; and banning exports to South Africa of nuclear goods and technology.

It also

- Prohibits any military imports from South Africa.
- Stops imports of South African Government products, except strategic minerals.
- Bans any new investment in South Africa.
- Ends landing rights for South African aircraft in the US
- Creates a special visa category for Pretoria officials so that the US can retaliate when its journalists, clerics and others are denied entry into South Africa.
- Allows the US President to sell off the country's gold stockpile to drive the gold price down.
- Bans bank accounts of the South African Government or its entities, except for diplomatic or consular purposes.
- Halts imports of South African uranium and coal.

The Bill also authorises the US President to impose more measures if, within 12 months, Pretoria has not taken certain steps, such as releasing the ANC leader Nelson Mandela.

Attempts by liberal Democrats to toughen these sanctions have so far been thwarted by those on both sides of the Senate wanting a Bill with enough support (two-thirds) to beat a possible Reagan veto. Strenuous new efforts to strengthen these sanctions will emerge today and tomorrow.

Senate passage of the Bill was almost stymied yesterday in a parliamentary wrangle which linked the two hottest foreign affairs issues on Capitol Hill: South Africa and Nicaragua. Republican leaders wanted a vote for aid to rebels fighting the Marxist government in Central America, and Democrat leaders wanted to act quickly on South Africa.

SA not yet used muscle — Malan

DURBAN — Black Africa, clamouring for sanctions, should take note that South Africans had not even started to use their muscle and capabilities to hit back, the Minister of Defence, General Magnus Malan, told the National Party's federal congress here yesterday.

He also sounded a warning to the West for demanding talks with and the unbanning of the African National Congress (ANC) and its leader, Mr Nelson Mandela.

"We will not be manipulated by words which clothe the devil in

the cloak of an angel," he said.

Earlier, the Minister of Law and Order, Mr Louis le Grange, warned that the government was determined to fight the ANC's "communist-inspired terrorists" uncompromisingly and with all the resources at its disposal.

Mr Le Grange said the government was not prepared to negotiate with terrorists "or with any other person who supports the use of violence as a method of solving any problem".

"We don't negotiate with terrorists, we fight them." — Sapa

(B) 280 14/8/86

Industry draws up Philippines aid delay stockpiling plans

ECONOMICS REPORTER

SA COMPANIES in most manufacturing industries have developed contingency plans to increase stocks of imported materials and components in case of increased foreign trade sanctions and government reactions that could limit such imports.

From all accounts, however, few companies have actually begun to stockpile. Executives in the automobile and computer industries, both dependent on foreign-made components, said privately yesterday that they had already drawn up plans for a range of actions, including withdrawal from operations.

Several companies which distribute foreign-made products, in addition, said they had examined the possibility of purchasing manufacturing operations to replace lost imports.

Stockpiling, one MD said, was "part of a contingency plan somewhere down the line". But the same executives said sanctions being considered by the Commonwealth and the US would not affect their companies directly, so stockpiling was not of immediate concern.

"There's a lot of speculation on what could happen," said Bob Frost, an executive at handtool distributor Stanley Tools. "But we're looking at it very optimistically. My own opinion is that sanctions will not come down to the trade level."

Economists said, too, that with financing charges still at least 15% and many companies weakened by lower than normal demand, carrying more than minimum stocks was expensive for most manufacturers.

As a result of continuing high inflation and interest rates, stocks in general have fallen steadily in the last two years. Levels have improved slightly in recent months, however, as interest rates have dropped.

"The only thing that might make you pre-buy is the fear that import controls might come," an economist said. Import controls have not been suggested officially as an alternative for government to take.

Manufacturers expressed concern about the uncertainty created by the current deliberations on sanctions by Western nations. "At this stage of the game, the threat of sanctions probably is more damaging than sanctions would be once imposed, because nobody knows which way to jump," an executive said.

An executive in the motor industry said business was trying to guess what government had already done, and what it would do in its battle against sanctions before taking any strategic actions itself.

WASHINGTON — Congress is not expected to complete action on legislation increasing aid to the Philippines until its return in September from a three-week recess, according to Senator Richard Lugar.

The House last week voted to authorise an extra \$200m in assistance beyond the \$150m President Ronald Reagan sought. The Senate Bill would provide an extra \$100m.

Lugar said he could not predict how much extra 1986 aid or how much regular aid for 1987 Congress would ultimately approve in the current climate of budget-balancing and spending cuts.

Corazon Aquino is due to make her first visit to Washington as the new Philippines President on September 17 and to address a joint session of Congress the next day. — Reuter.

Retired Rhodesians may have to return

DURBAN — Many former Rhodesians living in Natal would have no option but to return to Zimbabwe if pensions to South African residents were cut off, Mr Owen Fitzroy, chairman of the Maritzburg branch of the Rhodesia Association of South Africa (Rasa), said this week.

He was reacting to the reported threat by Zimbabwe's Prime Minister, Mr Robert Mugabe.

"Many elderly people have settled here in the hope that they could retire on their pensions," said Mr Fitzroy.

NO WORK

"But if pensions were cut off they could not afford to live here. They would have to go and live in Zimbabwe."

With no possibility of finding work here, he said, "their only other small hope would be to qualify for a South African old age pension — but that is less than R200 a month."

Mr Fitzroy said he would be contacting Rasa national secretary Mr John Redfern this week to discuss developments.

— Sapa.



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•Powerful motor makes short work of twigs etc.

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SE ON QUALITY

WILMOT
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EC sanctions stand is crucial to SA economy

By Michael Chester

While the United States and Japan take the top two slots in the international league table of South Africa's individual trade partners, it is the European Economic Community that overlord business patterns when all of its club members combine their clout.

No fewer than six out of the first 10 rankings in South Africa's overseas import and export markets are taken by EC member nations — West Germany, Britain, Holland, Italy, France and Belgium.

Between them, the six accounted for R16 226 million worth of South Africa's two-way trade last year, compared with R6 188 million with the United States and R5 109 million with Japan.

The formidable total is the reason why EC decisions on any sanctions action, or else, and perhaps far more important, alternative strategies in the South Africa issue, are likely to be the most crucial of all to South African relations.

The EC action plan is scheduled to come to the crunch at a summit conference to be held next month.

Not will the future of South Africa trade with the EC be all that will be at stake. The stance taken by British Prime Minister Mrs Margaret Thatcher indicates that the outcome of the EEC summit is also likely to guide Britain in the way it wields its massive influence on policy for the whole Commonwealth.

Reluctance

Though the Iron Lady so far has shown strong reluctance to take the sanctions route — advocating dialogue instead — she has pledged to Commonwealth leaders that she will abide by the EC summit decisions.

Observers are convinced the EC formula will in turn also have a huge influence on the future stances towards South Africa that will be adopted by the United States and Japan. Washington is known to be in close contact with several Euro-

pean capitals on the co-ordination of policy thinking ahead of the EC summit.

Japan has given strong hints it is ready to fall in line with any co-ordinated action between the EC and the United States.

"There is every reason to believe that both Washington and Tokyo are awaiting the outcome of the EC summit in the hope it may fix the course to be followed by all of the Western superpowers in the formulation of future policy", says Mr Brian Bench, researcher at the SA Institute of International Affairs.

Agreement

"The whole future of South Africa may hinge on agreement between the United States, Western European and Japan on how to approach the political dilemma and work out solutions.

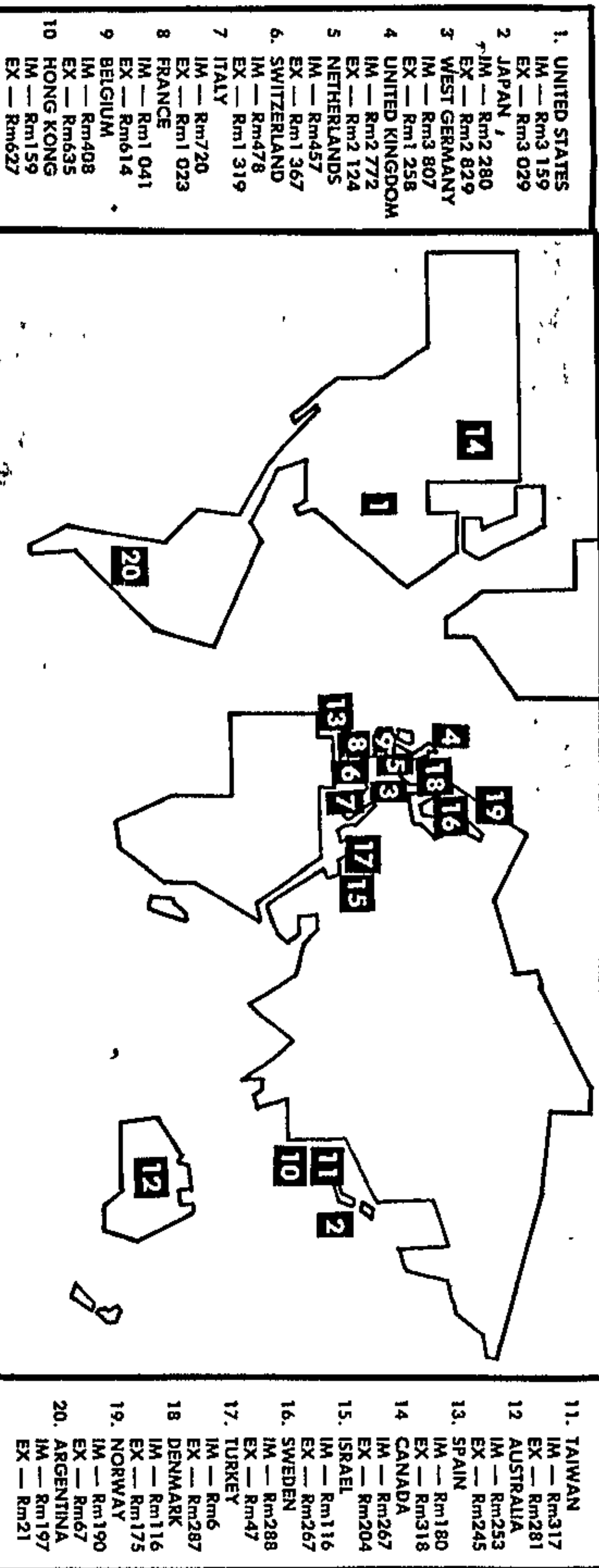
"There is far too much at stake to leave international relations to the mercy of piecemeal action programmes by politicians who are relatively junior in the world league — and often suspected of using emotional outbursts for popularity with their own electorate or else manoeuvring to seize advantages for their own domestic economies.

"What may be best for South Africa, and the rest of the world, are strategies that will genuinely encourage reform rather than force it down the throats of South Africans.

"A solution to the command requires the brain power that can best be provided by the Western superpowers — use of carrots, not only the big stick, to encourage an entirely new direction for South Africa.

"An adult and mature approach that will recognise that problems for Africa do not all equate with the problems of Europe or North America or South America or Asia.

"We need the Western superpowers to sit down in calmness to think it all over and be constructive — ignore the ravages of the lunatic fringes at each side of the debate and instead devise a formula that must be regarded as common sense by everyone, critics and supporters alike.



A world map showing South Africa's main overseas markets for imports and exports, ranked in order of the size of two-way trade last year. The graphic clearly indicates the crucial concentration of trade partners who belong to the European Community.

This may be a split Club, but it still has clout

"At the moment, it seems that almost the whole of the outside world wants to see the destruction of South Africa.

"Wiser heads must envisage a scenario that recognises that South Africa has all the potential to emerge as the powerhouse for the entire African continent, in turn making the continent a positive rather than negative influence on world affairs?"

So far, individual countries inside the EC have pursued their own anti-apartheid initiatives — spread between bans on military co-operation and high-technology exports to bans on Kruggerand imports and state export guarantees.

Reluctance about full-scale sanctions has been expressed not only by Britain but also by Holland, West Germany and Portugal.

Commonwealth states have ratified their sabres over apartheid ever since Prime Minister Hendrik Verwoerd pulled South Africa out of the Club in 1961. Still to emerge is unanimity on how to go for the jugular. Even so, the sounds of sword sharpeners were all too evident when Commonwealth heads of government met in the Bahamas last October. Britain had to run a gauntlet of criticism over its persistent rejection of full-scale sanctions.

Eventually a compromise package, the Nassau Accord, was agreed, but individual members were left to act voluntarily. Items in the package were:

- A ban on all new government loans to the South African state or its agencies.
- Unilateral action to ban imports from South Africa and on all new investment.

● Bans on new investment and on re-investment of profits earned in South Africa.

- Bans on imports of all agricultural products from South Africa.
- Termination of all government assistance to trade with South Africa.
- Bans on tourism promotion.

When the leaders gathered again, in London two weeks ago, British Premier Margaret Thatcher was depicted as being in a battle royal between Buckingham Palace and 10 Downing Street in a conflict between pragmatic politics and fears about the throne's diminishing influence over remnants of former empire.

'Boycott' list puts traders on guard against restrictions

When a special manual was prepared for South African exporters almost 12 months ago, there were already no fewer than 72 nations listed as countries which had varying degrees of general trade boycotts in operation.

Even this, it had to be pointed out, was not a comprehensive list. There were still other countries that had voted on selective sanctions — in a separate catalogue that has grown thicker and thicker.

Also, the list in the manual made no allowance for the way the activities of trade unions and pressure groups have created increasing problems for South African trade.

On the other hand, though, the list also made no allowance for either the severity or consistency of boycott policies. Diplomatically, the manual laid no emphasis on the way the list was packed with states which have obviously been involved in the recent growing trade boom between South Africa and black Africa.

END

Senate boosts sanctions plan

Simon Barber

WASHINGTON—The United States Senate yesterday moved quickly to strengthen the menu of sanctions adopted two weeks ago by the Foreign Relations Committee.

In the early going, the only item to be removed from committee Bill, S 2701, was a section authorising the President to sell United States gold reserves to deflate the value of South African primary export. It was thrown out by 58 votes to 41.

An amendment to ban imports of South African textiles offered by Senator Alan Cranston was adopted by a surprising 67-29 mar-

gin, as a number of anti-sanctions conservatives from textile-producing southern states switched sides.

Also adopted, this time without opposition, were moves to rescind the United States-South African double taxation agreement, prohibit United States airlines flying to South Africa, ban any United States government procurement from South Africa except to maintain the United States embassy and consulates, and extend any sanctions adopted against South Africa to cover South West Africa as well as the Republic.

A key motivation behind the amendments was to close several obvious loopholes. For example, the

South African landing rights ban in the original Bill was extended to cover any aircraft that Pretoria might lease to third countries.

Accepted

Offered by Senator Lowell Weicker, the liberal Republican who has been a key ally of Senator Edward Kennedy on South Africa, these additions were readily accepted by Senator Richard Lugar, chairman of the Foreign Relations Committee.

Senator Lugar, opening the debate, said his main criterion for any action against South Africa was that it be 'carefully targeted' at the Nationalist Government's supporters because 'it would be a moral and tactical mistake to impose sanctions on those who bear no responsibility for and have no say in that Government'.

The committee chairman said he was confident that President Reagan would accept the Bill if this criterion was maintained.

The most impassioned plea against sanctions came from Wyoming's Sen-

ator Malcolm Wallop who described the Bill as 'comfortable middle-class white senators playing to black America a racist proposition'.

Sanctions would only unite Afrikaners, 'people not wholly unlike American frontiersmen', in their intransigence and thus lead to greater bloodshed. 'Supporting causes that result in mass murder is something of a speciality for members of Congress,' Senator Wallop concluded bitterly.

The big sneeze

A cold war grips Southern Africa

As the world squeezes South Africa, South Africa squeezes its neighbours. But each time, the stakes rise and the dangers increase.

By Professor PETER VALE

WHEN South Africa sneezes, Southern Africa catches cold.

This aphorism, borrowed from the United States and Europe, captures the essence of South Africa's relations with its neighbours: the Frontline states (with the notable exception of Angola) are acutely dependent on South Africa.

The reality of sanctions has forced the South African government to use this dependency to impress upon its Western tormentors the cost which sanctions will impose on the region. Undoubtedly this is a clever ploy, but as a policy option it is only likely to work once.

Pretoria's recent harassment of Zimbabwean trade, following upon its earlier military action, will ring alarm bells in most Western capitals. International concern has already been expressed for the deep-seated fragility of a region dominated by an embattled South Africa. As a result, pressure on the Botha government will increase.

Moreover, as Pretoria seeks to ensure its regional hegemony by using its military muscle, the desire of these states to defend themselves will grow.

South Africa's domination of the region arises from its huge resource base in comparison with the puny resources of its neighbours. South Africa is both Southern Africa's economic and technical giant and the transport swivel around which much of the region turns. There will be no immediate challenge to this economic dominance; even the Southern African Development Coordination Conference (SADCC), which was established in 1979 for the purpose of weakening South Africa's domination of the region, has made little progress.

As white power has retreated, in the face of black nationalism, South Africa has sought to use its economic advantages to influence the political choices of its neighbours. Successive National Party governments have forced South Africa's neighbours into restraining their relations with those forces, chiefly the African National Congress, which seek to overthrow minority rule. When it has failed to achieve these aims with economic instruments, Pretoria has used sheer brutality.

Patterns of colonial settlement early on set the nations of southern Africa on their present collision course. The spine of railway linking the Cape with the Zambian copperbelt (and beyond) remains southern Africa's most efficient method of transport. As a result, all of our landlocked neighbours must route their exports and imports through this country, and this gives South Africa huge leverage over political events to the north. As the recent harassment at Beit Bridge shows, South Africa can use this leverage to pressure the government in Harare.

Similar action by South Africa on the Botswana line would cause immense problems for Zambia and

US Senate

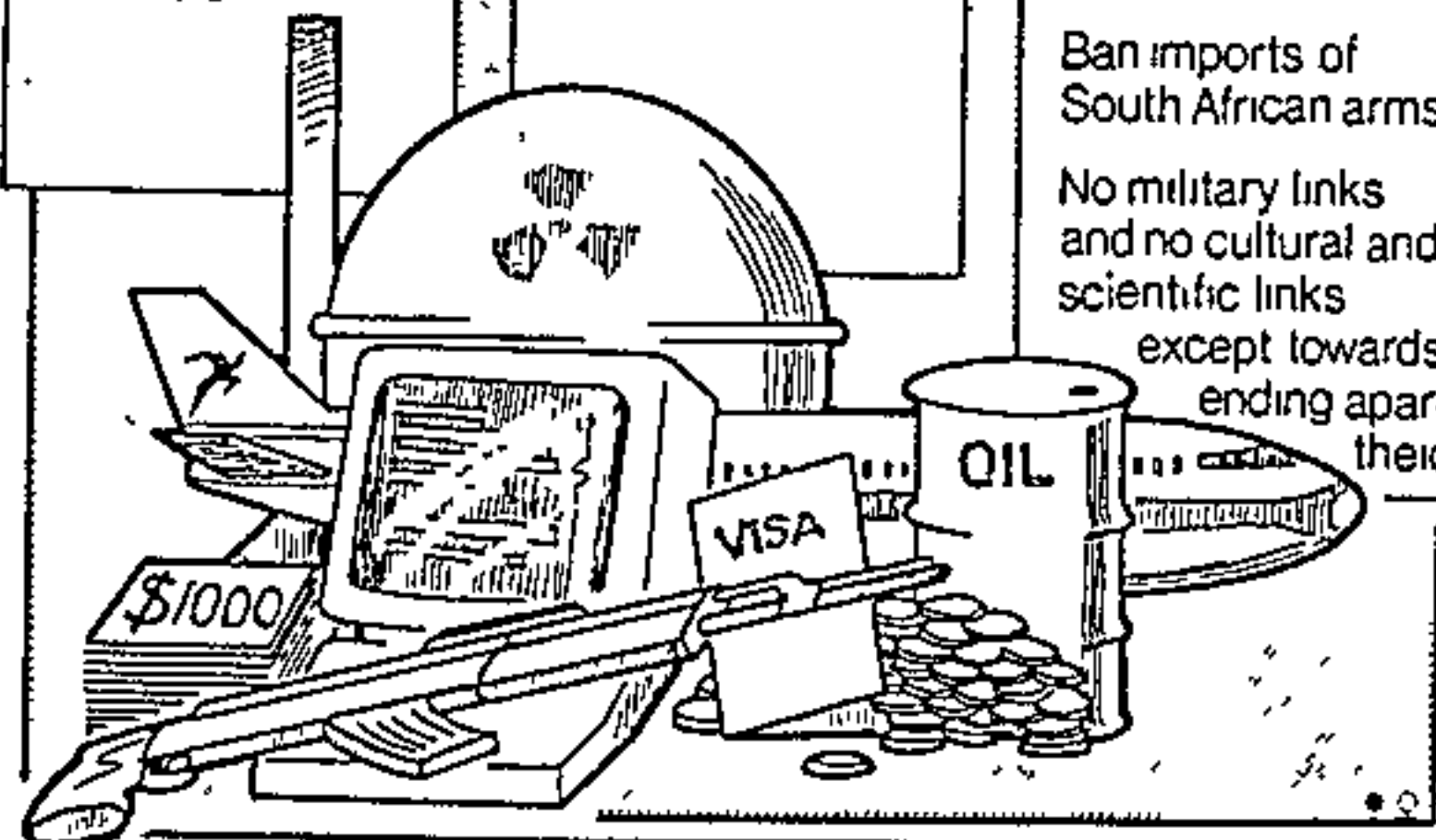
- Ban SAA landing in US
- Limit entry of white South Africans
- Freeze South African bank accounts under US control
- Ban imports from South African controlled companies
- Ban imports of some strategic minerals

EEC

- A ban on new investments and on the import of coal iron steel and gold coins

Commonwealth

- Ban government loans
- Ban import of gold coins
- No government funded trade missions
- Ban exports of computer equipment for use by security forces
- Ban exports of nuclear technology
- Ban oil exports
- Ban imports of South African arms
- No military links and no cultural and scientific links except towards ending apartheid



Items on sanction lists around the world ... retaliation takes the form of leaning on the neighbours

Malawi. Even Zaire, not strictly speaking a member of the Frontline grouping, has become increasingly dependent on this route.

South African harassment has already sparked interest in the development of alternative routes. Western aid contributions to these initiatives will be forthcoming. Of course, there are no guarantees that these efforts will meet with success or, even if they do, that the SA Defence Force will allow transport routes to remain intact. Indeed, the desire to prevent a weakening of dependency on South Africa must be almost overwhelming among South Africa's defence planners, who currently have the capacity to strike deep into the region.

Closer to home, multiple dependencies (dictated by geographical proximity) tie Lesotho, Swaziland and Botswana tightly to South Africa. In the cases of Lesotho and Swaziland, these dependencies have been reinforced by the overt intervention of Pretoria in the domestic politics of both states.

South African business interests initially gained control over Swaziland's capital structure, and the political instability which threatened the country on the death of King Sobhuza was resolved by security guarantees from Pretoria. The SADF was called in to assist the Swazi government after the floods during the summer of 1984/85. In addition, the South African security establishment appears to have a free hand to enter the country in pursuit of the ANC.

Pretoria's strategy towards Lesotho was complicated by the apparent determination of the government of Leabua Jonathan to continue supporting the ANC in spite of repeated threats from Pretoria. Last December, South Africa squeezed the crumbling Jonathan government into submission and has guaranteed the incumbency of the country's present rulers. Indeed, as the Commonwealth debated sanctions at its recent mini-summit, a Lesotho Cabinet Minister met with a South African counterpart in Bloemfontein.

South Africa's attitude to the region's most democratic state, Botswana, has been more circumspect. Interestingly, as one of Africa's only multi-party states, Botswana may have been more resilient to South African interference. These same democratic features and the country's large size have made it very difficult for the government in Gaborone to control the ANC, and the SADF has ruthlessly punished the people of Botswana for this inability.

Economic dependencies between South Africa and its eastern neighbour, Mozambique, were said to

be at the heart of the 1984 Nkomati Accord. Nkomati failed because the SADF was determined to keep President Samora Machel's fragile government permanently destabilised by supporting Renamo. While it was hoped, both in South Africa and in the West, that the Accord would herald a new era of peace in southern Africa, it quickly became clear that those opposed to peace in Pretoria policy-making circles were on the ascendancy.

The predominance of the hardline view on regional, as well as domestic, affairs was confirmed by the South African attacks on Lusaka, Harare and Gaborone which are now regarded as Pretoria's pre-emptive answer to the Commonwealth Eminent Person's Group. By using its military strength in this fashion, Pretoria has initiated a debate in some Western policy-making circles over whether the Frontline states should be supplied with the necessary military equipment to defend themselves. While discussion on this issue is muted, any further raids of a similar kind may prompt the West to take action.

South Africa may have been provoked into resorting to the military option by its experience in Angola, where, for more than a decade, Pretoria believes it has contained the advance of black nationalism.

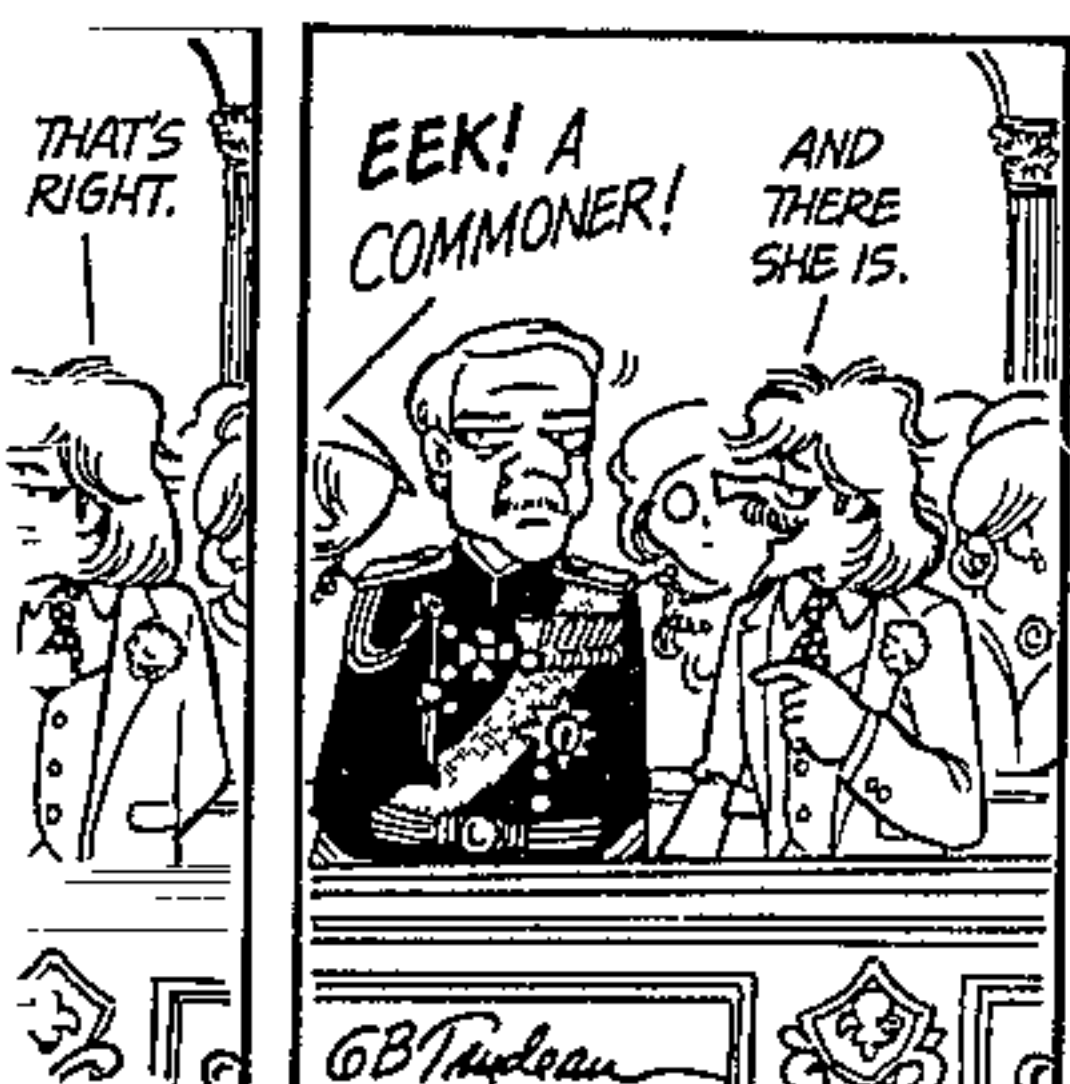
Angola is removed from the magnet of South Africa's economic strength and has no need of its transport links, which makes the exercise of any economic leverage difficult. South Africa's incentive therefore to reach for the gun is powerful.

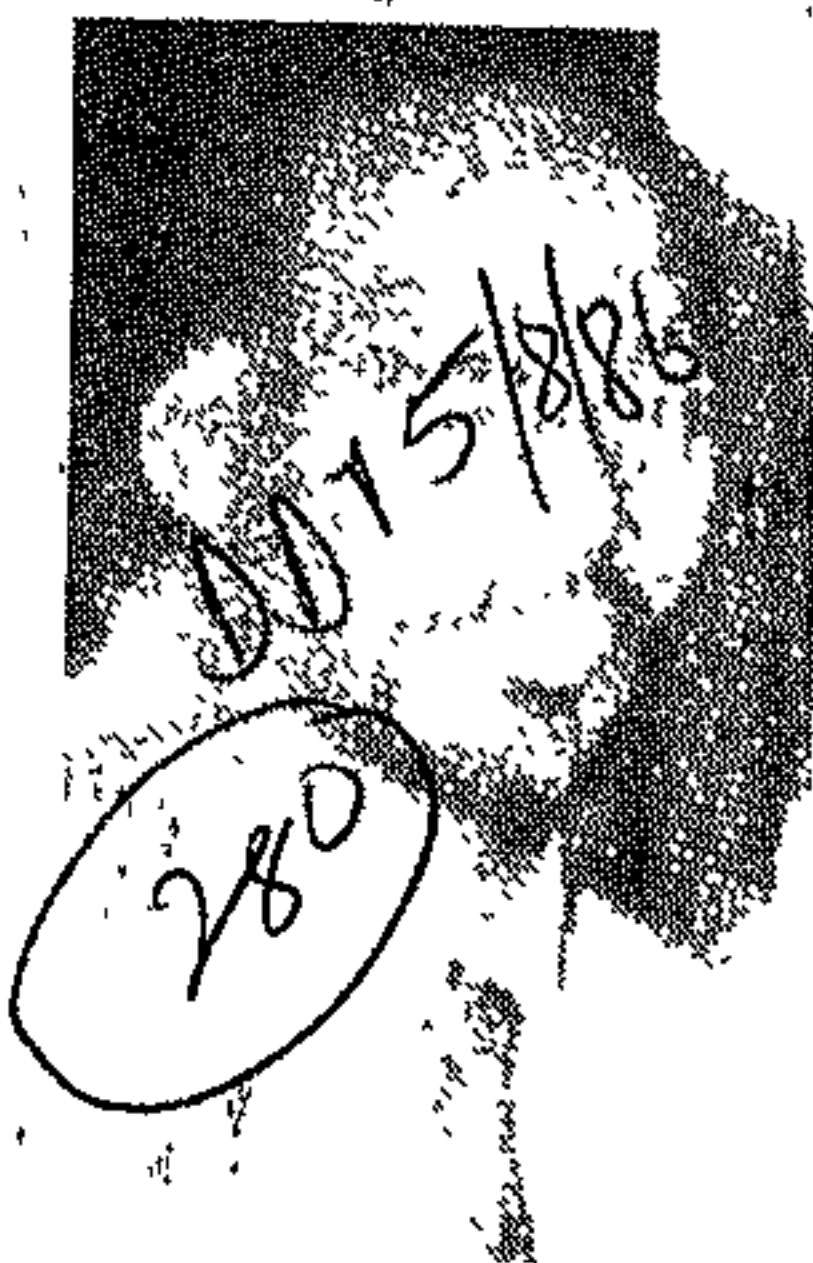
It is also clear that South Africa has no intention of releasing its grip on Namibia, which abuts Angola. This is a further incentive to use the military option against the latter. Recent reports that the SADF is currently engaged deep in Angola must be taken seriously; August and September have traditionally been the best months for this type of activity.

Certainly the region and South Africa are deeply intertwined, and the search for alternative regional patterns in transport and trade will be costly. However, by highlighting these vulnerabilities, and by crudely exploiting them, Pretoria has shown itself unwilling to be a good neighbour. The fact that these countries are ruled by blacks only enhances South Africa's international image of pursuing a fundamentally racist ideology. In addition, the entire region looks unstable, and those foreign investors who remain in this part of the world are increasingly nervous.

● Professor Peter Vale is Director of the Institute of Social and Economic Research at Rhodes University in Grahamstown

BY GARRY TRUDEAU





MR GAOLATHE

SA hosts sanctions briefing

PRETORIA — South Africa briefed delegations from Botswana, Swaziland and Lesotho here yesterday on the consequences sanctions would have on the interdependent economies of these countries

The director-general of Foreign Affairs, Mr Ray Killen, who headed the South African delegation at an extraordinary meeting of the Southern African Customs Union Commission, said the meeting had been held to "exchange ideas" and had been successful.

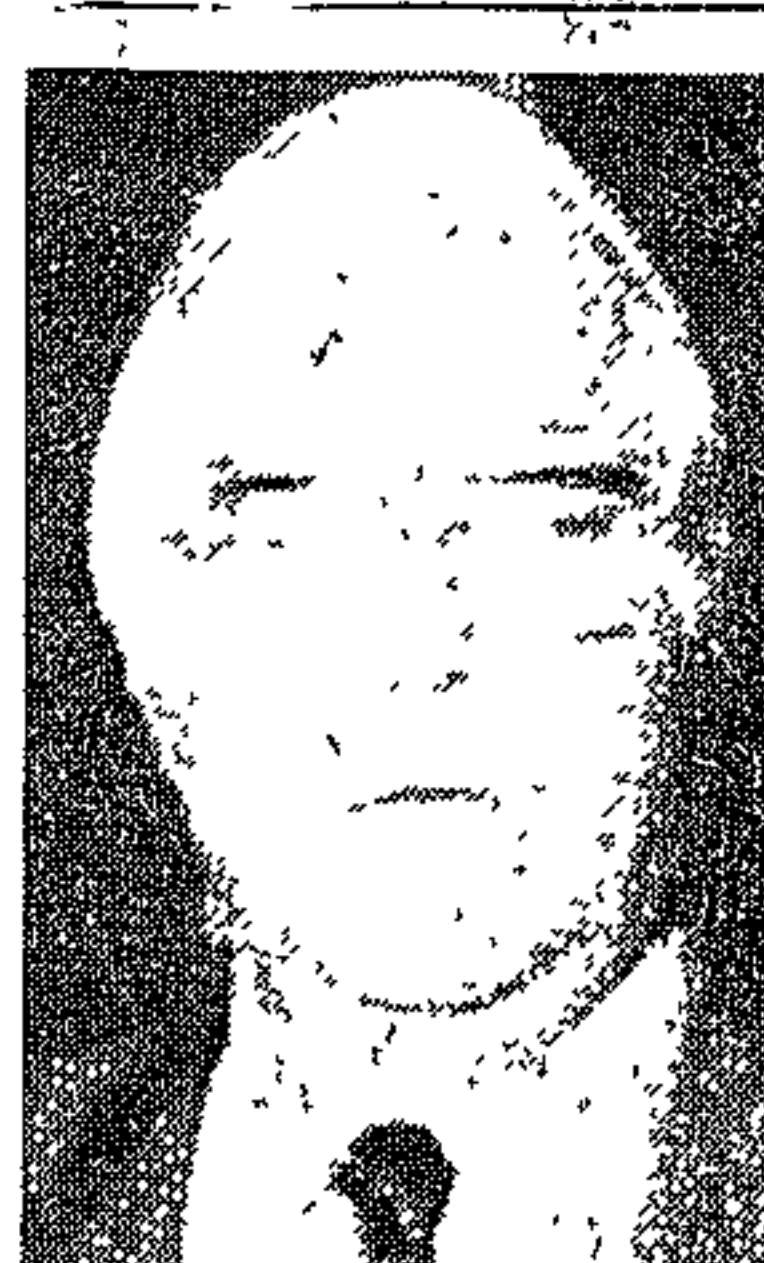
The delegations would report back to their governments and "we'll wait

to hear from them", Mr Killen said

A spokesman for the Botswana delegation said it had pointed out at the meeting that economic pressures on South Africa were politically rooted and had expressed the hope that solutions would be found soon

Botswana's delegation was headed by the Ministry of Finance and Development Planning's permanent secretary, Mr B Gaolathe

Swaziland's delegation was headed by the finance secretary, Mr Kenneth Mbuli, and the principal secretary of finance, Mr Edward Wallington, represented Lesotho — Sapa



MR KILLEN

15/08/86 Sunday

Senate adds ban on SA textiles (280)

WASHINGTON — The US Senate voted yesterday to add a ban on imported South African textiles to a list of punitive sanctions against the country.

The textile ban, approved by a vote of 67-29, is one of dozens of amendments designed to strengthen the sanctions Bill.

Textile imports became a symbol of that effort after the administration of President Ronald Reagan signed a new textile agreement with South Africa. The

agreement came in the midst of controversy over apartheid and the loss of US textile industry jobs because of foreign imports.

The Republican-controlled Senate signalled its overwhelming support for at least some form of sanctions when it voted 89-11 this week to end debate on the sanctions legislation. The vote for a textile ban underscored that point. — Sapa-AP.

Airline will pull out of SA

280
Busby
15/8/86

STOCKHOLM — Scandinavian Airlines System (SAS), the combined national carrier of Sweden, Denmark and Norway, said it will shortly close its service office in SA, thereby severing its last tie with the country.

SAS didn't set a date for the closing, but said it would be carried out before the end of the year.

The airline, which is 50% owned by the governments of the three countries, ended regular flights to SA in September 1985, but decided to maintain a four-person Johannesburg office to provide service to embassies and Scandinavian aid organisations.

Though SAS officials said the move to close the office was a deci-

sion based on business considerations, the carrier was under growing political pressure to end its involvement in SA.

Denmark and Norway have already banned all trade with SA outright, while Finland has restricted all trading activity. In Sweden, the largest of the Nordic economies, all companies have to register with the government their activities in SA. The foreign trade ministry, moreover, has strongly urged industry to look for other markets.

Nordic countries, whose foreign ministers are presently meeting in Copenhagen, appear to be approaching agreement on common trade sanctions against SA to underline their strong condemnation of apartheid. — AP-DJ.

Stringent sanctions 288 defeated by US Senate

WASHINGTON. — The Republican-led Senate ended its first day of debate on sanctions against South Africa with defeat for several measures intended to toughen the US stance.

During a 14-hour debate, the Senate worked through 15 of a possible 94 amendments from Republicans and Democrats seeking either to cut or strengthen the proposed sanctions Bill.

Democrats postponed until today a bid to force a Senate vote on an amendment which would cut virtually all US trade and investment ties with South Africa.

That proposal, passed by the Democratic-led House in June, is viewed as too stringent for the Senate to pass and a more moderate Bill drafted by Republican Senator Richard Lugar is expected to gain final approval late today.

Freeze

Mr Lugar's Bill, thrashed out in his foreign relations committee, would bar all new US investment in South Africa and loans to the private sector, ban imports of uranium and coal and freeze deposits in US banks held by Pretoria or state-owned corporations.

It also would withdraw landing rights for South African Airways and ban imports from companies owned or controlled by the South African Government.

In votes on early amendments, a textile ban was added to the list of immediate sanctions, but an amendment offered by Democratic Senator Mr Edward Kennedy to include agricultural products and steel was narrowly defeated.

In other votes, the Senate defeated provisions to deny visas to Pretoria officials and urge Mr Reagan to sell US gold stocks to depress the world price of gold.

It also rejected 51-46 an amendment that sought to deny Mr Reagan the right to suspend or end any sanctions imposed.

A provision in Mr Lugar's Bill gives the President discretion in deciding which, if any, further sanctions he will impose one year after enactment if no progress has been made in dismantling apartheid.

Mr Reagan, along with the British Prime Minister, Mrs Margaret Thatcher, is strongly opposed to punitive economic sanctions against South Africa. But US officials have hinted in recent weeks that he may go along with some limited diplomatic moves.

The Senate adopted on a voice vote an amendment from Republican Mr Lowell Weicker which would extend the sanctions under consideration to SWA/Namibia, which Pretoria rules in defiance of international law.

Mr Weicker urged the Senate to adopt whatever package is thrashed out by tomorrow by enough votes — more than 67 of the 100 senators — to withstand a Reagan veto. — Sapa-Reuter.

AREA A: Alberton, Bellville, Benoni, Boksburg, Brakpan, Durban, Germiston, Goodwood, Johannesburg, Kempton Park, Krugersdorp, Nigel, Oberholzer, Pinetown, Port Elizabeth, Pretoria, Randburg, Randfontein, Roodepoort, Simon's Town, Springs, The Cape, Uitenhage, Vanderbijlpark, Vereeniging, Westonia, Wonderboom and Wynberg;

AREA B: Bloemfontein, Brits, East London, Inanda, Kimberley, and Pietermaritzburg;

AREA C: Worcester

AREA D: Harrismith

US to ban SA textiles

WASHINGTON — The United States Senate yesterday voted 67-29 to add a ban on imported South African textiles to a list of punitive sanctions against the country.

Senator Richard Lugar contended the ban would do nothing to weaken apartheid but would cost the jobs of thousands of black textile workers. Senator Alan Cranston said it was a necessary step. — Sapa AP.

Pensioners upset by Mugabe threat

The threat by Zimbabwe Prime Minister Robert Mugabe to cut pensions to former Zimbabweans living in South Africa has caused confusion and concern among those who stand to lose their only source of income.

The payment of pensions was guaranteed by the United States and Britain in the Lancaster

House agreement.

British and American consulates in Johannesburg have received calls from pensioners seeking information and advice.

They could not help at this stage as they are still awaiting instructions.

The Rhodesia Association of South Africa (Rasa) has also had many calls but can offer no solution at this stage.

In Durban this week, about 300 former Zimbabweans held an emergency meeting to draw up a petition which they will send to Mr Mugabe.

There are an estimated 40 000 former Zimbabweans living in South Africa. Mr Owen Fitzroy, chairman of the Maritzburg branch of Rasa, said many would have to return if pensions were cut.

A Blairgowrie, Johannesburg, resident, Mrs. Maureen West (65), receives \$230 a month from Zimbabwe. She came to South Africa in 1974.

A Johannesburg man who was a policeman in Zimbabwe, has been in South Africa for eight years and stands to lose a substantial amount, said:

"The British and American Governments must honour the Lancaster House agreement.

"Should Mr Mugabe cut pensions, they must pay them."

SA hosts sanctions talks

15/8/85
LINDA ENSOR 280

GOVERNMENT held talks in Pretoria yesterday with representatives from Botswana, Lesotho and Swaziland (BLS) on the implications of sanctions for the region.

The BLS states are SA's fellow members in the Southern African Customs Union Commission.

Director-General of Foreign Affairs Ray Killan said the consultations were necessary because sanctions would affect important common interests.

The BLS representatives were well aware of the implications of such actions, Killan said, and would be reporting to their governments.

He added no joint plan of action had emerged from the talks, which were called by SA. "This will depend on their governments and how things develop."

A statement issued by the Botswana delegation said "SA representatives presented their government's views on the current economic circumstances in Southern Africa in the light of the interdependency of the economies of the region".

The Botswanans emphasised the mutual benefits from trade but pointed out that "economic pressure on SA was fundamentally rooted in political issues".

They hoped solutions would be found soon.

Buyside
15/8/86

Ban on SA coal could force big price rise

LONDON — A ban on SA coal imports by the European Community, US and Japan could trigger a sharp rise in coal prices and have major benefits for Australian coal producers, SA mining house executives say.

A proposal to bar SA coal imports by the US is contained in a sanctions package already approved by the House of Representatives.

Last week six nations at the Commonwealth's mini-summit in London voted for a similar plan to step up economic pressure on Pretoria.

SA government officials and coal industry sources fear the proposal could take hold in the EC when member governments meet next month to debate more sanctions against Pretoria.

Japan is expected to follow the lead of the US and EC by agreeing to cooperate with any sanctions they approve.

Australian producers and analysts remain cautious about their prospects. Analysts said there were already signs SA coal producers were diversifying into Asian markets that formerly were the province of the Australians.

They were also unconvinced sanctions would take hold as they believed the South Africans were already fairly adept at circumventing them.

Sydney analyst Ian Story said: "Once the coal goes through the barge system in Europe, it's difficult to trace it back to SA."

An Australian Coal Board spokesman said: "We can't guess whether the bans will be total or effective. We also can't say what other suppliers might fill some of the void, such as Poland, Colombia, the US, Britain and Germany. And, with low oil prices, some consumers may simply switch to oil or natural gas."

SA producers disagree.

Rand Mines deputy chairman Allan Sealey said: "There isn't another market for the 22-million tons we exported to the EC last year. Even if you halved the price, you wouldn't make up the shortfall." — AP-DJ.

That is not to say, however, that foreign workers (specifically those from the neighbouring states) have nothing to fear. Rising unemployment is a major concern, and foreigners working here illegally have become a prime target for repatriation. Depending on the effects of unemployment and sanctions, it is possible that even the jobs of legally



Foreign worker . . . facing threats of repatriation

employed foreigners could be threatened.

Despite the current uncertainty about the position of workers from the independent homelands, they are, at present, exempt from the provisions of the Aliens Act. Their future status rests on the outcome of talks on citizenship between their governments and Pretoria (*Current affairs* August 8).

Government's attitude to foreign workers was clearly spelt out by Manpower Minister, Pietie du Plessis, earlier this month. Du Plessis said *illegal* foreigners are depriving South African workers of their livelihood and warned that they and their employers "must expect strong action to be taken against them." He said legal foreigners should also appreciate "that South African workers must receive preference in the filling of vacancies."

Du Plessis' threat to illegal foreign workers suggests that a major campaign against them is in the offing. A spokesman for the Department of Home Affairs, which is responsible for repatriations, insists, however, that no special steps are being considered. "Repatriation has been an ongoing process in the last few years. Should the presence of illegals come to our attention in the course of normal inquiries, they will be repatriated," he says.

There is, of course, a great deal of controversy about how many illegal workers are in SA. Du Plessis has said there are more than 1,3m. Natal University researcher Alan Whiteside believes, however, that there are

no more than 700 000 legal and illegal foreign workers in SA.

At any rate, it would seem unlikely that the authorities will be able to root out all illegals. Rather, attention will perhaps increasingly be focused on legal workers. What are their prospects?

Manpower Director General, Piet van der Merwe, says the key factors that will influence them are: unemployment in SA; the skills they possess; the price at which they are prepared to sell their labour; how responsibly they act in SA (participants in illegal strikes can expect the chop); whether they comply with South African laws, and their governments' attitude and policies towards SA.

The last criterion is clearly intended as a political tool that may be used against workers from outspokenly pro-sanctions countries.

The number of legal foreign workers employed in SA increased from 343 817 in 1984 to 371 009 in 1985. Figures for 1986 are not available; but Whiteside says it is likely that they have increased slightly. Lesotho (139 827) is the major supplier, followed by Mozambique (68 665), Malawi (30 144), Botswana (27 814), and Swaziland (22 255). The number from Zimbabwe (7 428), Zambia (833), and Angola (44) is much lower.

Given the state of regional diplomacy, it is unlikely that workers from any of the major suppliers face real threats. Pretoria's relations with Lesotho and Swaziland are especially cordial — they have signed security pacts with SA, as has Mozambique. Botswana has refused, although it has kept a low, if sullen, profile on sanctions. It would, therefore, seem that workers from Zimbabwe and Botswana are the most likely targets for repatriation. ■

Fi-Nad 15/8/86
FOREIGN WORKERS

A political tool?

Top government officials are playing down the suggestion that sanctions against the country will lead to the enforced repatriation of hundreds of thousands of black foreign workers from SA.

SANCTIONS

Co-ordinated action

After the Commonwealth, the industrialised world. That is the programme for the sanctions-against-SA roadshow over the next four weeks.

On September 15, EEC foreign ministers meet in Brussels to hear at first hand what they already know about Sir Geoffrey Howe's mission to SA, and British PM Margaret Thatcher's chief contribution to the Commonwealth package was a commitment to "accept and implement" any agreed EEC embargo on coal, iron, steel and gold coins.

The other item on the EEC's list announced at The Hague meeting of community leaders, a ban on new investment, already has voluntary force in Britain. An EEC accord seems certain. West Germany's Chancellor Helmut Kohl, like Thatcher before him, made another statement of his opposition to sanctions. He told *Die Welt*: "The German government has fundamental doubts about economic sanctions. They are not an appropriate method of achieving the desired political goals."

He would not, however, explicitly rule them out and said Germany will be consulting the US, Japan and Canada about Sir Geoffrey's report of his southern African trip.

Japan's concern

In Japan, Bishop Desmond Tutu was told by Foreign Ministry officials that the Japanese would not take unilateral action on trade with SA, but would follow any lead set by the EEC. The ministry said: "We are closely studying Mrs Thatcher's proposals, but the problems of replacing South African exports must be shared equally by all countries." At the end of last week, Wasuke Miyake, director general of the Middle Eastern and African Affairs Bureau at the ministry, called in SA Consul-General, J F Wentzel, to protest against the transit levy on goods destined for Zambia and Zimbabwe.

Meanwhile, in Britain the "voluntary" prohibition of promotion of tourism to SA has had a mixed impact. Thomas Cook (owned by Midland Bank) has stopped selling South African package holidays and the Swiss-controlled Kuoni tour group ceased taking bookings last week. Other tour promoters have dropped SA from their winter brochures.

Speedbird, which is 51% held by British Airways (BA), seemed undecided. It pointed out, however, that holidaymakers who want to go to SA would simply do their business elsewhere. At the same time, active promotion of SA would bring the threat of reprisals in other areas where it does business, such as the Caribbean. For the time being, BA's

fully-owned Poundstretcher operation continued to offer special deals on flights to SA. ■

US-SA SANCTIONS

Awaiting September

It was win one, lose one, last week for the Reagan administration in its efforts to maintain control over American policy on SA. But at the end of the day, it may not matter much.

In better times it would have been both significant and encouraging that the White House has been able to slow down the pace of anti-SA sanctions legislation now pending in the Senate. The Congress recesses on August 15 for its summer vacation and will return in September, just about the same time the European Economic Community (EEC) Commission is scheduled to meet to take up its version of sanctions against Pretoria.

In better times, a recess delay on such a Bill would have given the White House time to muster forces to kill it; now no such attempt will be made. The White House is reduced to playing for time, in this case, time to shape a Bill more to its liking and perhaps one that could be co-ordinated with Europe's.

The truth is the heart has gone out of Reagan administration efforts to achieve any kind of peaceful rapprochement with the Botha government. Old SA hands like Chester Crocker have confessed privately to being bewildered by the signals coming out of Pretoria.



Lugar

The latest Pretoria move to impose trade controls on Zimbabwe and other Frontline nations was greeted with sad headshaking throughout the administration. And even once-hardline foes of sanctions now have to concede their inevitability.

"We feel it is essential to get Congress to delay any action until after the recess so they don't pre-empt the opportunity we have to co-ordinate with the Europeans," White House press spokesman Larry Speakes explained.

The vote still to be taken is in the US Senate where a Bill — based largely on a plan of Senator Richard Lugar, a Republi-

can and chairman of the Senate Foreign Relations Committee — would bar SA Airways from the US, limit the entry of tourists and imports, and would ban new US loans to Pretoria.

On June 18, the House had passed a virtual total trade embargo on SA and a measure that would force all American companies to sell out and leave within six months. If the Senate is to pass the Lugar Bill, as it probably will, both the House and Senate versions will then be hammered into a single piece of legislation in September in time for a final vote by both chambers toward the end of that month.

It is that chance to play honest broker in the conference meetings on sanctions that the White House is playing for. There is now no chance that Reagan will veto even a stronger House version of sanctions as he threatened to do a year ago. That was a year ago, and times were better then.

where the major customer is the State electricity company, ENEL — would be obliged to accept State-imposed sanctions.

He also says it is naive to assume that eastern Europe will take up much more than a few 100 000 t of coal.

Coal — unlike other leading exports such as diamonds — is difficult to conceal. Weiss says it is absurd to expect 80 000 t ships to leave Richard's Bay unnoticed at the rate of 40 a month.

Gencor coal MD Steve Ellis says exports would fall to less than 10 Mt if the worst scenario — which he considers unlikely — occurred and all countries which have threatened sanctions abided by them fully.

There has also been speculation that 40 000 of the industry's 110 000 workers could be laid off, particularly if the Far East is influenced by EEC action and cuts back on South African orders.

None of the coal bosses who spoke to the *FM* was prepared to rule out retrenchments.

It will be difficult for SA to undercut already low coal prices, which have fallen from some \$30/t to \$22/t. Exporters also have to bear higher rail tariffs which, says Weiss, "would render the business of exporting coal uneconomic."

Mike Hawarden, past chairman of the Chamber of Mines colliery committee, says some Japanese utilisers are already considering replacing coal firing with oil firing, but this trend might not survive the recent firming of oil prices.

Weiss says he fears government might assume that foreign buyers will find SA coal indispensable and that SA can afford to ignore outside pressure. "This is far from true. There are many producers like Australia and Colombia that can take our place," he says. ■

Fin Mail
SANCTIONS 2 15/8/86

Coal at the face

Last year's record coal exports of 44 Mt worth R3,138 billion in foreign exchange — are unlikely to be broken soon if sanctions threats are enforced.

Coal, iron and steel have been singled out by the EEC for sanctions. If all sanctions moves are effective, coal exports will be cut by half to 22 Mt, but it is unlikely that other markets in Eastern Europe and the Far East can take up all the slack. The world energy glut makes coal particularly vulnerable to sanctions. Embargoes by France and Denmark have already cut exports by over 5 Mt.

Les Weiss, MD of the Transvaal Coal Owners' Association (TCOA), says, however, that some European countries may be more lax than others on sanctions.

For example, Spain's major customers are small cement producers who could find ways of circumventing sanctions, whereas Italy —

SANCTIONS

Don't close the drifts



Suddenly, if it was not like that before, southern Africa has become a dangerous place. The more bellicose members of the Nationalist government — people like Pik Botha who have a

nose for melodrama and the historical parallel — would probably compare the present with the tense months of May-June 1899 when Lord Milner screwed Paul Kruger over the terms of the latter's Reform Bill which would enfranchise the *Uitlanders*.

Kruger initially set a residential qualification period of 14 years, but finally conceded a seven-year period, partially back-dated, for *Uitlanders* to elect five MPs. Milner wanted a five-year qualification and seven MPs. Talks broke down and Milner rejected Kruger's reforms as a "Kaffir-bargain." Kruger then came to his fateful conclusion: "... it is my country you want," and began to prepare for war.

State President PW Botha's recent pronouncements reflect a similar defiant Nationalist Afrikanerdom with its back to the wall. Sir Geoffrey Howe is no Milner, but he got put down sharply. For the *Uitlanders* read the present black nationalists fighting for political power. For the Reform Bill read PW Botha's reform programme. For Milner read the West which, in the view of most Nationalists, does not understand — "will not understand" — government's attempts to create a non-racial democracy in which there is neither apartheid nor group domination. The parallel may be tenuous, but the mood is the same. Nationalist

Sanctions moves and counter-moves are the stuff of war. They are as dangerous as they are futile, because the balance of advantage never remains with any one antagonist and there is always the temptation to start shooting. It's time everyone came to their senses.

Afrikaner hegemony is at stake, and its leaders perceive a formidable struggle ahead. In their frustration and truculence at being "misunderstood" they may plunge into rash action: a symbolic closing of the drifts like Kruger's, by shutting off our economy as well as those of our tough-talking northern neighbours.

Possible consequences to the region's economies should be weighed up. The trouble with sanctions, as Harold Wilson and Ian Smith will tell anyone who cares to listen, is

that they're almost impossible to control. Nevertheless, Zimbabwe Prime Minister Robert Mugabe, still high from his centre-stage role at the London Commonwealth summit, no doubt feels he has to take the lead in imposing full sanctions against SA.

Though Zimbabwe has been in the forefront of those demanding sanctions, it had been assumed that Harare would act both cautiously and selectively. It may yet still do so; but last week Mugabe not only promised to implement the full Commonwealth package — severing air links, cutting tourism, banning imports of coke and steel and closing Pretoria's trade mission — but threatened to go further by blocking cross-border remittances: profits, interest, dividends and possibly even pension payments and education fees.

It remains to be seen how far Zimbabwe will go in putting its money where its mouth is. By the time Trade Minister Oliver Munyaradzi and his sanctions "task force" have put their package together, Harare may have second thoughts. But at this point it seems Mugabe's government is determined to go all out to make sanctions bite, whatever the cost to regional economies.

And the tragedy is that his militant stand is likely to encourage other black leaders to go further than their conscience informs them is wise. Inevitably, SA will retaliate.

All the frontline states are vulnerable to Pretoria's counter-sanctions measures. On the trade side, Botswana with its 87% of imports from SA, and Swaziland and Lesotho with over 90% each, are the most vulnerable, although Pretoria has so far adopted a softer line with its customs union partners.

Zimbabwe, with 15% of imports at stake, and Zambia with 11%, are much less dependent. However, Malawi, with more than 30% on the line, stands to suffer severely.

The character of imports is vitally important. With its Wankie coke ovens being refurbished, Zimbabwe relies heavily on South African coke. The same is true of steel. Although both could be purchased elsewhere, the cost of steel from non-Iskor sources is likely to be 75%-100% higher. Coke would be enormously expensive from an alternative source, assuming it could be railed to Wankie through non-South African ports.

SA is Zimbabwe's main market for exports of manufactured goods. In 1984 some 40% of its manufactured exports were sold in SA, with the dependence varying widely from sector to sector. It was highest for travel goods (more than 90%) and exceeded 65% for clothing,



BETWEEN NEIGHBOURS

Traffic flow between SA and neighbouring states

State	Rail traffic tonnages				Traffic tonnage handled by SA harbours			
	1981/82	1982/83	1983/84	1984/85	1981/82	1982/83	1983/84	1984/85
Zaire	From 828 884	293 948	288 037	278 836	From 312 125	293 042	288 037	277 182
	To 97 364	98 104	113 352	115 504	To 4 185	14 188	24 800	33 703
Zambia	From 164 911	156 485	224 498	122 366	From 78 015	152 127	219 576	108 805
	To 303 393	238 132	272 175	390 203	To 59 691	49 223	18 519	52 419
Zimbabwe	From 836 328	951 319	987 925	797 281	From 468 022	513 306	277 207	96 816
	To 1 384 659	912 826	747 635	175 098	To 264 522	274 402	137 906	444 752
Botswana	From 62 271	59 182	47 418	27 874	From 1 049	8 654	62	184
	To 331 752	325 754	361 343	409 059	To 3 126	14 340	37 039	48 974
Malawi	From		387	24 391	From		96	18 788
	To		127	8 283	To			5 851
Mozambique	From 809 760	798 656	532 589	805 091	From			
	To 1 719 977	1 541 481	752 661	849 726	To			
Swaziland	From 1 055 379	200 000	160 000	821 898	From	55 589	27 686	27 812
	To 84 588	237 078	60 803	56 242	To	22 980	92	775 019
Lesotho	From 142 815	108 326	6 138		From			38 793
	To 414 377	335 710	29 814	69 233	To	77	1 950	13 520
								38 994

Source SATS

PRECIOUS METALS

Contrary messages

Bullion prices (gold and platinum) are going wild because of market fears that supplies from SA will be disrupted. Yet share prices of gold and platinum mines are going wild on the JSE as investors contemplate the massive profits mines will earn by selling at these prices.

On the face of it, somebody has got it wrong. Investors here are taking the view that there will be no interruption of South African supplies to world markets. If they are right, there is no justification for gold's sudden surge above US\$400/oz. But if foreign investors are right to impose a risk premium, and South African supplies of gold and platinum are disrupted, does not the case for local buying of the shares fall away?

Of course it is not as simple as that (is it ever?). We live in an age of self-fulfilling prophecies. Foreign buying has been stimulated by computer-based calculations that both the gold bullion price and the *FT* gold share index have broken through important resistant points. For platinum at least, fundamental supply-demand considerations are also favourable (see *Markets*).

But these in themselves are minor considerations that could not justify the performance of bullion prices in the past week. Not for the first time, world markets are basically telling us that they assess the situation differently from us.

In passing, they are also telling us something else. If this is what a vague fear of disruption to South African gold supplies can do, *The Economist's* amazingly fatuous suggestion that we could be brought to our knees by central banks offloading gold to force the price down appears even more absurd. The banks would simply run out of gold before they could permanently depress the price; speculators would have a field day.

The truth is that, logically or not, many people still turn to gold in times of uncertainty. The mere build-up of uncertainty is itself justification for valuing more highly what is perceived as a hedge against uncertainty.

But assessments of uncertainty vary, depending on where you stand. It is perfectly legitimate — indeed, common — for different players reasonably to differ in their assessment of risks. Otherwise nobody would ever take out short-term insurance. (People buy insurance in spite of knowing that, in normal conditions, total claims payments by an insurance fund must be less than premiums paid in.)

So, when we delve a little deeper, we conclude that SA and foreign markets are not so much disagreeing on the basics of the situation, but on relative risk evaluation. Simply, the JSE is saying to the world: "We do not share your fears that there will be an interruption in the flow of our gold and platinum to world markets; but as long as those fears have an impact on

prices (in US\$), we are happy to enjoy the benefits."

Both positions, therefore, are logical.

The fact that precious metals are likely to be our least sanctions-vulnerable exports also heightens their attraction for local investors who — unlike their counterparts abroad, for whom the world is their oyster — are walled in by exchange control and sandbagged by gloomy prospects for other potential investment media.

Indeed, one can go further. Should sanctions be so effective as to choke off our gold and platinum exports, the economy will be in such disarray that it may not matter what investments one holds. Till then, one might as well take advantage of whatever short-term opportunities there are.

But that is a doomsday scenario.

Meanwhile, currency markets tell yet another story. The rand has totally failed to benefit from the strength of precious metals. This may, in part, reflect sanctions fears, but probably more important is a scepticism that bullion is headed for a runaway bull market.

True, a partial clawback of the weekend's gains (as seemed to be developing on Tuesday) would still leave gold at its best level for two years, and platinum for somewhat longer; but even in current money terms their long-term performance is less impressive. Allowing for inflation, the weakness of the dollar and holding costs, it's some time since most people have been able to make money out of physical metal.

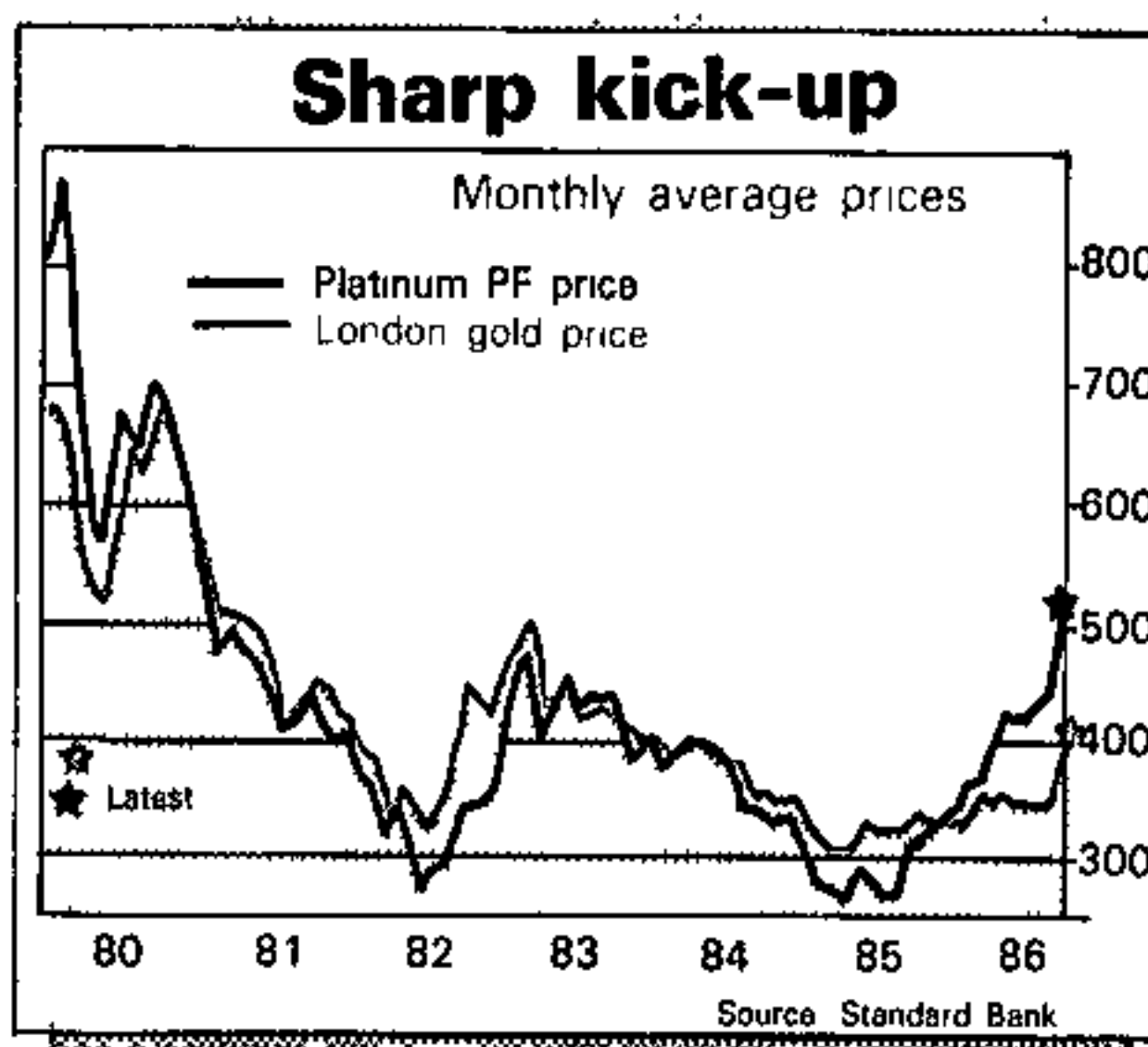
Nevertheless, on balance it looks increasingly confident that gold has followed platinum in breaking out of the long bear market. Whatever else may happen, this can only be good for SA.

Not an unmixed blessing; too much marginal gold revenue goes straight into the maw of the fiscus rather than the productive sectors of the economy.

No doubt some will welcome this as easing a compulsory allocation of resources to build up a laager economy. We can finance Mossel Bay, or another Sasol, or more oil purchases; and if that still doesn't get the private sector moving, well, we can always give civil servants and MPs another pay increase.

We beg to differ, and would prefer to see the spin-off spread more widely. The threat of sanctions is no reason to abandon the disciplines of the market place. On the contrary, the growing scarcity of resources that is likely to face us makes it all the more necessary to optimise their productive use.

Still, it does look as though political pressures and the growing attempt to isolate SA could have a lasting impact on the gold price, thereby coming to our assistance. An ironic consequence, and not at all what our enemies abroad had in mind. But we might as well draw what comfort we can. ■



footwear, furniture and building materials. Textiles totalled 40%.

The actual impact on manufacturing output in Zimbabwe need not be substantial. Even if the entire SA market is lost, it would cause no more than a 5% reduction overall. But the loss of Z\$190m in export earnings — more than 10% of the total — would be critical.

The region's vulnerability is greatest in transport. In 1984-1985, more than 90%

of Zimbabwe's foreign trade used Sats, while in Zambia's case the present estimate is more than 60%. Malawi relies on SA for more than half its traffic.

There are two main alternatives: the so-called Beira corridor and — for Zambia and possibly Malawi — the frequently choked Tazara line to Dar-es-Salaam in Tanzania. Much is made of the potential of the Beira link, but transport experts believe that even when the line is upgraded — the National Railways of Zimbabwe (NRZ) is relaying the Mutare-Beira line since Mozambique appears unable to do it — the port could handle at most 30%-40% of Zimbabwe's requirements, never mind those of Zambia and Malawi. And there is just no way that Zimbabwe's relatively sophisticated economy could operate with less than half its current exports and imports.

Aid promises

Some US\$280m is needed to increase capacity at Beira. Almost three-quarters of this has been pledged by donors, mainly the Nordic countries, the Netherlands and some other European states. It's estimated that Beira could handle some 3 Mt annually by the end of this year, compared with the current 1 Mt.

However, this assumes peak efficiency at the port and on the line — and no disruption by the MNR. Capacity could be further raised to 4 Mt a year, but this would take at least two years and cost an estimated US\$1 billion.

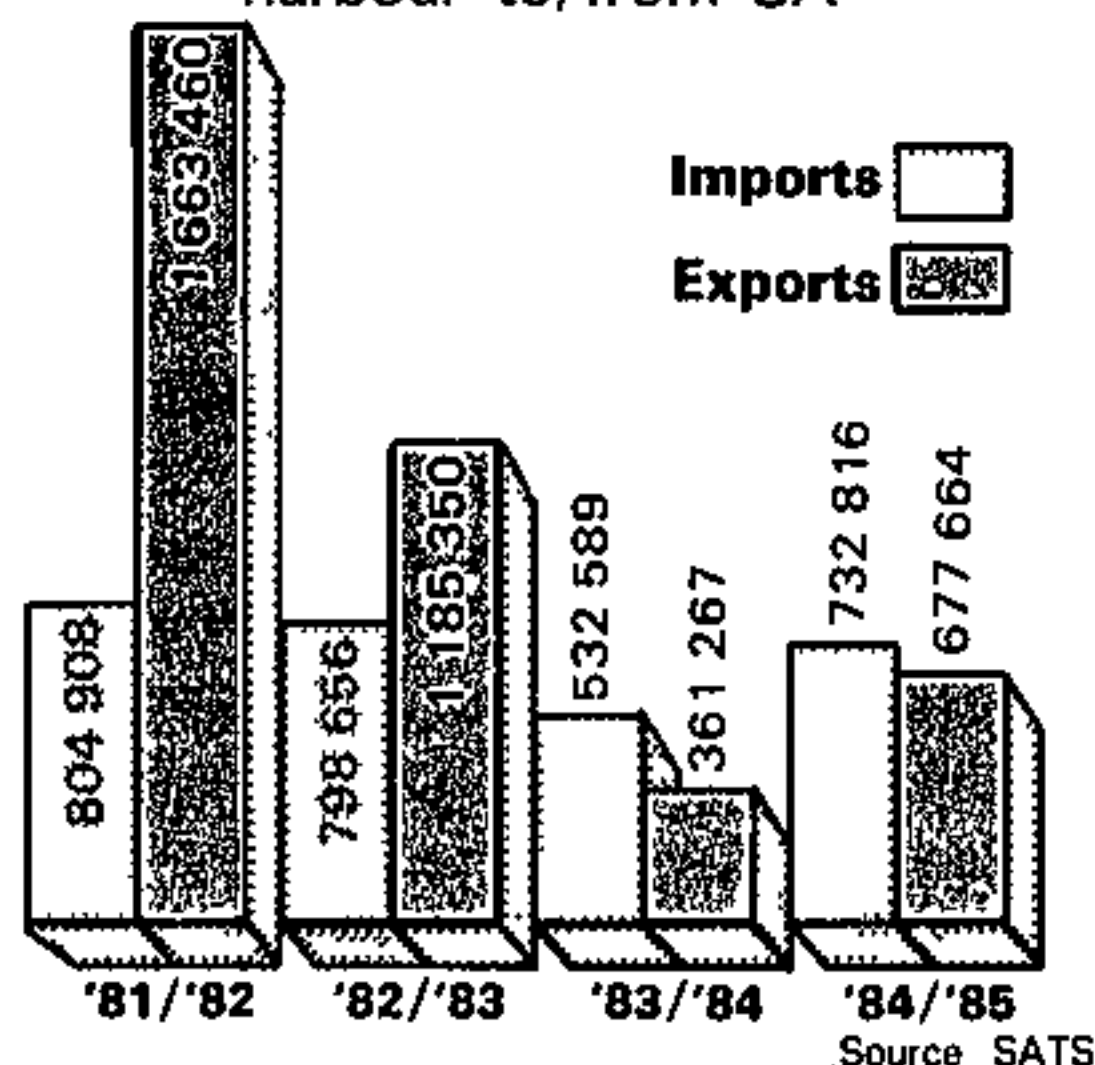
Undoubtedly, the Beira corridor could substantially improve the chances of both Zimbabwe and Malawi surviving the loss of their South African links, but the impact on their economies — and that of Zambia — would be far-reaching.

None of the region's economies, with the possible exception of Botswana, is in any state to wage a prolonged war of economic attrition along the lines of the 15-year Rhodesian sanctions struggle. The Zambian economy in particular is exceptionally fragile.

Zimbabwe, with real growth of 6% in 1985 and a forecast 3%-4% in 1986, is better placed than most to cope with Pretoria's

IN THE DOCK

Traffic tonnage through Maputo harbour to/from SA



economic power, but still a full embargo would, in Mugabe's own words, mean an end "to all thought of luxury and comfort."

There is much speculation about the reasoning behind Mugabe's and (less characteristically) Kaunda's militant hard line. But informed sources north of the Limpopo suggest that world antagonism to SA persuaded them that sanctions could work in two or three years — and they believe

their economies could withstand a short siege. Washington's tougher line on SA also apparently led them to believe that there's a good chance of substantial economic aid from the US.

Severing air links would have a major adverse impact on Air Zimbabwe (AZ). The 56 flights a week between SA and Zimbabwe account for a great part of the airline's revenue. AZ is already making huge losses, and is demanding a US\$26m State subsidy this year alone. Mugabe has also threatened to ban airlines flying to SA from landing at Harare and from overflying Zimbabwe. This would affect most European airlines operating to Johannesburg.

The impact on Zimbabwean tourism will be severe. In 1985 just over 40% of tourists to Zimbabwe were South Africans. Many may still travel by road, but hotels and tourist resorts will certainly suffer. Closure of trade missions will also inhibit travel, as they issue visas for South African and Zimbabwe passport holders.

The NRZ, itself subsidised to the tune of US\$50m this year, is likely to be another casualty of border closure.

Counter-sanctions are, however, a two-edged sword and there are a number of ways in which Harare can hit back at Pretoria in its turn. In 1984, SA received US\$50m in freight and insurance payments from Zimbabwe, as well as US\$11m in profits and dividends. But profits and dividends were blocked for much of 1984, and eased restrictions mean the outflow to SA must now be much higher. In addition, pension payments totalled more than US\$36m, making an outflow of close on US\$100m annually.

Reverse flows are far smaller — no more than US\$15m. This means SA stands to lose some US\$85m a year by cutting links with Zimbabwe, and it would lose another US\$100m in exports.

At the end of last year Zimbabwe owed SA US\$120m on loans raised by the Smith government in the Seventies, this also gives Harare some leverage.

Most ominous of all is the substantial level of South African investment in Zimbabwe.

This is worth more than R1 billion. Mugabe's Cabinet extremists, anxious to extend State ownership, believe expropriation would be justified as part of a full-scale economic war.

Expropriation would serve the dual purpose of hitting at Pretoria while taking over a large chunk of the mining and manufacturing industry; the investment levels of the Anglo American group, Hulett's and the Old Mutual among others are massive by Zimbabwean standards.

SA tourism would also suffer minor adverse effects: it is mainly Zimbabwean whites who holiday in SA, and their numbers have dwindled over the years.

On balance, though Zimbabwe is highly vulnerable to South African countermeasures. SA's imposition of border delays seems designed more as a show of force than a serious embargo. But the delays are likely to be felt within weeks mainly in the form of shortages in both Zambia and Zimbabwe. These could seriously embarrass Mugabe who will host a non-aligned movement summit in Harare from August 25.

Ironically, Harare and Pretoria signed — at official, not ministerial, level — the amended trade agreement between the two countries less than a week before Mugabe's promise to impose sanctions. The amendments give SA some concessions in the Zimbabwe market, but industrialists might have to wait years to exploit them.

Trade deals

Trade between the two countries increased this year after last year's 25% reduction. Zimbabwe sold 200 000 t of maize to SA early this year and negotiations are well advanced for the sale of another 250 000 t on favourable terms to Pretoria.

Although less vulnerable than Zimbabwe, Zambia remains heavily dependent on South African links for copper exports and for imports of explosives, mining machinery and basic foodstuffs. Zambia still imports about 25% of its oil from SA, and, like Zimbabwe, relies on SA for specialised fuels such as aviation spirit.

After all Mozambique's economic and military setbacks, it might be thought that country has little more to fear from retali-

AIR LIFT

Cargo by SAA in pool relationship with other carriers (kg)

Between SA and:	1982/83	1983/84	1984/85
Zaire	944	1 640	1 937
Zambia	407 712	98 048	505 326
Zimbabwe	2 546 795	933 488	2 165 442
Botswana	230 687	205 154	220 147
Malawi	2 350 856	133 768	2 852 972
Mozambique	168 188	199 929	137 757
Swaziland	149 912	170 771	167 888
Lesotho	86 883	146 706	86 378

Source: SATS

ation from SA. But its dependence remains high. For a start, some 60 000 Mozambican workers are employed in SA (see *Current Affairs*). Some oil products come from SA, which supplies about 10% of Mozambican imports and takes 4% of its exports. South African traffic through Maputo also earns valuable foreign exchange.

The clear priority for the SADCC states, particularly Zambia and Zimbabwe, is to re-route traffic away from SA and reduce transport dependence, their real Achilles heel. Their ability to do this rests heavily on the Beira link. In the months ahead all eyes will focus not merely on moves to route

traffic along the corridor, but crucially on the attitude of Western donors, especially the US, Britain and the World Bank, to financing the long-stalled upgrading of the link.

There is, of course, a real possibility that if Beira threatens to become a viable alternative, Pretoria will shift from economic warfare to the real thing, using its military power (or MNR surrogates) to disrupt the rail link and the oil pipeline from Beira, on which Zimbabwe is so heavily dependent.

While it's always dangerous to assume that history will repeat itself, two important lessons of the Rhodesian sanctions war de-

mand attention. First, the Frontline States applying economic sanctions suffered considerably; in fact, both Zambia and Mozambique are still feeling the damage.

Secondly, economic warfare against Rhodesia escalated increasingly into a military confrontation into which the Frontline States were drawn willy-nilly. The May raids into Botswana, Zambia and Zimbabwe were perhaps a foretaste of what is to come. The outlook for the entire region is bleaker today than it was a fortnight ago. ■

□ Also see *Current Affairs, World and Business* sections.

VOLKSKAS

The Volk must be profitable

Though one of the big five banks, Volkskas has long had the reputation of being an underperformer. Since 1982, assets have risen by 171%, but EPS are actually lower at 173,4c compared with 182,9c in 1982.

The past three years have seen considerable change, especially sales of industrial interests. Investors now want to know what Volkskas's plans are, what profits can be expected and how it will cope with the new capital ratios, to be introduced in January.

Helping compensate for poor performance in industry, income from financial services has risen by 102% since 1982. And this in spite of taking a bath on the ill-fated 1981 purchase of Bank of the OFS. Small wonder that chief executive Pieter Morkel says: "We are bankers, not experts in industry, and have largely divested from industry. We see ourselves as a financial services group."

This divestment meant reducing the holding in Bonuskor from 62% to 26% and selling half the formerly 100%-owned Transvaal Sugar to Bonuskor. The other main holding is 26% of Mercedes-Benz SA. GM Hennie Diedericks, responsible for sorting out the industrial portfolio, says that Volkskas will not disinvest entirely (Volkskas Industries' shareholders' funds are now down to 10% of the group total), but it is doubtful that new investments will be made in this sector.

There has been much more to rationalisation than simply moving out of industry. "We are bottom-line orientated," says Diedericks; Morkel adds that he believes in building for the future. "For three years Volkskas has been, and still is, in a capital expenditure phase." This involves "automation, expenditure on software obviously, but also a tremendous amount in training."

The computerisation programme, now three years old, has already cost R75m, which joint MD Danie Cronje expects to

The people's bank has been going through a period of transition and rationalisation. What is in store for the new-look Volkskas?

double in the next three years.

Results are already flowing from what joint MD Koot van Vuuren calls "an intensive productivity programme." Morkel estimates that, but for this, 2 000 more staff would have been needed (complement is 11 600). The programme has saved R25m a year at the branches and, in two to three years, another R50m will be saved at head office.

As observers well know, changes have not been confined to staff level (see *Fox*). Volkskas has used PA Consulting Group for three years; Morkel expects it to be retained for another two to three years (surely a costly exercise). A new management structure introduced three years ago is being re-examined. "We may end up with a flatter structure than at present," says Morkel.

Eventual cost savings are important, but it is also essential to sell the product. Accord-

ing to Morkel, "market share per se really does not interest us that much." An extremely complicated market and customer analysis has identified target segments, which Volkskas plans to win by "advertising, but more important by personal selling."

Says Morkel: "We like to deliver total financial services." Van Vuuren adds. "We are concentrating on quality service, and quality service is personal service."

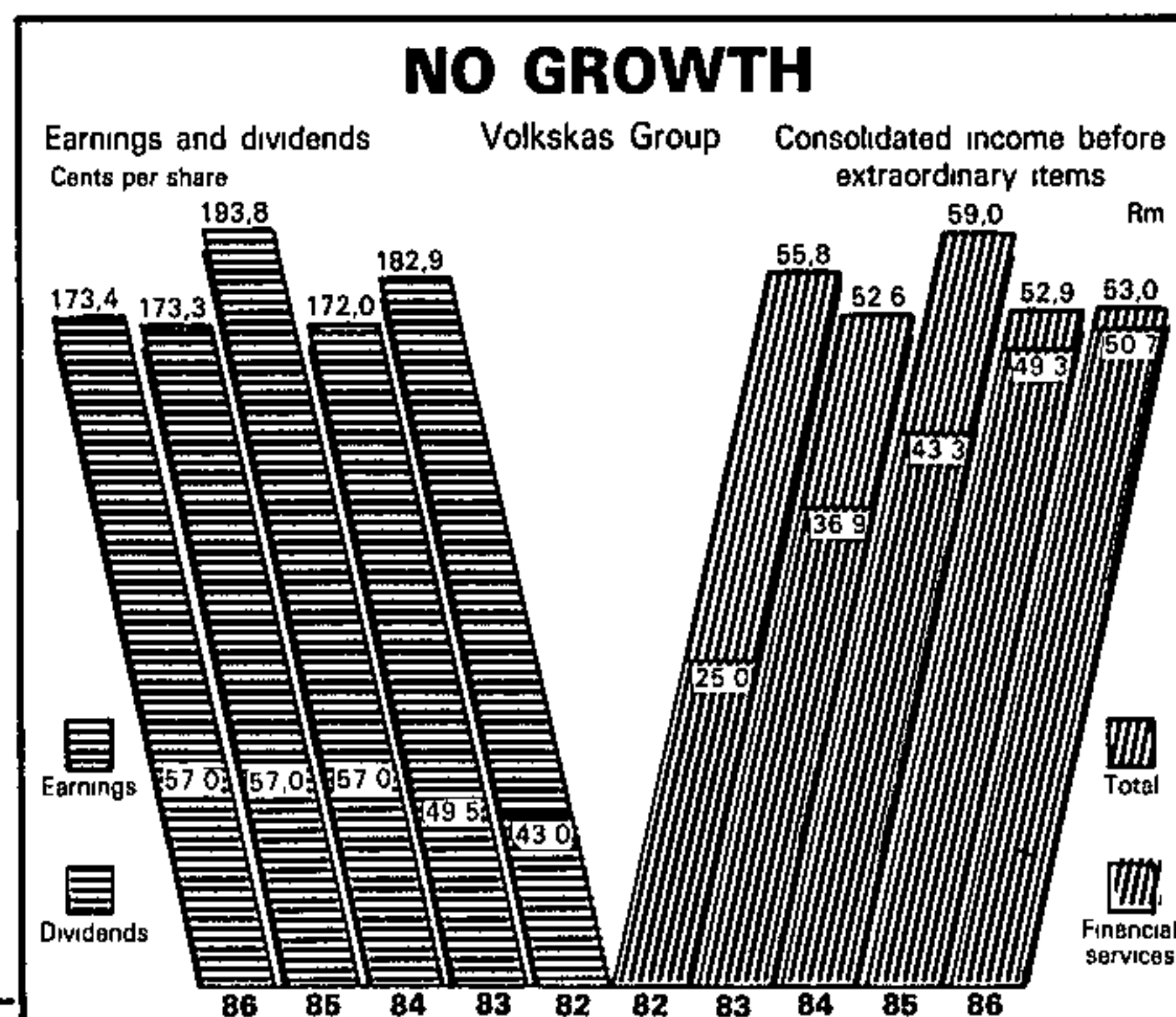
An area expected to provide less profit is foreign exchange. The New York office has been closed and the London branch is not included under the standstill agreement. Cronje thinks that local forex "volumes won't be the same as in the past. Opportunities to make profits will be less."

One sector Volkskas will concentrate on, as Morkel already stated in 1981, is the English-speaking community. He says the image of Afrikaner-orientation is changing. English-speaking customers make up 30% of the total and Van Vuuren claims that black clients make up 50% of Volkskas' total savings accounts. Morkel calls these black accounts "the seeds of the future market."

The corporate market "we are aggressive in, but only in particular segments, where we have expertise and which are profitable," according to Morkel.

Volkskas has always had the image of being heavily involved in agriculture. Of total advances, about 26% is to farmers, about another 2% to co-ops. Analysts have worried about this exposure to the debt-ridden farming community, but Cronje says loans are spread among many clients and well-secured, adequate provision has been made against doubtful debts and interest.

According to an analysis by Richard Lomborg of Davis Borkum Hare, BA 9 returns reveal that at the end of last year Volkskas had 13% of the total lending market, but only 7% of total HP



Crude oil boycott 'unlikely to be totally effective'

16/8/86

SMK

280

Pretoria Correspondent

Measures will have to be introduced to restrict the demand for liquid fuel in the unlikely event of the present crude oil boycott against South Africa being applied more effectively, says a senior Department of Mineral and Energy Affairs official.

But it is unlikely a crude oil boycott will ever be 100 percent effective, particularly in the present weak world oil market, the Director of Energy Planning in the Department of Mineral and Energy Affairs, Dr Robert Scott, yesterday told a Pretoria Afrikaanse Sakekamer seminar entitled "Economic Sanctions: Threats and Opportunities".

If the crude oil boycott becomes more effective, restricting the demand for liquid fuels will be necessary to extend the lifetime of built-up crude oil reserves so new synthetic petrol can be developed, Dr Scott said.

Developing synthetic or alternative liquid fuels "could put South Africa in a strong position because a world oil crisis such as the previous oil crisis in 1973 and 1979 cannot be ruled out".

If sanctions are applied effectively, electricity will become more expensive because of the expected rise in unit production costs, he said.

The commissioning of the Koeberg atomic energy station in 1984 heralded the start of South Africa's atomic era and it is anticipated that further atomic energy stations will be built.

But Dr Scott warned sanctions could seriously hamper the importation of enriched uranium which would be detrimental to the atomic energy stations industry. He said uranium enrichment will now be coupled to Escom's future atomic energy programme to guarantee fuel provision.

Now Durr condemns Tutu's renewed call for sanctions

By DIRK VAN ZYL
Political Correspondent

CAPE TOWN — A blistering attack on the Archbishop-elect of Cape Town, Bishop Desmond Tutu, for his renewed call for sanctions was made yesterday by the Deputy Minister of Finance, Trade Industries, Mr Kent Durr.

Addressing a National Party meeting in Port Alfred, Mr Durr, who spoke at length on the sanctions issue, said: "Bishop Tutu's latest speech, in China of all places, recalls to mind the saying that 'nobody is so moral as he who has become estranged from his God'."

His remarks follow a

scathing attack on the bishop in Durban this week by the Minister of Manpower, Mr Pietie du Plessis. He said the stance of the bishop and of the president of the World Alliance of Churches, Dr Allan Boesak, was not only immoral, but "bordered on treason".

In Peking this week Bishop Tutu said the international community should institute sanctions against SA "before it is too late".

According to NP sources, his remarks are being studied at top level with a view to possible prosecution in terms of the emergency regulations.

These stipulate that the making of a "subversive

statement" which "encourages or promotes disinvestment or the application of sanctions against the Republic" is punishable by a fine of up to R20 000 or 10 years in jail.

In Washington the US Administration has attacked Mr Du Plessis' "friendly warning" to Bishop Tutu.

Mr Charles Redman, a spokesman for the US State Department, said that although his Government did not agree with the bishop's stand on sanctions, "we give our strongest support to his right to say what he wants to".

Bishop Tutu will be installed on September 7.

US Senate votes for sanctions

WASHINGTON — The US Senate yesterday approved by 84 to 14 votes a package of wide-ranging economic and political sanctions against South Africa because of its apartheid policies.

The overwhelming vote was a strong rebuke to President Reagan who has long opposed punitive sanctions against the South African Government.

The Senate voted for a more "moderate" Republican package, which would bar all new US investments in South Africa; ban US commercial loans to the private sector; ban imports of uranium, coal, iron, steel, textiles and agricultural products, and freeze deposits in US banks held by the South African Government or State-owned corporations.

The Senate package would end air links between the two countries and deny consular facilities to South African citizens.

The House of Representatives on June 18 passed a Democratic bill calling for a total embargo on two-way trade with South Africa, except for strategic minerals certified by Mr Reagan to be vital to US national security.

It would also mandate withdrawal of US companies, estimated to number about 280, within six months of its passage and revoke landing rights for South African Airways.

The White House said after the vote that Mr Reagan continued to oppose the bill, but would wait to see the shape of final sanctions bill passed by Congress before deciding whether to veto it.

A White House spokesman, Mr Larry Speakes, said Mr Reagan believed the Senate bill would impede rather than promote a rapid but peaceful end to apartheid.

"We therefore oppose the Senate's punitive measures," Mr Speakes said. "We will await further congressional action before making a final decision."

The sanctions would also apply to the former German colony of SWA/Namibia, still ruled by Pretoria in the face of United Nations demands for independence for the territory.

The different version of the House and Senate will have to be reconciled in a conference committee. The resulting compromise, expected to be close to the Senate bill, is virtually assured of passage in two further votes.

If that final bill is vetoed once it lands on Mr Reagan's desk, political observers said both chambers are likely to have the two-thirds vote needed to override the veto and enact sanctions.

● Six Commonwealth nations, at the end of a London meeting on August 5, agreed to impose and recommend to the entire 49-nation body a ban on new investment and new bank loans to the public and private sector in South Africa. They would end imports of coal, iron, steel and agricultural products, and withdraw landing rights for South African Airways and consular facilities for South African citizens. — Sapa-Reuter

Kennedy adds sanctions bite

2/16/86

16/8/86

WASHINGTON—The United States Senate, spurred on by Sen Edward Kennedy, toughened its anti-South African stand by adding a ban on imports of agricultural products, iron and steel to its list of sanctions yesterday.

Late last night it was headed towards a final vote on the anti-apartheid measure.

The Senate, ploughing through dozens of amendments to the Bill, approved on a voice vote one from Sen Kennedy to add a ban on agricultural products, iron and steel to the Bill.

But the Senate was expected to defeat a Democratic bid to force a vote on an extreme sanctions measure, passed in June by the House, that would virtually sever all United States trade and investment ties with South Africa.

Sen Richard Lugar, an Indiana Republican who

drafted the original Bill, opposed Mr Kennedy's amendment and warned that adding more sanctions would make a veto by President Reagan more likely.

'We're getting dangerously close to the point where we will have very, very great difficulty in terms of its overall support in this body and clearly any hope of reconciliation with the Administration,' Mr Lugar said.

On Thursday, Democrats succeeded in adding a textile ban to the Bill, but Mr Lugar, if he decides his Bill is becoming too strong, could force a vote on his original, clean version Mr Lugar's Bill, thrashed

out in his Foreign Relations Committee, would bar all new United States investments in South Africa and loans to the private sector, ban imports of uranium and coal and freeze deposits in United States banks held by Pretoria or State-owned corporations.

It also would withdraw landing rights for South African Airways and ban imports from companies owned or controlled by the South African Government.

During a 14-hour debate on Thursday, the Senate worked through 15 amendments from Republicans and Democrats seeking either to gut or strengthen the Bill.

Signalled

Mr Reagan, along with Britain's Prime Minister, Mrs Margaret Thatcher, is strongly opposed to punitive economic sanctions against South Africa. However, United States officials have hinted in recent weeks that he may go along with some limited diplomatic moves.

Last September Mr Reagan imposed a set of limited measures, including a ban on imports of South African gold, but he did so only as Congress was about to enact a stiffer package.

Mr Lugar's Bill also would write into law those measures.

The Reagan Administration has signalled that it would renew these sanctions and said the question was whether additional steps would be taken against Pretoria — (Sapa-Reuters-AP)

W/6 ARGUS 16/8/86 280 330

Senate agrees to keep an eye on the ANC

Weekend Argus Foreign Service

WASHINGTON — America's scrutiny of the South African Government will be extended to the ANC, in terms of a proposal accepted by the Senate

Sanctions Bill amendments specifying a "more even-handed" approach by the US towards Pretoria have been accepted 67-31 in a Senate vote.

Changes incorporating the ANC were introduced by Senator Jesse Helms, conservative Republican and a fierce anti-communist. Senator Helms, who for years has highlighted the ANC's communist element, has also bitterly condemned the ANC's violence

The senator's amendments, at first opposed in stinging exchanges in the Senate with liberal Democrats, emerged in a watered-down version after lengthy negotiations outside the chamber.

Senator Helms's proposals sought in the sanctions Bill to add steps against violence. "We must be even-handed," he said.

The ANC and other groups would, in terms of his changes, be excluded from any negotiations on South Africa's future if the ANC refused to abandon "unprovoked violence".

America would support any negotiations excluding the ANC or other groups under such conditions, the amendment said.

W/C ARGUS 16/8/86 (280) (BZ)

Pensions freeze a last resort

Argus Africa News Service
HARARE. — Freezing pensions for Zimbabweans living in South Africa will depend on how South Africa reacts to other sanctions by Mr Robert Mugabe's government.

For the time being, however, the likelihood of a ban on pension payments coming into force remains distant.

Mr Mugabe's warning on pensions at his Press conference last week was in response to a question about retaliation from South Africa in the event of limited sanctions being applied by Zimbabwe.

Referring to the outflow of funds, including pensions, to South Africa, he said: "If it is an economic war all those things will stop."

But analysts here believe that interference with pension payments would be a last-gasp measure.

The International Monetary Fund regards pension rights as sacrosanct. Pension payments continued during sanctions in the UDI era and it has been said that in spite of crucial financial problems African countries have maintained a good record in this regard.

The Zimbabwean constitution contains a guarantee that "any person who is entitled to receive a pension and who is not ordinarily resident in Zimbabwe shall not be prevented from having (it) remitted to him outside Zimbabwe".

Lose millions

However, a legal source said acts of war were another matter and it was a state of economic war to which Mr Mugabe was referring.

Last year Finance Minister Dr Bernard Chidzero said South Africa stood to lose millions if payments from Zimba-

bwe were stopped following sanctions and retaliation by Pretoria.

He said Zimbabwe had some leverage through its payments to South Africa which, excluding trade, amounted to more than R260-million a year.

Inflows from South Africa came to only about R36-million, excluding trade.

Dr Chidzero also said Zimbabwe's hand could be strengthened as it owed South Africa R320-million, a debt largely inherited from the Smith regime.

There are about 40 000 people affected by the threat of a pension embargo.

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 DALL

So far and no farther

JOHN BATTERSBY: LONDON

Can South Africa survive the dissent and mounting international sanctions as an unassailable white-ruled technocracy until race eventually ceases to be the issue it is today?

President P W Botha made it clear at the federal congress in Durban that he not only believes that white power will survive but that it will emerge stronger at the other end of international sanctions.

He rededicated his party to the cornerstones of apartheid — separate residential areas and schools and the retention of ethnicity as the major factor for ordering the society — and ruled out black majority rule. Change, even drastic change, would come but white power would be unaffected.

But, as The Times pointed out in an editorial, there is a huge chasm between Mr Botha's

that's drastic change and even Sir Geoffrey Howe's quantum leap

Mr Chris Heunis' hints of a black election to elect blacks to the discredited National Council, as a component of a Council of State on matters of common interest, has no more chance of winning the support of the black majority than its still-born predecessors.

More significant, perhaps, was Justice Minister Kobie Coetsee's hint at a bill of rights and Foreign Minister Pik Botha's shift from the requirement that the ANC should "renounce" violence to the less permanent concept of "abandoning" violence

The Times pointed out Mr Botha's speech "could not be dismissed as out of tune with the time. It certainly showed once again the almost unbridgeable divide be-

tween Pretoria's perception of the world and the world's perception of South Africa.

"But it was very much a product of what the world has done to white South Africa in the last tumultuous year"

The Times concluded that President Botha had come to the limit of his reformist potential.

"For all that he has led South Africa into the first stumbling steps of reform, he remains a product of early post-war nationalism, the last survivor of the generation that invented apartheid. He cannot now take his country or his constituency much further."

The world has reduced its expectations of Botha the reformer. By breaking with the efforts of even sympa-

thetic Western leaders — such as Mrs Thatcher, President Reagan and Chancellor Kohl — Mr Botha has removed the last vestige of international leverage on the Pretoria Government, in the short-term at least.

He has made sanctions inevitable and, in turn, have provided him with a rallying point for white unity. All the ingredients for a protracted tragedy are present.

The world's tentative response of economic sanctions is a last resort. That is why the West is embarking on sanctions so reluctantly and continuing to resist the principle.

Certainly South Africa, with its enormous resources, can hold out indefinitely against the kind of sanctions that are in

the pipeline so far. It might even take — as The Economist suggested this week — a naval blockade and drastic international action to force down the gold price to make any meaningful impact on Pretoria.

The chances are South Africa will deal with a coal and steel export embargo in the same effective way that the embargo's on arms and oil imports were dealt with.

Now that the threat of sanctions — always more effective than the reality — has been largely removed it is President Botha who holds the trump cards in the short-term. His warning that the frontline states will suffer most is much closer to reality and even the most subtle brinkmanship can demonstrate how vulnerable the neighbours to the north are.

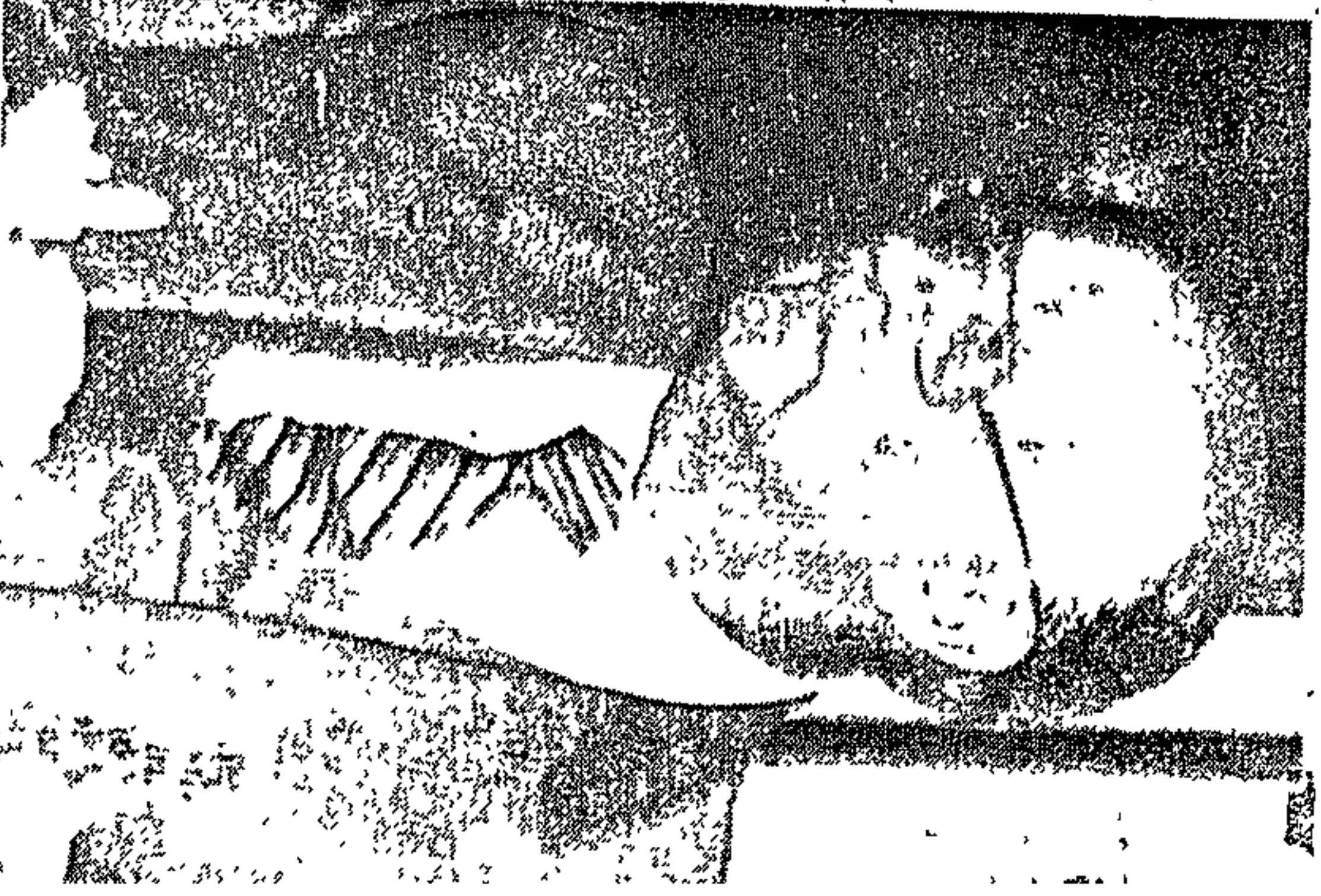
A political observer offered the following explanation this week as to why Pretoria could not contemplate negotiation leading to the transfer of power at this stage.

"They must at least try to make the Israeli option work otherwise they will never know if it could have worked," he said.

But at what cost? The dream still exists in the collective psyche of the ruling elite of an unassailable regional and economic power which will gradually improve the physical circumstances of the black majority at its own pace.

It is only from the position of a regional superpower that South Africa will be prepared to hold talks with leaders of the major Western powers and the Southern African frontline states.

There was initial surprise when President Reagan re-



President Botha ... end of reformist role?

sponded positively to the idea and said the US would be willing to help — but he seemed to envisage an opportunity to resolve the domestic impasse in South Africa as well.

After some rec faces in Whitehall and other European capitals the White House withdrew President Reagan's offer, revealing another of his legendary indiscretions at press conferences.

Durr warns against rogue economy

PORT ALFRED — South Africa would have to act skillfully to maintain the "highest" degree of normality in an economy under sanctions, the Deputy Minister of Finance and of Trade and Industry, Mr Kent Durr, said last night.

He said it was vital that after sanctions South Africa would take up its place in the world economy where it had left off.

He cautioned against a rogue economy which would not adapt to normal trading patterns and conventions.

South Africa did not adhere to a policy of isolation but pressure from outside could lead to it.

The business sector should respond appropriately to sanctions by working to minimise dislocation and inconvenience. There was a challenge to create im-

port substitution industries to meet the needs of local consumption.

The policy of inclusion rather than exclusion should be followed in economic life while seeking to expand democracy.

It was a tragedy that South Africa had to focus its attention on the corrosive effects of sanctions rather than being able to invest all its resources and energies on

reform imperatives.

He said the latest speech by the archbishop-elect of Cape Town, Bishop Desmond Tutu, recalled to mind the saying that "Nobody is so moral as he who has become estranged from his God."

It was also South Africa's most vocal critics who allowed normal trade to proceed, he said of Zimbabwe. — Sapa

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Sanctions 'may hit S African health services'

By VIVIEN HORLER, Weekend Argus Reporter

ECONOMIC sanctions may hurt South Africa's health services financially, but the quality of care will not suffer.

"The last thing I want to do is scare people, and have them think if sanctions are introduced our medical services will go bang," said Dr Nicolaas Louw, director of Hospital Services in the Cape.

"I don't believe this will happen. Medical care is essential. This country won't allow its medical services to bleed to death."

In his office high above Wale Street, Dr Louw epitomises quiet confidence.

"If sanctions are applied, naturally it'll be more difficult to get some of the sophisticated equipment", he said

Wrong idea

"We may not be so elaborate in our approach in future. There is a wrong idea that you need highly sophisticated equipment to secure a good health service."

As far as drugs are concerned, Dr Louw said South Africa had the ability to manufacture most of its needs, although ingredients could be a problem.

"But I don't believe the import of medicines will ever be restricted — whatever the politics, medical care and medicines are international."

But sanctions could be disastrous for research.

"We would miss the foreign capital investment in research programmes. This runs into millions of rands a year, and if it was withdrawn we would have to rely on government funding alone."

Sanctions could have a disastrous effect on health care if they severely damaged the economy.

Unemployment, increasing malnutrition and the loss of the State's ability to extend public health services could have even more far-reaching effects on the country's health than a breakdown in health services.

This is the opinion of Dr Marais Viljoen, secretary-general of the Medical Association of South Africa, and it is endorsed by Dr Louw.

Danger

"There is always the danger of typhoid, cholera and TB — diseases aggravated by unfavourable socio-economic circumstances. A damaged economy would place a much higher burden on primary and preventive health care."

"And, as far as the curative services are concerned, there would be a greater burden on the public sector," said Dr Louw.

"Last year, for example, the Cape Provincial Administration's 152 hospitals treated 8.5-million indigent patients. This workload will increase dramatically if the unemployment figure rises."

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We'll hold thumbs — says textile chief

Weekend Argus Reporter

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TEXTILE companies in the Western Cape are optimistic that an American ban on textile trade would not have far-reaching effect on local business.

Mr S Shlagman, president of the Textile Federation of South Africa, said that it was speculative whether the amendment would be passed as it could be vetoed by President Reagan after receiving a majority vote in the Senate.

It would be a pity if the amendment became active as there was a good trade between the United States and South Africa.

"All we can do at this stage is sit tight and hold our thumbs," he said.

Mr W J E Wilson, managing director of Romatex, said sanctions would not come as a "severe mortal blow" to most textile companies.

"I feel that sanctions militate against the very people they allege to help," he said.

"I doubt most companies would be affected to

the extent they would be forced to retrench large numbers of workers."

The secretary of the Textile Workers' Industrial Union, Mr Norman Daniels, said if the sanctions screws tightened it would mean the sack for many.

"As a union we are obviously concerned with the welfare and job-security of our members and effective sanctions will definitely have a direct effect on them," he said.

Threat to stop pensions depends on SA attitude

By Robin Drew,
The Star's Africa News Service

HARARE — Implementation of the threatened embargo on the payment of pensions from Zimbabwe to people living in South Africa will depend on how South Africa reacts to the imposition of other sanctions by Mr Mugabe's government.

But for the time being, the likelihood of a ban on pension payments coming into force remains distant.

Prime Minister Mugabe's warning on pensions, made at his Press conference last week, was in response to a question about retaliation from South Africa in the event of limited sanctions agreed to at the Commonwealth mini-summit in London being applied by Zimbabwe.

Referring to the outflow of funds, including pension money, to South Africa, he said: "If it is an economic war, all those things will stop."

But analysts here believe that interference with pension payments would be a last-gasp measure.

It is widely recognised that the International Monetary Fund regards pension rights as sacrosanct and does not look with favour on any country that violates these.

The Zimbabwe constitution contains a guarantee that "any person who is entitled to receive a pension and who is not ordinarily resident in Zimbabwe shall not be prevented from having it remitted to him outside Zimbabwe."

Against this, however, a legal source said acts of war were another matter — and it was a state of economic war to which Mr Mugabe was referring.

SAVE MILLIONS

Last week's reference was not the first time the threat of withholding payments to South Africa has been made.

In an interview earlier this year with a magazine serving the European Community, Mr Mugabe said: "Naturally we would expect some assistance to alleviate the pressure of sanctions."

"We have volumes of foreign currency or rand that goes down south, pensions will save millions of dollars a year which go to South Africa, let alone what we pay for the imports from South Africa."

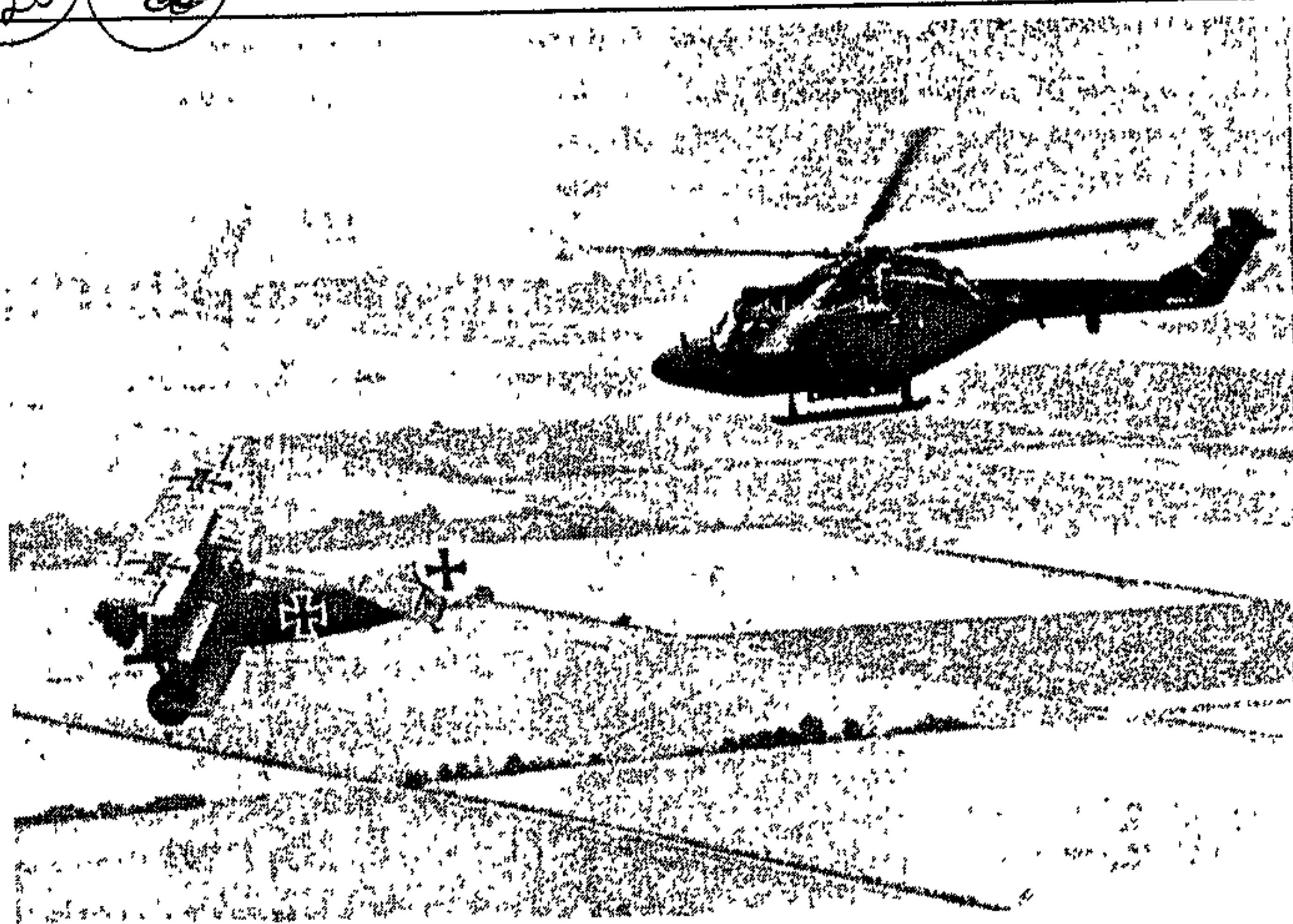
Last year Finance Minister Dr Bernard Chidzero said Zimbabwe payments to South Africa, excluding trade, amounted to more than R260 million a year.

It is believed there are about 40 000 people affected by the threat of a pension payment embargo. These include civil service pensioners, people receiving disability pensions, certain categories of old age pensioners and people drawing pensions from recognised pension funds.

Many of the civil servants who left Zimbabwe did so under the special early retirement schemes introduced before independence.

A diplomatic source said the British Government which drew up the Zimbabwe constitution, does not have special responsibility for pensions.

Only in the case of some people drawing pensions from the defunct federal government did it have some residual involvement.



Seventy years of aviation history separate these two aircraft. The Fokker Dr1 triplane on the left is one of only two replicas of the famous German World War 1 fighter plane which is still flying. At the right is a modern Lynx helicopter of Britain's No 3 Regiment's Anti-Tank Squadron stationed in West Germany. The aircraft are seen taking part in an International Air Day, organised by No 3 Regiment Army Corps at Soest.

Shots hit UN helicopter

BEIRUT — Lebanese guards at the United States Embassy fired on a United Nations helicopter over Christian East Beirut on August 7, hitting it five times, security sources said yesterday.

There were no injuries aboard the helicopter which was carrying three UN officers and an Italian crew of three.

The helicopter was en route from the UN Peacekeeping Force headquarters in Naqoura to the Lebanese Army command in suburban Yarze east of Beirut, where it landed safely.

The machine-gun fire came from the embassy's Christian militia guards in the East Beirut suburb of Aukar.

The embassy was closed yesterday for the Adha Muslim feast.

The embassy hired Christian militia-men guards when it moved to Aukar in 1984. A car-bomber devastated its West Beirut headquarters on April 18 1983,

killing 62 people and wounding 100.

The 5 800-strong UN Interim Force in Lebanon (Unifil) has taken the matter up with the Lebanese military command. Unifil has helicopters flying between Naqoura and Beirut at least four times a week.

UN helicopters have been frequently attacked in Christian and Muslim areas in the past two years. One was shot down by Muslim militiamen near south Lebanon's port city of Sidon last February. No one was injured.

A three-man special team had started an investigation into the recent confrontation between Unifil's French contingent and the Shi'ite Muslim Amal militia east of Tyre.

The team will report to Unifil's commander Major-General Gustav Hagglund. A Unifil board of inquiry will begin a broader investigation on Monday or Tuesday. — Associated Press

Death row tax dodge

LOS ANGELES — A convicted murderer found a hobby almost nine years on "Death Row," a Los Angeles Grand Jury alleged yesterday — preparing false tax returns.

Five Los Angeles relatives of Luis Mata (35), were indicted the jury on charges of filing false tax returns, alleged have been prepared by Mata an attempt to obtain \$35 000 (about R90 000) in refunds.

A grand jury of private citizens decides whether a defendant has a case to answer.

An Internal Revenue spokesman said no tax charges would be brought against Mata, who apparently had decided he had nothing to lose. — Sapa

US adds bans to sanction list

WASHINGTON. — The Republican-led United States Senate added a ban on imports of agricultural products, iron and steel to its list of sanctions against South Africa and headed towards a final vote on the anti-apartheid measure.

President Ronald Reagan is strongly opposed to "punitive" economic sanctions and US officials indicated this week he could veto the Bill which Congress is expected to enact next month.

The Senate approved on a voice vote — one from Senator Edward Kennedy, a Massachusetts Democrat — to add a ban on agricultural products, iron and steel to the Bill.

But the Senate was expected to defeat a Democratic bid to force a vote on an extreme sanctions measure, passed in June by the House, which would sever all US trade and investment ties with South Africa.

Senator Richard Lugar, an Indiana Republican who drafted the original Bill, opposed Mr Kennedy's amendment and warned that adding more sanctions would make a Reagan veto more likely.

Mr Lugar's Bill would bar new US investments in South Africa and loans to the private sector, ban imports of uranium and coal and freeze deposits in US banks held by Pretoria or State-owned corporations.

It would also withdraw landing rights for South African Airways and ban imports from companies owned or controlled by South Africa.

The Senate stripped out provisions to deny visas to Pretoria officials and urge Mr Reagan to sell US gold stocks to depress the world gold price.

Differences between the House and Senate versions would have to be reconciled in a conference committee.

— Sapa- Reuter.

STINGING SENATE SANCTIONS

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Detainees' food better after court disclosures

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From KEN VERNON
Weekend Argus Bureau
GRAHAMSTOWN — The food being given to emergency detainees in police cells countrywide has improved dramatically this week after the disclosure in a court here that the diet of some detainees was "unhealthy and unbalanced".

In an affidavit produced at a hearing before a full Bench of the Supreme Court, 18-year-old detainee Mr Gareth Damons of King William's Town alleged that for more than 40 days he was given only small amounts of dry brown bread, unsweetened black coffee and one cup of soup a day.

After Mr Justice Kanne-meyer said in court on Thursday that he intended pursuing the matter of the inadequate diet "at the highest level" — and a State attorney promised to inform the Ministers of Law and Order, of Health and of Prisons, of criticism of the diet — the situation changed overnight.

An order was issued from police headquarters in Pretoria and distributed to all police stations in the country on Thursday night instructing station commanders that detainees were henceforth to be fed from police messes.

The court was hearing argument in a case in which seven detainees are challenging the validity of the emer-

gency regulations and their detention, or, alternatively, seeking an improvement in the conditions of their detention.

Mr Damons and others alleged in affidavits before the court that they had been forced to sleep on cold concrete floors with only a thin felt mat beneath them.

The court heard that, according to the Standing Order No 200, detainees were fed the same diet as awaiting-trial prisoners.

Expert

An expert dietician, Mrs Joan Huskisson, described this diet as equivalent to a "strict weight-loss diet" and said it failed to come up to minimum levels of nutrition needed to maintain health.

She said the police diet gave detainees a daily allowance of 844 calories and 3 544 kilojoules, while the minimum required daily average was 2 700 calories and 11 300 kilojoules.

She said the diet was deficient in protein, calcium, iron and vitamins A, C and B complex.

This has now been changed and detainees will be fed — from police messes — the same diet as that of an unmarried white police constable.

Warrant Officer Bloomberg described the new diet as "extremely tasty" and "more than sufficient".

By ALAN DUNN
Weekend Argus
Foreign Service

WASHINGTON. — The Sanctions Bill approved overwhelmingly by the Senate last night holds not only a basket of stinging nettles for South Africa but also calls for the US Ambassador in South Africa to visit Nelson Mandela in jail.

The sanctions package, passed by a lopsided 84-14 vote after 25 hours of debate, bans South African agricultural produce, steel, iron, coal, textiles and clothes and goods produced, marketed or exported by Government-controlled organisations.

It proposes a ban on South African Airways landing rights in the United States, and blocks the flow of American crude oil and petroleum products to the Republic.

Conference

It also forbids new investment in South Africa, bank loans to the South African Government or agencies, Krugerrand imports and computer exports to some Government departments.

Claiming that President Ronald Reagan did not speak for America on the issue of South Africa, Republicans and democrats alike ignored his firm rejection of punitive sanctions and set the course for a confrontation with the White House.

The Bill goes before a joint conference of the Senate and House of Representatives next month where Senators and Congressmen will try to marry sanctions Bills.

The present set of sanctions will not weaken during the conference debate. They may well be strengthened because House members recently passed a far harsher Bill advocating total trade and business cuts with South Africa.

Senator Carl Levin, who proposed that the United States

Ambassador to South Africa be instructed to visit Mr Mandela, said that this was vital because "it is no secret that many in South Africa view the US as an antagonist in their struggle for freedom. As an apologist for a minority government".

A visit would be a "crystallising act to demonstrate the bridge we are building between the United States and the forces for multiracial freedom in South Africa", he said.

The Bill has a list of additional steps the US President can take if Pretoria does not meet certain requirements 12 months after the Bill becomes law.

These requirements are:

- Release of Nelson Mandela and all people persecuted for their political beliefs or detained unduly without trial
- Repeal of the state of emergency and release of all detainees held under its terms
- Unbanning of democratic political parties and permission for free party political formations among all races
- Repeal of the Group Areas Act and the Population Registration Act. No other measures with the same goals are to be instituted in their place, and
- Agreement to enter into good faith negotiations with "truly representative" members of the black majority without preconditions.

If Pretoria does not clear these hurdles the US President must report this to Congress and issue an assessment of what has and has not been done.

He can then recommend a prohibition on US military aid to those countries helping South Africa to beat the international arms embargo, a ban on imports of SA diamonds and a prohibition on the US bank accounts of South African nationals.

● Sapa reports from Johannesburg that the Deputy Finance Minister, Mr Kent Durr, said the US measures, including bans on new investment and selective import bars, amounted to "protectionism dressed as morality".

Implementation of the sanctions, still to be cleared by Congress, would hurt black people and retard apartheid reform, he said.

Sanctions: Crunch looms for Britain if SA economy hit

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Financial Editor

BRITAIN could suffer considerable losses if the South African economy were to be hit by sanctions.

This emerges from a publication entitled British Industry in South Africa issued by the British Industry Committee on South Africa Limited (Bicsa).

Members of Bicsa range from Associated British Ports, Babcock International and Barclays Bank to Shell International Petroleum, Tiopside Group and United Transport International.

Bicsa says that more than 100 British companies have direct investment in South Africa with many more engaged in trade with that country.

120 000 JOBS

"Total British investments represent a stake of £6-billion (R23-billion) and trade is worth nearly £4-billion (R15-billion) a year.

"Our estimates suggest that some 120 000 British jobs are dependent on these activities."

It continues: "This represents an important stake in the future of South Africa which is only likely to be secured in the longer term if it is possible to emerge from the present impasse with amicable relations established with any post-apartheid government in the Republic."

Referring to sanctions Bicsa says that it recognises that international pressures have strength-

ened internal developments bringing about change.

"However, we believe that external pressure on the South African economy will not achieve their objective if they are designed in such a punitive way as to destroy the South African economy."

It says that almost 7 percent of all British overseas direct investment is in South Africa, with a market value at May, this year, of £2 700-million (R10 300-million).

There is also a substantial indirect (portfolio) investment which is probably worth about £3 300-million (R12 500-million), so that £6 000-million of British investment money is at stake.

Bicsa says these figures are lower than previous estimates owing to the decline in the exchange rate of the rand.

DIAMONDS

Britain's total gross income from trade with South Africa is estimated at about £3 860-million (R14 700-million) a year.

"Earnings from British visible exports which are currently running at an annual rate of about £1 010-million (R3 800-million) provide substantial employment for British workers."

It estimates income received by Britain from "invisible" earnings (investment income, insurance, service, profits, dividends, shipping etc) at about £2 350-million (R8 900-million) a year.

In addition Britain earns an estimated £500-million (R1 900-million) from imports of South African gold and diamonds processed in that country and then exported.

GOLD SALES

South Africa's main imports from Britain last year were machinery and transport equipment worth £479,4-million (R1 822-million), chemicals and related products worth £220,9-million (R763,4-million), manufactured goods worth £124,7-million (R474-million) and miscellaneous manufactured articles worth £95,7-million (R363,7-million).

In return South Africa sold to Britain goods worth £989,9-million (R3 761-million).

These included crude materials worth £372,1-million (R1 414-million) and manufactured goods worth R327,1-million (R1 243-million). No figures are given for South African gold sales to Britain.

Bicsa does not state it openly but it is clear from its figures that it makes much more sense for Britain to stimulate trade and investment with South Africa, than to try to smother it.

Should the South Africa economy be harmed by sanctions, Britain would suffer also — and with the latest British unemployment figures showing there are now 3 270 000 people out of work, the timing could not be worse.

Another Israel in southern Africa?

CAN South Africa become Africa's Israel?

As the last vestige of hope for a negotiated settlement in Africa's defiant bastion of white power receded over the political horizon this week this was the question being asked in political and diplomatic circles.

Can South Africa survive the potent combination of growing internal black dissent and mounting international sanctions as an unassailable white-led technocracy in which race eventually ceases to be the issue it is today?

President P W Botha made it clear at the federal congress in Durban this week that he not only believes that white power will survive but that it will emerge stronger at the other end of international sanctions.

Defiantly — and predictably — he rededicated his party to the cornerstones of apartheid — separate residential areas and schools and the retention of ethnicity as the major factor for ordering the society — and ruled out black majority rule for all time.

Change — even 'drastic' change — would come but white power would be unaffected.

But, as The Times pointed out in an editorial, there is a huge chasm between Mr Botha's drastic change and even Sir Geoffrey Howe's 'quantum leap'.

Mr Chris Heunis's hints of a black election to elect blacks to the discredited National Council — as a component of an over-arching Council of State on matters of common interest —

has no more chance of winning the support of the black majority than its still-born predecessors.

As long as representation for blacks is based on race and the structures dictated by a nationalist government it stands no chance of success.

More significant, perhaps, was Justice Minister Kibie Coetsee's hint at a Bill of Rights and Foreign Minister P. W. Botha's shift from the requirement that the ANC should 'renounce' violence to the less permanent concept of 'abandoning' violence.

As The Times pointed out, Mr Botha's speech 'could not be dismissed as out of tune with the time'.

It certainly showed once again the almost unbridgeable divide between Pretoria's perception of the world and the world's perception of South Africa.

'But it was very much a product of what the world has done to white South Africa in the last tumultuous year.'

The Times concluded

Now the battle lines are clearly drawn

John Battersby LONDON

that President Botha had come to the limit of his reformist potential.

'For all that he has led South Africa into the first stumbling steps of reform, he remains a product of early post-war nationalism, the last survivor of the generation that invented apartheid.'

'He cannot now take his country or his constituency much further.'

The federal congress could prove to be the most important Rubicon yet.

It has certainly removed much of the confusion surrounding Mr Botha's intentions. The battle lines are more clearly drawn.

The world has reduced its expectations of 'Botha the reformer' and come to terms with the real Botha.

There are few illusions today that Mr Botha will go to any lengths to maintain a monopoly on power.

By breaking with the efforts of even sympathetic Western leaders — such as Mrs Thatcher, President Reagan and Chancellor Kohl — Mr Botha has removed the last vestige of international leverage on the Pretoria government — in the short term at least.

Rallying point

He has made sanctions inevitable and sanctions, in turn, have provided him with a much-needed rallying point for white unity.

All the ingredients for a protracted historical tragedy — possibly unprecedented in contemporary history — are now present.

The world's tentative response of economic sanctions is a last resort — tantamount to a declaration of war.

That is why the West is embarking on sanctions so reluctantly and continuing to resist the principle of sanctions.

Certainly South Africa, with its enormous resources, can hold out indefinitely against the kind of sanctions that are in the pipeline so far.

It might even take — as the Economist suggested this week — a naval blockade and drastic international action to force down the gold price — to make any meaningful impact on Pretoria. The chances are that South Africa will deal with a coal and steel export

embargo in the same devastatingly effective way that the embargoes on arms and oil imports were dealt with.

Now that the threat of sanctions — always more effective than the reality — has been largely removed it is President Botha who holds the trump cards in the short term.

His warning that the front-line states will suffer most is much closer to reality, and even the most subtle brinkmanship can demonstrate just how vulnerable are the neighbours to the north.

He can send the world 'gold and platinum markets' soaring even with the hint of counter-sanctions that would disrupt the world supply of platinum.

Again, however, the threat is more effective than the reality which would soon erode South Africa's foreign earnings and shrink the current-account surplus.

Markets

In the short term sanctions will stimulate the economy and could even increase the economic growth rate.

But it will be difficult to find alternative markets for coal and steel — both in over-supply — and losses in revenue could be substantial.

Some countries — particularly Australia and Canada — which are advocating sanctions stand to gain from substitute markets in commodities such as coal, steel and platinum.

It is also true that many unscrupulous middle-men will get richer as the sanctions-busting effort heats up.

But, as the sanctions net tightens, the South African economy will come under increasing strain an ultimately — after years of hardship, suffering and death — white power will be brought to its knees and forced to strike a deal.

A political observer offered the following explanation this week as to why Pretoria could not contemplate negotiation leading to the transfer of power at this stage.

'They must at least try to make the Israeli option work otherwise they will never know if it could have worked,' he said.

But at what cost? How many more people will have to die to show that the experiment has failed?

Alarming, the dream still exists in the collective psyche of the ruling élite of an unassailable regional and economic power that will gradually improve the physical circumstances of the black majority at its own pace and orchestrate the region through brinkmanship and brute force.

But the numbers game in South Africa with a 4-1 black majority is almost reversed in Israel with the Arab/Jew ratio.

Not to mention the formidable international support effort by the rich and powerful Jewish communities in the United States, Britain, and South Africa.

But it is only from the position as a regional super-power that South Africa will be prepared to hold talks with leaders of the major Western powers and the southern African front-line states.

It was clearly with this vision at the back of his mind that President Botha repeated his offer for an international conference on southern Africa to discuss regional security and economic problems.

Surprise

The United States, Britain, France and West Germany — as well as the front-line states — would be invited to attend.

There was initial surprise when President Reagan responded positively to the idea and said the US would be willing to help — but he seemed to envisage an opportunity to resolve the domestic impasse in South Africa as well.

After some red faces in Whitehall and other European capitals the White House withdrew President Reagan's offer, revealing another of his legendary indiscretions at public Press conferences.

The last thing Britain wants is for the already volatile situation in southern Africa to be turned into another goody-versus-baddy shoot-out similar to that in Central America.

But the chances are that southern Africa will become as volatile as the Middle East before Pretoria's expensive experiment to emulate Israel is shown to fail.

NOTAT

black residential area near the
force (SWATF) said in a state-
were not released
or going to press.

30 000 could lose jobs

By KEITH ROSS

EAST LONDON — The jobs of nearly 30 000 workers in the Border's pineapple industry could be threatened by economic sanctions against South Africa.

And sanctions would also threaten many jobs in affiliated industries, such as carton manufacturers and label printers.

This is the view of Southern Africa's largest fresh fruit exporter, Mr Corder Tilney, managing director of Shelford Pineries. It is also the view of large processors Collondale Canneries.

Mr Tilney said this week that effective sanctions would threaten the livelihood of many thousands of people.

"If one takes the families of all the workers into account, the picture becomes horrific," he said.

"The canneries alone employ 6 000 to 7 000 people in this area, and they are high-earning people."

Mr Tilney was nevertheless confident the pineapple industry would "get through" if sanctions were applied.

"We have always offered good quality and service and I

don't know who our overseas customers could find to replace us," he said.

"We have many good friends throughout the world who will do all they can to continue doing business with us."

Mr Tilney believed nobody could compete on quality and service with the local producers, particularly at certain times of the year.

"If a man orders from us he knows what he is going to get," he said.

"If he orders from places like Kenya and the Ivory Coast, he does not know what he is going to get or when he is going to get it.

"Of course, such countries would be keen to have sanctions applied in the hope they would get our market."

Mr Tilney said fresh fruit could not easily be exported by devious routes in times of sanctions.

"You can't hide fresh fruit while you change its identity, as it can't be stored for long," he said.

"But I'm pretty sure we'll get through if sanctions come."

No country stands to gain more from an international trade boycott of South Africa than Australia.

The country, which is currently reeling from a large balance of payments deficit and a currency in free fall, is a major producer of many of the South African commodities which would be banned by the EEC, Japan and the United States

For example, Australia is one of the big four Western uranium producers and will benefit with Canada and the United States from any ban on South African exports.

It is the second-ranked world exporter of coal which is in oversupply and a most competitive market. South Africa's lower labour costs enable it to undercut prices and compete with Australia in Japan, South Korea and Taiwan.

Australia also competes with South Africa in iron-ore exports and fruits.

While South Africa leads the world in gold and diamond mining, Australia has rich deposits of both and would welcome the opportunity to take over any available markets.

Australia doubled gold production to 50 tonnes last year and expects to double it again in 1987, becoming second only to South Africa by the end of the 1980s.

The rich Argyle diamond deposits in Western Australia will make the country the world's largest producer with 15 million carats a year, although the quality is well below the world average. The only real worry to Australia could lie in the loss of wheat

Sanctions: Australia will gain most

sales already devastated by United States' subsidies in vital Soviet and Chinese markets

In 1984-5, wheat ex-

ports to South Africa reached \$53 million — a huge jump from \$8,400,000 the previous year.

But South Africa has

announced it was not accepting a tender of 60,000 tonnes from Australia during last month's Labour Party national

conference, after Mr Hawke launched a tirade against the Pretoria regime. Even though it was the lowest tender, South Africa accepted an American bid instead.

Mr Hawke has said that at no time did any consideration of possible trade benefits accruing to Australia come into his deliberations over sanctions

We don't need your caviare

By DAVID JACKSON and SEAN HARRIS

SOUTH Africa is spending millions of rands each year on an exotic shopping basket of imported goods ranging from Russian caviare to silky underwear — and they could be among the first targets in an import-substitution drive to help beat sanctions

South Africa's technology has produced the miracle of Sasol to make the country partly self-sufficient in oil — but it still imports an array of foreign goods which could be made locally, economists and businessmen said this week

And that could mean extra jobs for the growing army of unemployed

Topping the list of exotic imports is imported whisky — largely Scotch — for which South Africa forked out R73 551 857 in 1985, nearly R15-million up on the previous year

Other imported items on South Africa's import bill (1985 figures issued by the economic division of Volkskas Bank) include such diverse products as: caviare R89 411, caviare surrogates R182 019, golden syrup R822 216, toilet paper R58 241, diaries R898 150, pyjamas and nighties R151 612, men's and boys' underpants R144 743, handkerchiefs R652 309, travelling rugs and blankets R5 189 133, buckets R2 247 155, coat-hangers R61 685, pianos R375 255, fish-hooks R610 677

Economists pointed out this week that the amounts were "minuscule" in relation to South Africa's total import bill (R22 732-million in 1985).

Industry gears up to beat trade ban

but they pointed to areas in manufacturing industries where the country could "go it alone" as part of the anti-sanctions counter-offensive.

The catch is that some of the non-essential goods are imported as part of mutual trade agreements with countries such as the Republic of China, or they are cheaper to import than make locally because they are exported for mass markets.

But some local manufacturers are already welcom-

ing the chance to prove their mettle

Some members of the clothing industry in Durban admitted privately that sanctions would remove what they considered unfair competition from the Far East, and said they could certainly meet the demand for luxury clothing if need be

Mr Jeremy Apsey, of Stellenbosch Farmers' Wineries, said: "South Africa has the technology to produce an acceptable whisky of comparable standard to Scotch — we are already doing it. We could substantially reduce the amount spent on importing it."

Mr Jack Hopton, owner of Hopton and Sons, luxury seafood importers, said if sanctions did cut off his supply lines enough caviare had been stockpiled to last his customers for several months.

Marginally

"We are having a bit of trouble with the Danish houses already, but if it comes to the worst we will still get caviare through a third country.

"It might push up the price marginally, but supplies definitely won't stop."

He said Beluga, one of the most expensive types of caviare imported from the Soviet Union, would not be cut off — because "the Russians won't boycott us".

A commercial economic adviser said South Africa's ability to substitute for the majority of non-essential imports was not in question.

"The reason that some of them are not made here at the moment, or are imported when the local product is available, is because they are made more cheaply overseas. The technology is available or could be obtained — but at what cost? That's the big teaser."

THEY'RE QUEUING UP TO BUST SANCTIONS

By DENYSE ARMOUR

A BUSINESSMAN who is setting up a sanctions-busting branch of his company in case of anti-South African sanctions has been inundated with applications for jobs.

Mr Tony Mears of Durban advertised for experienced sanctions-busters with "the right connections".

"I've had a phenomenal response from all around the country. A lot of ex-Rhodesians have applied for jobs with us. We're screening all

the applicants at the moment," Mr Mears said this week.

He said his company, Trader Corporation, already had a number of clients, "including one I'd like to brag about ... a black businessman".

But Mr Mears would say no more about his business or his clients.

"Our business is confidentiality. We have to be a bit coy and demure. We're really not trying to make headlines.

"We're just doing the best for our

clients, buying cheap and selling for as much as we can get. There isn't much cloak and dagger stuff," he said.

"For security reasons" he couldn't reveal how he intended to get around sanctions. But it is understood Mr Mears has bought some dormant companies abroad and arranged warehouse facilities.

Although he personally has had no experience in sanctions-busting, he said he decided to start his operations after he had run into problems exporting goods.

Exports No 1 victim of total sanctions

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By Don Robertson

A TOTAL trade embargo, as effective as that against Rhodesia, would not cause critical shortages of imports — but could cost SA up to 40% of its exports.

But at the same time, about 40% of SA's imports could be manufactured here.

Economists say that 100% effective sanctions are unlikely to be achieved.

They differ in their assessment of how sanctions would affect SA industry, but all agree that the loss of oil imports would be the most severe hardship.

Turning

SA has some indigenous fuel capacity so the wheels will keep turning. But oil shortages could prove problematical for producers of industrial and other chemicals, such as plastics and synthetic textiles.

Mike Brown, economist at stockbroker Davis Borkum Hare, says the relatively minor sanctions that are likely to be implemented in the next six months to a year will probably reduce mineral exports by about R1-billion, agricultural exports by between R200-million and R300-million and service exports by about R1-billion.

Longer and stiffer sanctions would mean a drop of about 30% of mineral

exports, and most agricultural and manufactured goods could be affected.

Mr Brown says the loss would be about R13-billion, based on last year's total export income of R35-billion. But about R8-billion of total imports of R22-billion "offer viable avenues for import replacement".

Bauxite

Economic analyst Econometrix suggests that shortages of raw material and intermediate goods for the manufacturing industry could develop.

There might be acute shortages of bauxite — used in the manufacture of aluminium — and oil and the products made from it.

Shortages of capital equipment for the manufacturing industry could be even more severe.

Econometrix says, however, that about 55% of SA's manufacturing effort is immune to restrictions on imports because import replacement has been undertaken for many years.

Mr Brown says import replacement opportunities lie mainly in capital equipment. But it would be extremely expensive because of small production runs.

"Because of a shortage of capital, large-scale import replacement would probably be confined to strategic resources, such as oil. The Mossel Bay or other synthetic oil projects are likely to be given the green light."

Mr Brown lists 13 industrial sectors involved in both export and import trade which could be suitable for import replacement.

The food, textile, footwear, paper and paper products, rubber and plastic products, iron and steel industries have the most potential. The savings, he says, could amount to about R7,7-billion.

Dave Marlow, managing director of Sentrachem, owner of the strategically important Karbochem synthetic rubber plant at Newcastle, says the factory will be able to meet all SA's rubber needs.

Circuits

A halt in the import of electronic components, such as integrated circuits, could cause problems in the industry, says John Temple, managing director of Plessey SA.

However, Post Office activities would not be affected as a policy of continually increasing local content of telecommunications equipment has been followed for some time. Other equipment, such as PABX systems, would also be unaffected as virtually all components are made in SA.

Most raw materials used in the pharmaceutical industry are imported, but are available from so many

countries that an effective ban on imports is virtually impossible, says Clive Stanton, managing director of SA Druggist subsidiary Lennons.

For humanitarian reasons, pharmaceutical products have never been banned in any sanctions campaign.

Spare parts

The mining industry is not particularly worried about sanctions. Bernard Smith, technical director of Gencor, says most of its equipment has a high local content. Even motors in the 6 000kW to 7 000kW range are made in SA. These could be adapted to fit coal-mine draglines. There could, however, be a shortage of spare parts.

SA produces about 80% of its textile requirements, says Stanley Shlagman, executive director of the Textile Federation. It could produce the balance with existing facilities, although the range of cloth might have to be reduced. No undue disruption is expected.

Less than 10% of SA's footwear requirement is imported, says Dennis Linde, executive director of the Footwear Manufacturers Federation.

Motor manufacturers believe their foreign principals will continue the flow of parts. Thanks to Atlantis Diesel Engines and SA's axle plant, commercials are less vulnerable than cars to sanctions.

Pik slates US sanctions

JOHANNESBURG — In an attack on the United States Senate's decision to impose broad economic sanctions against South Africa, the Minister of Foreign Affairs, Mr Pik Botha, said yesterday "it is clear that the development of the black communities here holds no weight for the US legislators."

The Senate late on Friday night voted 84-14 to approve a sanctions package that includes a ban on importing South African steel, textiles, uranium, coal and farm produce.

The bill, likely to be written into law after compromise debates between the Senate and the House of Representatives when they return from recess on September 8, includes a ban on new American investment and a freeze on Pretoria's bank deposits in the United States.

"The South African Government rejects this step, not only as unpermitted interference in South Africa's internal affairs, but as a step which holds no moral consideration," Mr Botha said

● Simon Barber reports from Washington that

administration officials conceded at the weekend that the Senate vote had left President Ronald Reagan no choice but to expand considerably his September 9, 1985, executive order which imposed limited "political" restrictions on South Africa

The main elements of the Senate bill are

- Termination of the US-SA double taxation treaty — a major disincentive for US companies
- Termination of air links covering not only SAA but any aircraft operated through a third party.
- Bans on imports of iron, steel, uranium, textiles and all products of SA parastatals, except agricultural goods which are exempted for a year
- No new investment in SA except in concerns owned and operated by blacks, and no new loans to the SA Government or its agencies.
- A prohibition against US banks holding deposits from any SA Government agency except for the purpose of running an embassy and consulates.
- Renewal of the 1985 executive order — DDC



MR BOTHA

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Reagan

'It will penalise SA people

looks for way round new Bill

The Star Bureau

WASHINGTON — The White House has criticised a sanctions package against South Africa drawn up by the United States Senate.

It is now calculating how best to avert or soften the punitive measures Congress wants.

President Ronald Reagan rejects punitive sanctions. His office issued a statement shortly after sanctions were approved by the Senate, warning that the package would impede peaceful political change in South Africa.

The statement said also sanctions would "penalise the people and the economy ... and strengthen the radical elements on both sides in South Africa".

White House sources say the Reagan Administration is working on what the President can do before his year-old executive order imposing mild sanctions on South Africa expires on September 9.

Congressmen will possibly return to Capitol Hill from a three-week recess on September 8 to find Mr Reagan issuing another executive order on South Africa.

Mr Larry Speakes, White House spokesman, said: "I would anticipate certainly he would renew what he has in executive order. But I don't know. He hasn't made the decision."

Sanctions pushers have stake in SA

By Alan Dunn,
The Star Bureau

WASHINGTON — Some of the American senators most eager for punitive sanctions against South Africa have millions invested in companies operating in the Republic.

This was disclosed as the Senate completed debate on a sanctions Bill which, members felt, put them on the "moral high ground", "on the right side of history", and "siding with our black brethren in South Africa".

Senator Claiborne Pell, a member of the Senate Foreign Relations Committee and a Democrat leader on the Bill during 25 hours of debate, has R3.15 million in companies doing business in South Africa.

Senator Pell was top of a list of 17 senators named in a report based on financial disclosures for last year.

The list was reported by NBC Television. Senator Pell, who supported almost all Democrat efforts to hone the sanctions bill, said most of the money was not under his control but in trust accounts.

Senator Pell stressed that shares in non-trust accounts were in companies which complied with the Sullivan principles, enforcing racial equality and fairness in the workplace.

The report showed that the other 16 senators had investments worth millions in South Africa-related business.

Those named included Senator John Glenn, the former astronaut who is an outspoken foe of apartheid and voted for strong sanctions measures.

"The question is whether he will add additional sanctions to that when he does," he said.

Most political observers here believe Mr Reagan will have to add if he wants to pre-empt a final Congressional Bill after delegates of the Senate and House of Representatives meet as they return from vacation to forge a sanctions Bill agreeable to both chambers.

"We are considering a number of additional sanctions, but we haven't made a decision and it's all factoring in what Crocker (Dr Chester Crocker, the top Reagan specialist on Africa) got in Europe," Mr Speakes said.

'Behaviour'

He was referring to Dr Crocker's recent talks with Britain and other Western allies on the South Africa issue.

"We will continue to observe South Africa," Mr Speakes said, "and the behaviour of the South African Government as far as apartheid and reforms are concerned."

"We will hopefully be able to work with opposition groups in their discussions and foster some discussions with the South African Government."

Mr Speakes did not say what was meant by "opposition groups".

He added: "There is a lot that can be done between now and that time, or can happen," referring to the three weeks before the executive order expires and Congress returns to work.

In September last year, Mr Reagan averted Congressional sanctions by imposing some of his own, such as a ban on Krugerrands, prohibiting US computer sales to certain SA Government departments, banning nuclear co-operation and stopping bank loans to Pretoria agencies.

These embargoes were seen as symbolic.



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Exporter: US shoppers intimidated

Dispatch Correspondent

PRETORIA — The campaign against South African exports in the United States was already "painfully effective" in many areas, a PFP economic spokesman, Ruben Sive said yesterday.

He was commenting on the US Senate recommendation last week that comprehensive sanctions be applied against South Africa.

Mr Sive, who heads an export business, said the campaign spearheaded by civil rights organisations had intimidated many thousands of consumers with its slogan "Don't buy here, they stock

South African products and support apartheid".

"This campaign will be greatly reinforced with the Senate and House of Representatives recommendations merged into one deal. The impact on this country's exports will be severe."

Mr Sive said until fairly recently 46 per cent of all South African canned fruit exports were shipped to the US.

This had plunged to 14 per cent because of the anti-apartheid boycott campaign, although SA canned goods were acknowledged as the world's best and that prices were competitive.

White House hits at Senate sanctions list

From ALAN DUNN

The Argus Foreign Service

WASHINGTON. — The White House has criticised a package of sanctions against South Africa passed by the US Senate.

It is now calculating how best to avert or soften the punitive measures Congress wants.

President Ronald Reagan's office issued a statement shortly after sanctions were approved by the Senate, warning that the package would impede peaceful political change in South Africa.

The statement said sanctions would "penalise the people and the economy... and strengthen the radical elements on both sides in South Africa".

Year-old order

White House sources say the Reagan administration is working on what the President can do before his year-old executive order imposing mild sanctions on South Africa expires on September 9.

Congressmen will possibly return to Capitol Hill from a three-week recess on September 8 to find Mr Reagan issuing another executive order on South Africa.

"I would anticipate he would renew what he has in the existing executive order," said White House spokesman Mr Larry Speakes.

"The question is whether he will add additional sanctions," he said.

"We are considering a number of additional sanctions, but we haven't made a decision and it's all factoring in what Dr Chester Crocker (President Reagan's specialist on Africa) got in Europe," Mr Speakes said.

He was referring to Dr Crocker's recent talks with Britain and other Western allies on the South Africa issue.

"We will continue to observe the behaviour of the South African Government as far as apartheid and reforms are concerned," said Mr Speakes.

Opposition groups

"We will hopefully be able to work with opposition groups in their discussions and foster some talks with the South African Government."

● In Wellington Prime Minister David Lange said New Zealand would impose limited sanctions on South Africa, reports Sapa-Reuter.

This was in response to a call for increased pressure on Pretoria from Commonwealth leaders in London earlier this month.

Mr Lange told journalists the sanctions would include terminating a sales agency agreement between state-owned Air New Zealand and South African Airways, a ban on an unspecified range of agricultural imports and an embargo on new investment in South Africa.

The sanctions will take effect from December 1.

Reagan has plan to ease tough stand^{SPK} on sanctions²⁸

The Star Bureau ²⁸

WASHINGTON — President Ronald Reagan apparently intends to take further economic steps against South Africa to try to avoid the imposition of severe sanctions recently approved by the United States Congress.

These stronger measures will be in an expanded executive order which will also maintain measures invoked by Mr Reagan against South Africa a year ago under similar Congressional pressure.

The *Washington Post*, quoting White House sources, said officials believed stronger sanctions than those already in effect would be necessary to persuade Congress to let stand a presidential veto of the far more sweeping sanctions approved by the Senate last Friday.

Mr Reagan had not selected specific measures, the paper said, but aides were preparing a list for him.

He would act soon after Congress returned from the Labour Day recess on September 9 — about the time the original sanctions order is scheduled to expire.

His executive order would probably coincide with the naming of a new American ambassador to South Africa, an official said.

"The president remains strongly opposed to punitive sanctions but intends to keep control of US foreign policy," according to a senior official quoted by the paper.

Faced with a similar threat of sanctions from Congress a year ago, Mr Reagan heeded advice from aides and imposed a series of limited sanctions.

They included banning the sale of Krugerrands in the US, limits on US bank loans and the sales of certain technology to Pretoria, and formal urging of American firms operating in SA to abide by the Sullivan Code relating to fair employment for all races.

Top White House officials are now said to be urging a similar course of action, also apparently favoured by the US Secretary of State, Mr George Shultz.

● See Page 15.

US Senate leans on Reagan

From SIMON BARBER

WASHINGTON. — The United States Senate's definitive 84-14 sanctions vote late on Friday night has left President Ronald Reagan no choice but to expand his September 9, 1985, executive order which imposed limited "political" restrictions on South Africa, administration officials conceded over the weekend.

The likeliest outcome is some combination of the Senate's measures and the tentative array of sanctions outlined on July 27 by European Economic Community foreign ministers. These include bans on new investment and imports of SA steel, iron, coal and Kruger rands.

A unilateral end to SA landing rights in the US can also be expected, though the administration will undoubtedly grant the 12-month notice period required under the US-SA civil aviation treaty — and not suspend rights immediately as required by the Senate.

Recess

The Senate and the House of Representatives are expected to reconcile their sanctions bills soon after they return from recess on September 8, and present a compromise version to Mr Reagan for his signature within a matter of days.

The President will then have two weeks either to accept the legislation, be overruled by Congress, or, as is considered most probable, offer his own counter-proposal after consultations with the Europeans, who are to meet at the end of September.

To satisfy Congress, both Mr Reagan and British Prime Minister Mrs Margaret Thatcher must make substantially greater concessions than they have thus far, Capitol Hill and administration sources agree.

The envisaged allied iron, steel, coal and Kruger rand embargo would deny South Africa over over \$1.6-billion worth of export earnings (based on 1985 trade figures), and more if agricultural products are included.

Even though they voted for it, neither Senate majority leader Mr Rob-

ert Dole nor Senator Richard Lugar, the key Republicans on the issue, want the bill to become law but are anxious for the administration to retain control of the policy.

As it has been doing already, the State Department is expected to work closely with the Senate Republican leadership to come up with a formula that would satisfy the 34 senators required to sustain a presidential veto, should one become necessary.

A heavy measure of protectionism ran through the Senate's deliberations, as proponents of many of the sanctions were the first to admit. Illinois Senator Paul Simon, for example, said candidly that his proposed ban on SA fluorspar (which was ultimately defeated) was designed to help mines in his own state.

One small consolation for Pretoria was the Senate's refusal to endorse a amendment by New York Senator Alfonse D'Amato that would have given federal blessing to state and local anti-apartheid measures such as selective purchasing statutes that discriminate against firms with SA ties.

Taxation

The main elements of the Senate bill are:

- Termination of the US-SA double-taxation treaty — a major disincentive for US companies to remain.

- Termination of air links covering SAA and any aircraft operated for South Africa through a third party.

- Bans on imports of iron, steel, uranium, textiles and all products of SA parastatals, except agricultural goods, which are exempted for one year.

- No new investment in South Africa except in concerns owned and operated by blacks, and no new loans to the SA Government or its agencies.

- A prohibition against US banks holding deposits from any SA Government agency except for the purpose of running an embassy and consulates.

- Renewal of the President's 1985 executive order.

- Reagan losing support for SA, page 4

FARM DEBT

Another safety net

Commercial banks — stung by having been left out of the government's farm debt consolidation schemes, although they are the largest contributors to the R11,5 billion farm debt mountain — are tightening the screws on their farmer debtors in the northern summer-grain area.

Farm debt to banks already amounts to R3,5 billion, against R2,34 billion to the Land Bank, R2,74 billion to farming co-ops, about R1 billion to other financial institutions and some R1,88 billion to other creditors.

Although banks are not directly sequestering their farming clients, the fact that they are beginning to enforce credit limits has forced some smaller creditors to take action.

The reason for the concern was highlighted at a recent forced sale of 10 farms, totalling 14 000 ha, in the Petrusburg district where only five were bought in by other farmers, says Free State Agricultural Union GM Lulu de Jager. "Offers for the other farms did not even reach reserve prices. Farm prices have fallen dramatically."

The fall in farm values, which has also been reported in other areas, has sent tremors through the whole agricultural community and led to a joint initiative by the National Maize Producers' Organisation (Nampo) and the SA Agricultural Union (SAAU) to launch a special assistance scheme for debt-ridden farmers.

"Agriculture plays a central role in the economy as job creator, foreign exchange earner and supplier of food to the population and raw materials to industry," Volkskas agricultural economist Wikus Ligthelm tells the *FM*. "Government will, therefore, support viable schemes for the long-term survival of the industry. Agriculture also has strategic value in its vital socio-economic role as a generator for the platteland economy."

Four years of drought has added to the sector's structural problems. Although agriculture's debt:equity ratio is still a comfortable 26,5%, short-term debt has soared by 30% annually since 1980, against the 24,3% annual growth in total debt. "Short-term debt now amounts to 54,4% of the total — this is an alarming situation," adds Ligthelm.

At the same time some agricultural co-ops are also in deep financial trouble, possibly because they advanced credit too freely in the "good years."

The drought has created major cash-flow problems, and banks, co-ops and the Land Bank have been forced to carry farmers in the hope of eventual recovery. Although it is accepted that many will go under, the new

debt consolidation scheme will help ensure that the process is "orderly," says SAAU economist Dries Davel.

The scheme will complement the six- and 10-year debt consolidation schemes, which largely apply to co-op debts. Farmers who do not qualify for them may seek help under the new advisory scheme.

It will be a tool to help farmers consolidate their position. Local committees will be formed in most areas to arrange meetings between creditors and farmer debtors to try to arrive at an accommodation to forestall sequestration.

A curator can be appointed to sell certain assets, subject to creditors' acceptance of a specific arrangement in settlement of debts. This would give farmers a chance to recover in the next good season.

Forced sales could lead to the economic collapse of farming areas and have to be prevented "at any cost," says Davel. ■

SANCTIONS 1

Cape concern

Comprehensive sanctions would clobber the Cape. The region's major industries — fruit, to arrive at an accommodation to forestall tourism and wine — are heavily dependent

tant.

Deciduous Fruit Board (DFB) GM Louis Kriel says two-thirds of the Board's business, worth some R600m a year, would be hit by fullscale sanctions. About 85% of exports go to the EEC, and the rest to some 24 countries in the Far East and North America.

But Kriel estimates that only 2,5% of DFB turnover would be affected by the sanctions package proposed by the six members of the Commonwealth group in London.

The fruit sector is the biggest employer in the Cape, accounting for some 250 000 jobs (95% black and coloured) in farming, canning and the dried fruit industries. Redundancies would be almost directly proportionate to market loss.

Kriel does not believe Cape fruit is a likely candidate for selective sanctions, but proposals could, of course, be expected from countries such as Australia which stand to gain. But if the Cape were shut out even in a small way, the consequences would be serious.

Product loyalty in the main markets is high, thanks to superb quality and the reliability of supplies. Ironically, but perhaps fortunately, Chile is Cape fruit's main competitor. New Zealand also stands to gain a fair piece of the action, but Australia has fallen back considerably in recent years because of an adverse forex position and quality problems which do not lend themselves to

CUTTING A SWATHE

The *FM* is regarded as "most essential" or "quite important" reading by 81% of its readership — or 78 000 people — according to the South African Business Research Evaluation (Sabre) report unveiled this week.

The Sabre research, commissioned by South African Associated Newspapers (Saan) at a cost of R120 000, is based on a sample of 2 000 white businessmen and women, all over 25 and working in top or middle management, the professions or technical occupations. They have a household income of over R2 000 a month and live in the PWV, Durban, Cape Town, Port Elizabeth and East London areas.

This sample, four times larger than that used by the All Media Products Survey (AMPS), represents 230 000 decision makers in business, or 7% of SA's white population. Included in the survey of their reading habits were 13 mass-circulation and 33 specialised trade publi-

cations. Saan MD Stephen Mulholland says the research shows the company's business publications remain a dominant and growing force in the field of business advertising. *Business Times* was read by 56% of the 230 000 target individuals, the *FM* was read by 42% and 13% read *Business Day*. Advertising placed in all three publications would reach 72% of the target.

The Sabre report also provides information on frequency of reading and the attitude of readers to the publications. The *FM*, for instance, is considered essential reading by 81% of the readership and 63% read every issue. *Business Times*, is read every week by 73% of buyers — or more than 94 000 people — and 77% regard it as essential reading. *Business Day* shows a 71% every-issue readership, and 82% say it is essential reading. These figures are based on "average issue readers" of each publication.

Sanctions will hit foreign shipowners

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Shipping Correspondent
SHIPOWNERS have been conspicuously absent from the universal rhetoric about anti-South African sanctions and this is undoubtedly because no shipping line can, with present problems along international sealanes, afford to lose a ton of cargo.

The prospect of important high-rated cargo to South Africa being cut off, and bulk from this country being restricted, creates major concern in offices of shipowners engaged in moving these cargoes.

It did not require sanctions to embarrass shipowners. The whole spectrum of sea trade is in the doldrums, world-wide.

Hundreds of European seafarers who switched from ocean-going ships to the lively and less comfortable oil rig tenders in the belief they assured continuity of employment, have been disappointed.

Hundreds of the ships in the North Sea and the Caribbean have been discharged from charter contracts and become redundant.

Available space in British East coast ports is now taken up both by unemployed rigs and their tender vessels. The oil market is also in the doldrums.

In recent months the western nations have seen scores of ships sold for scrap, or sent to lesser

known registers where, with less interference from unions, they can operate at lower cost.

Some of the world's largest operators are in serious financial trouble such as Sanko, C Y Tung, and Wah Kwong, all Far East concerns which broke into bulk trades a few years ago and are now suffering tremendous trauma because of oversupply of carriers, and extremely low freight rates.

If the Republic is to see less coal, steel and ore sailing out of its ports, it will be serious for the foreign carriers which regarded this business a staple diet.

And the regular lines on the European and North

American routes also will feel the effect. There appears less chance of Far East traffic being affected, unless Japan proves hostile to this country in response to American requests that they not pick up contracts shut out by the Americans.

It is certain that essential cargoes, even from these countries, will be negotiated by being routed through a third country.

Safmarine will feel the effects of reduced patronage on both the US and the European services, and apart from reducing sailings and finding a cheap mooring for the big ships to await better times, there is little the shipowners can do.

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NZ to impose sanctions

WELLINGTON—Prime Minister David Lange said New Zealand will impose limited sanctions on South Africa in response to a call for increased pressure on Pretoria from Commonwealth leaders in London earlier this month.

Mr Lange said the sanctions would include terminating a sales agency agreement between State-owned Air New Zealand and South African Airways, a ban on an unspecified range of agricultural imports and an embargo on new investment in South Africa.

The sanctions will take effect from December 1 this year.

New Zealand exports to South Africa are very limited. — (Sapa-Reuter)

6/15/85

Iberia to stop flights to SA

280

19/8/85 LINDA ENSOR
and Sapa-Reuter

SPANISH state-owned airline Iberia is pulling out of SA.

The move — motivated by economic rather than political reasons — is likely to take effect from November 1 when Iberia's winter schedules are due to start, said a Madrid spokesman.

Iberia presently operates two weekly flights between Johannesburg and Madrid on Wednesdays and Saturdays, flying via Nairobi. The airline had planned to end the Wednesday flight as from October 26.

In an overall effort to stem losses, routes to Libreville, Tangiers and the United Arab Emirates will also be cut.

Iberia had a pre-tax loss in 1985 of 9,1bn pesetas (about R155,5m at current rand/dollar exchange rates).

Blacks may benefit but ...

407 - CLOTH

Superceding

AREA A: Camp

AREA B: Mos

AREA C: Har

AREA D: All

Coke's plans will stay under wraps

AFRICA

280
BUDGET 1/19/80

LINDA ENSOR

hinged on interests being acquired by black businessmen.

Asked if black dealers would be involved in the scheme, Viljoen said this was possible.

It made good business sense to involve black entrepreneurs because about 76% of Coke sales were to black consumers.

"Whatever the outcome of the negotiations, no changes regarding the existing production, manufacturing and distribution through the independent bottler network will occur," he said.

Coca-Cola's divestment of its SA interests has been couched in anti-apartheid jargon but it has been a long-term objective of the company since 1976.

Viljoen said the step would bring Coca-Cola's SA operation into line with its operations in the rest of the world, which operated purely on a franchise basis.

He said Coca-Cola had a limited direct investment worldwide but in SA this had grown to a formidable level and had been reduced consistently, in terms of company policy, since 1976.

COCA-COLA'S plans to use the divestment of its SA interests as a means of involving black businessmen in the soft drink industry will remain under wraps for some time.

But it is possible that groups of black dealers who distribute Coke will be offered a stake.

The investments to be sold by Coca-Cola are a 30% interest in Amalgamated Beverage Industries (ABI) and a 51% interest in Amalgamated Beverage Canners.

Coca-Cola external affairs manager Hennie Viljoen said yesterday the company was in the process of investigating the creation of a multi-equity participation in both companies.

This would involve selling part of its interests to black investors.

Coca-Cola is also negotiating the sale of its shareholding in ABI with co-shareholders SA Breweries (which has a 55% interest) and Cadbury-Schweppes (which has 15%).

The negotiations are expected to last between six and nine months.

Viljoen stressed the discussions

Top Jamaican honour is conferred on touring Tutu

KINGSTON — Bishop Desmond Tutu was awarded the top honour Jamaica grants to a non-citizen when the Governor General, Sir Florizel Glasspole, conferred on him the Order of Jamaica.

The bishop is touring Jamaica at the invitation of the Prime Minister, Mr Edward Seaga.

At the weekend, Bishop Tutu met Mr Seaga, who repeated his Government's commitment to economic sanctions against South Africa.

The bishop said on Sunday he was filled with "a deep sense of foreboding that we are on the edge of a precipice" because young South African blacks were impatient

with calls for negotiation and non-violence.

For non-violence to appear as a viable option, the West had to levy sanctions against Pretoria.

He said the West's refusal to impose economic sanctions against South Africa could damage relations with a future black Government there.

— Sapa-AP

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STAR

SA summit may be last US option

By Neil Lurssen,
The Star Bureau

WASHINGTON — President Ronald Reagan has less than a month to stop the headlong rush by the United States Congress toward serious economic sanctions against South Africa. One answer may be a top-level international conference.

Some analysts here believe Mr Reagan's only hope is to make a dramatic personal intervention — possibly by inviting State President P W Botha to a summit meeting with himself, British Prime Minister Margaret Thatcher and West German Chancellor Helmut Kohl.

There the three Western leaders would spell out to Mr Botha their problems in holding off sanctions as long as the South African Government resists the idea of real power-sharing and the end of apartheid.

And they would try to find ways to help South Africa weather the storm of change.

The three Western allies have already discussed such a meeting, a secret that President Reagan slipped out in a news conference last week when he misunderstood part of President Botha's Durban speech.

Mr Reagan said the United States would be pleased to take part in a meeting if it helped bring peace to South Africa. Next day, American officials

corrected their chief, noting that no such conference was planned.

But the concept is catching on here. Among its supporters is Senator Richard Lugar, chairman of the Foreign Relations Committee, who floor-managed the sanctions Bill in the Senate.

He described an international conference as a great step which should be pursued.

Also in favour is Senator Nancy Kassebaum, who has emerged as a key player in the sanctions drama here.

"I think it is merely a question of how to convince Botha he is going to be consumed if he can't stay ahead. The president is the most effective conveyor of that message," she said.

Cause harm

Yesterday the Reagan Administration warned the Congress that the sanctions Bill would cause more harm than good.

"We believe it would impede prospects for peaceful negotiations, damage South Africa's and the region's economies to the detriment of those who are the victims of apartheid, and strengthen the radical forces on both sides," a State Department spokesman said.

But few in the Congress appear to be listening to these warnings these days.

In just over three weeks, the congressmen will be back in Washington from their summer

break and, judging from the mood of self-congratulation that followed Friday's evening's vote in the Senate, they are clearly in a mood to get South African sanctions into effect and off the political stove.

An added incentive is the re-election fight that many of them face between now and November. The Republicans do not want the apartheid issue to be a political sjambok in the hands of their Democratic Party opponents.

Thus a speedy final legislative step in the sanctions saga is probable — a House-Senate conference to hammer out the final details of the Bill.

Still, some Republican leaders are troubled by the fact that a Congress-imposed sanctions Bill will harm President Reagan in the sense that it will take the initiative in conducting foreign policy away from the executive branch of government.

It does not suit their own purposes to see their president weakened in an important election year when the Democrats are making an all-out effort to regain control of the Senate.

The feeling here is that President Reagan may yet be able to beat the sanctions Bill. But the odds are very long.

A summit would be one step. Another would be for Mr Reagan to announce his own new sanctions measures, and a third an indication from President Botha that he is committed to power-sharing talks with acceptable black leaders.



Senator
Robert Dole



Senator
Strom Thurmond



Mr P W Botha

Knee-jerk by Nats to 'Boer bashing' in US

"IN CONTRADICTION to every known principle of the human mind, that singular people seems to have yielded a stronger and more ready assent to the traditions of their remote ancestors than to the evidence of their own senses."

No, Edward Gibbon was not referring to the Afrikaner, nor was he reporting on State President Botha's extraordinary evocation of his tribe's pastoral "freedom fighters" at the National Party congress last week. Yet had these been his topics, he would have composed the same contemptuous sentence.

The question after Mr Botha's speech and Friday's 84-14 sanctions vote by the United States Senate is whether the NP's evident Masadism is a calculated response or an irrational reflex rooted in Afrikanerdom's paranoid past.

Off a cliff

Pretoria's reaction to the decisions Western governments are struggling to avoid rather suggests that the latter is true. It is almost as if Mr Botha and his people want the West to do its damndest to destroy them because therein lies redemption.

The evidence of the senses indicates that responsible Western leaders — not to be confused with the House of Representatives and parts of the Senate — are not trying to drive the Boer off a cliff.

In a world hypersensitive to racial slurs, the Afrikaner almost alone may be deemed generically repulsive without causing offence to the arbiters of decency. The phrase "Boer-bashing" connotes not intolerance, but something admirable in and of itself.

This, for example, is how Senator Christopher Dodd explained his proposal to tighten sanctions against SA parastatals "The vast majority of those employed by the parastatals are Afrikaners, which, I point out to my colleagues, is the group that forms the political base of support for

President Botha's National Party. There is a direct linkage. Thus we can make an important segment of the white minority feel the sting."

It could be argued that the xenophobia underlying these remarks is merely tactical — a way of achieving a goal that does not express a genuine animus — but unhappily this is not the case.

Even those within the administration whose job it is to care about what happens to South Africa have let their frustrations with Pretoria, not to mention Congress and the sanctions lobby, fester into a loathing for Afrikanerdom as a whole.

And yet, far more importantly, the administration and a handful of its more perceptive allies on Capitol Hill are trying hard, against odds and without assistance from Mr Botha and his men, not to let that loathing translate into policy. This is why Pretoria would do well to grasp (assuming it wants to) what, beneath the rhetoric, went on in the Senate last week.

On the surface, the fact that 84 of 100 senators could vote the way they did looks definitive. The Comprehensive Anti-Apartheid Act of 1986 verges on comprehensive.

Abrogation of the US-SA double-taxation agreement by itself threatens to be the last straw that forces US companies out, but then there is a total ban on new investment for good measure.

The commodity exports to be embargoed — steel, iron, uranium, textile and (after 12 months) agricultural produce — earned South Africa three quarters of a

billion dollars in 1985. Coming on top of that, the termination of air links with the third party loophole closed is a mere grace note.

But none of this is yet law, nor, if Senator Richard Lugar, the chairman of the Senate Foreign Relations Committee and the man who steered the package through to the final vote, has his way, will it ever become law.

Mr Lugar, Senate majority leader Mr Robert Dole and most of their fellow Republicans firmly believe that Congress should not conduct foreign policy. The Democrats, being out of power, think otherwise but so long as they are out of power, that is their problem.

The Republican leadership's purpose was to persuade the administration to get its act together. It was saying to the White House, in effect: Wake up, we have a political problem which you are simply failing to address, and if you continue failing to address it, a lot of extremely dubious decisions are going to be forced on you. You have until mid-September, when the House and Senate should have finished reconciling the differences between their respective sanctions bills, to come up with your own plan.

Though Mr Lugar and company will never admit this for fear of destroying the carefully built illusion, it requires little imagination to conclude that they permitted the legislation to be toughened up less to frighten SA — which the framers know full well it will not — than the White House.

So what does the White House have to do?

Strange though it might sound, not a great deal. In political terms, it needs to win 20 votes to go with the 14 it already has in order to put together the 34 required to block a two-thirds majority overriding a presidential veto.

Those 20 can almost certainly be bought for a price considerably lower than the administration's agreeing to carry out every last element of the Senate bill as it now stands, much less of the undoubtedly stiffer version that will emerge from the House-Senate conference.

Expediency rules

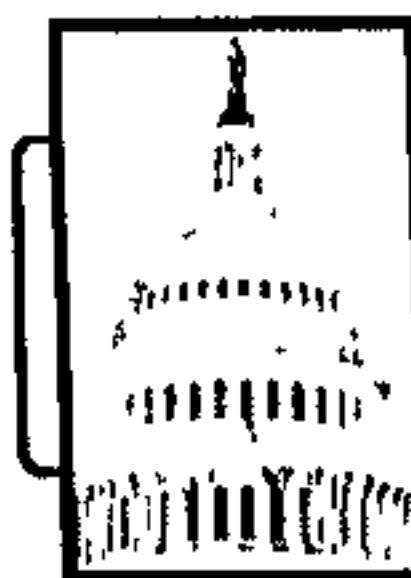
That version may, by itself, win back a few of those votes by its additional severity. With the House having opted for total disinvestment plus a near total (except in time of war) trade embargo, the Senate is going to have to give ground and some of the 84 with it.

Furthermore, there is reason to doubt 84 is a real number. It is important to bear in mind that in American politics, at least as practised under the Capitol dome, there is no such thing as consistency. Expediency rules.

An obvious example is the way in which Senators Strom Thurmond, James Broyhill and Jeremiah Denton, conservative Southerners all, voted to ban SA textile exports, yet were part of the group that opposed the complete bill.

All come from textile-producing states and wanted to be able to reassure their electorates that were against cheap foreign imports. They knew they couldn't win overall, so indulged themselves in a useful free vote on a matter close to home.

There will be some further sanctions, most likely worked out jointly by the end of September between the Reagan administration and its European allies, and formalized by a new executive order. But the chances are against their being anything like what the Senate has conjured. Unless, of course, that is what Pretoria wants for the sake of its immortal soul.



Washington
Letter

by SIMON BARBER

CAT Times 19/8/86

280

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Lange pledges sanctions

WELLINGTON — New Zealand will impose limited sanctions on SA in response to a call for increased pressure on Pretoria by Commonwealth leaders in London earlier this month, says Prime Minister David Lange.

He said yesterday sanctions would include terminating a sales agency agreement between Air New Zealand and SAA, a ban on an unspecified range of agricultural imports and an embargo on new investment, Sapa-Reuter reports.

They would take effect from December 1, he said.

New Zealand exports to SA were very limited, he said.

In October last year, after the Commonwealth heads of government meeting in the Bahamas, New Zealand banned the import of Krugerrands and the export of computer equipment that could be used by the security forces.

GERALD REILLY reports Agricultural Union director Piet Swart as saying he can think of no SA agricultural exports to New Zealand.

If there were any, they would be negligible.

He described Lange's announcement as mere grandstanding.

Tentative agreement: as new aid to Frontline mooted

Reagan retreating on SA



● REAGAN

WASHINGTON — The White House, a week before it must finally decide on SA sanctions, has reached a tentative agreement with Senate majority leader Robert Dole.

This is to expand President Ronald Reagan's executive order while offering new aid to Frontline states.

Some of Reagan's top advisers remain determined, however, to block any new sanctions by suggesting the real showdown will be inside the administration rather than with Congress.

There is already a bitter political feud developing within the State Department and White House over whether Secretary of State George Shultz should have

SIMON BARBER

talks with ANC president Oliver Tambo during his planned tour of the Continent next month.

Under the Dole agreement, according to Senate sources, Reagan would implement under his own, rather than Congress's, authority:

- ☐ Termination, after a 12-month notice, of SA's US landing rights;
- ☐ Restriction of new US investment to companies either black-owned or operating under a Sullivan-type code of employment conduct;
- ☐ A prohibition on imports, except minerals deemed strategic by the President, from SA parastatal corporations;
- ☐ A ban on uranium and coal im-

ports not covered above.

These are the salient features of the Bill reported out of the Senate Foreign Relations Committee last July before it was stiffened on the Senate floor. Chiefly absent are the final version's bans on textiles, sugar, agricultural products and privately-produced steel.

The State Department has also prepared a major new aid programme for Frontline states

The deal remains fragile for two reasons.

First, Foreign Relations Committee chairman Richard Lugar has parted company with Dole on the issue and remains adamant that the President must sign the sanctions Bill.

Second, White House commu-

nications director Partick Buchanan, who views himself as Reagan's conservative conscience, is determined to fight any new sanctions even, according to some sources, if it means having to resign.

In a fiery *New York Times* article, Buchanan wrote: "Comes now the Congress of the US to counsel us that social justice will be advanced on this bleeding piece of earth if only the President will join hands in choking off the last industrial engine operating on the African continent."

He added: "The answer is no. As President Reagan told the world weeks ago, we Americans will not be a party to something like that."

Sanctions chief...

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Reagan sanctions seen as new ploy

WASHINGTON — President Ronald Reagan plans to impose additional sanctions against South Africa on his own in an effort to head off Congress's approval of punitive sanctions that he opposes, the Washington Post says today.

Mr Reagan had not decided precisely what sanctions to impose but planned to announce them soon after Congress returned from a three-week recess on September 8, the paper said.

This would be a repeat of last year when Mr Reagan imposed limited sanctions against South Africa to head off congressional approval of stronger ones.

Those sanctions, which expire on September 9, include a ban on US sale of South African gold Krugerrand coins and limits on US bank loans

and some technology sales.

The newspaper said Mr Reagan would extend those sanctions and add new ones.

The House of Representatives has approved a virtual US trade and investment embargo against South Africa. The Senate did not go that far but approved an array of punitive economic sanctions last week that Mr Reagan said he opposed.

House-Senate negotiators must work out a compromise for Congress's final approval when it returns from holiday.

Mr Reagan hoped his own new sanctions would turn enough votes in his favour to prevent the House and Senate from mustering a two-thirds vote to override his veto of that Bill, the Post said.

— Sapa-Reuter

Nel says SA has friends at hand

GERALD REILLY

GOVERNMENT was not taking the sanctions campaign against SA lying down, Deputy Information Minister Louis Nel told a Press conference in Pretoria yesterday.



● NEL

He added that SA produced quality goods, at favourable prices, and would not be cut off by sanctions completely from international markets.

The country had friends abroad who wanted to see the sanctions campaign defeated.

"We have defeated sanctions before and we will do it again," Nel said.

Government, he stressed, remained committed to reform and to expanding negotiation with black leaders.

Asked what action government proposed against Bishop Desmond Tutu, for his statements on sanctions, Nel said Tutu was out of touch with the black majority.

It had been shown most blacks did not want sanctions nor their consequences of greater unemployment and hardship.

He added that those blacks who did were affluent and would not be hit by sanctions.

Tutu fell into this category, Nel claimed.

Sanctions, he said, could not be directed at a particular section of the population. All would be affected.

Nel added that the whole of Southern Africa would be hit.

US legislators were bent on bringing change to SA through sanctions but conditions for reform and negotiations would not be created by sanctions.

Civic association objects to Tongaat honouring Maggie

Mercury Reporter

THE Tongaat Civic Association has come out strongly against the local town board's decision to honour British Prime Minister Margaret Thatcher for her stand against disinvestment

The association said the town should rather honour statesmen such as Mr Rajiv Gandhi, the Prime Minister of India, Mr Robert Mugabe, the Zimbabwean Premier, or Sir Sridath Ramphal, secretary-general of the Commonwealth, for their stand against apartheid

Mr Logie Naidoo, the association's secretary, said the town board had no mandate from Tongaat's citizens to confer the freedom of the town on Mrs. Thatcher

cher

'We are astounded that while towns in England and Scotland are honouring people such as Nelson Mandela, the jailed ANC leader, our own local authority sees fit to honour the British Premier,' he said.

He said the association was planning protest meetings to force the town board to abandon its plan to honour Mrs Thatcher

Buthelezi

Mr Victor Parkhouse, Town Clerk of Tongaat, said he was aware of opposition from the civic association, but he was not in a position to comment.

'It's a matter for the board,' he said

Board member, Mr Manoj Singh, who piloted the mo-

tion to recognise Mrs Thatcher's 'courageous stand' against sanctions, said that if the majority of the town's people were against the idea, he would take the matter back to the town board

'But I am sure that if all the people are made aware of the terrible consequences of sanctions, they'll also agree that Mrs Thatcher's lone opposition to sanctions deserves proper recognition,' he added

Mr Rajendra Desai, who seconded the motion, now feels Mandela should be honoured but, he said, he had not thought about the ANC leader when the motion was first brought to the town board meeting

The KwaZulu leader, Chief Mangosuthu Buthe,

lezi, should also be a candidate for such an honour because of his concerted fight against sanctions.

Mr Desai said that both Mandela and Chief Buthe should be considered for special honour along with Mrs Thatcher. He said the British Prime Minister had already been informed of the board's decision and it would not be proper for it to be reversed

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Trade pact with S.A. ^{SUNNIES} on or off?

By DON JACOBS
Harare

ZIMBABWE'S recently re-negotiated preferential trade agreement with South Africa seems to have survived — for the time being — despite reports that Prime Minister Robert Mugabe has unilaterally abrogated it.

Mr Mugabe caused a stir among journalists covering the Non-Aligned nations summit when he said that renewal of the trade pact inherited from Mr Ian Smith's UDI government had been such a routine task for Zimbabwean officials they did not inform him of their talks with the South Africans.

Distress

Many of the 1 000 visiting newsmen at a Press conference addressed by Mr Mugabe went away with the impression the agreement was dead after he said that Zimbabwe's commitment to internationally-agreed sanctions would take priority.

It took calmer diplomatic minds here to note that, so



ROBERT MUGABE
Sanctions take priority?

far, Zimbabwe has not agreed to any measures which conflict with the agreement, with the possible exception of bans on the import of South African coke and steel, envisaged in the sanctions "package" adopted at the Commonwealth mini-summit in London on August 2

Zimbabwe needs to import substantial amounts of South African coke until new ovens at its own Wankie colliery

come on stream.

Much more important for ordinary South Africans and Zimbabweans is Mr Mugabe's disclosure that he feels bound to cut consular facilities for visitors with South African passports.

This could cause great distress and expense for families divided by the Limpopo, especially if South Africa retaliates by withdrawing its consular facilities in Harare for Zimbabweans wishing to visit South Africa

A South African wanting to come here has at present to wait between a week and a fortnight for a visa from the Zimbabwean trade mission in Johannesburg

In special cases visas have been granted on compassionate grounds within hours.

If applications had to be made direct to Harare, delays of months could be expected.

More than 40 percent of foreign visitors to Zimbabwe are South African passport-

holders, many of them former residents with family and friends here.

Mr Mugabe repeated his conditional threat to stop payments worth R108,5-million a year to 40 000 pensioners living in South Africa if all-out economic war was launched by South Africa.

● Militant talk has predominated in the heady atmosphere of Harare as representatives of 101 Third World nations gather for the non-aligned summit.

Accused

Cuba has accused Britain and America of behind-the-scenes attempts to lobby Commonwealth members to the Western cause; Argentina is reported to be preparing for a big propaganda offensive against Britain's refusal to negotiate a handover of the Falkland Islands; and even the minuscule Puerto Rican Socialist Party, which has failed to gain more than 10 percent of the vote in the Caribbean island "associated territory" of the US, has been making loud demands for independence.

Plea for detainee

THE Council of Unions of SA has appealed to the Minister of Law and Order to grant leave to a detainee to attend a funeral of a relative in Soweto.

Late yesterday a spokesman for the Ministry of Law and Order told the *Sowetan* that they had not yet received the request, sent by Cusa in a telex on Wednesday.

The family of the detainee, who may not be identified in terms of emergency regulations, was last night involved in a 11th bid to have him released to attend the funeral. The detainee's relative is to be buried on

Sunday

Cusa asked for help from — among other organisations — Amnesty International to have the detainee released.

• Fifty-two trade union leaders and officials have been arrested since last week under the state of emergency, the Labour Monitoring Group (LMG) said in its latest report yesterday.

All in all, 2 700 unionists have been detained since the state of emergency was declared and 81 percent were members of the Congress of SA Trade Unions.

RSC briefings

THE Department of Co-operation and Development Aid is holding countrywide briefing sessions with councillors of all race groups to explain how Regional Services Councils function.

The secretary of the Demarcation Board, Mr Phil Smith, yesterday said the next meeting set to listen to debates on the feasibility of the re-

gon — including Tembisa, Soweto and Johannesburg — would be held in Johannesburg from July 31.

Despite the intensive efforts to get the complex scheme off the ground, officials of the department said it could take four months from now to effect the Johannesburg Regional Service Council. 25/7/86

Passport bid fails

THE Department of Home Affairs has turned down a passport application by trade unionist Mr Phandelani Nefolovhodwe who was due to attend a labour conference in Australia on July 1.

The unionist was told this in a letter dated July 15 — five days after the eight-day meeting had ended.

25/7/86

Barclays under siege on campuses

SIX Oxford colleges have withdrawn their accounts, believed to run into several millions of pounds, from Barclays Bank because of its close ties with South Africa.

The National Union of Students is to step up its campaign for all members to withdraw their accounts and for universities to shed all holdings in companies with South African interests.

The six Oxford colleges that have closed their accounts are Balliol, Corpus Christi, Exeter, Magdalen, New College and Wadham.

Jaideep Pankdit, 22, chairman of the Oxford union's disinvestment committee, said this week that pressure on other colleges to follow suit would be stepped up as soon as the new academic year began in October.

Barclays was the first bank to open at Oxford, and most of the colleges have

By JOH IZBICKI
London

done business there. If all were to withdraw their accounts it would represent a major loss for the bank.

The withdrawal of student deposits nationwide could be a disastrous blow. The NUS estimates that its year-long campaign has cost the bank more than R144-million. Barclays is already aiming to lure back student customers with free gifts and cash bonuses.

At Cambridge, a spokesman said that King's College had disinvested its South African interests long ago.

Although he could not say what individual colleges were doing about their Barclays accounts, the univers-

ity still banked there and had an annual turnover of R320-million.

Manchester, Warwick and Sheffield are among the varieties that disinvested from all companies with direct substantial South African interests when the issue was raised in the late 1970s. York and the London School of Economics have also shed all major investments.

For many universities, however, disinvestment could bring serious cash-loss consequences.

Durham, which faces an annual deficit of some R3.2-million because of government cutbacks, needs every penny it can attract from private sources. Many of these sources are companies with South African connections.

SA coal ban
by UK industry

29/8/86
The Star Bureau (280)
LONDON — Britain's coal industry and electricity suppliers have already put a ban on South African coal imports — even though the government has yet to back the measure.

A report in *The Guardian* says the Central Electricity Generating Board has had a long-standing ban on coal from South Africa, even though it would be commercially advantageous for it to buy the South African product.

Sanctions spark call for joint committee

By David Braun, Political Correspondent

CAPE TOWN — The Progressive Federal Party is to ask Parliament on Monday to appoint a joint committee to inquire into and report upon the implications of sanctions and boycotts.

Mr Harry Schwarz, PFP spokesman on finance, said yesterday that he challenged Finance Minister Mr Barend du Plessis to allow a debate on sanctions, a matter of national importance.

"The debate will present an opportunity to utilise Parliament's unfilled time on an issue of national interest," he said.

Mr Schwarz is to move the following motion on Monday: that a select committee be appointed to form part of a joint committee to inquire into and report upon, to the extent the committee deems appropriate:

- The implications for the South African economy of existing and possible future sanctions and boycotts;
- The adequacy or otherwise of any steps taken to deal with such sanctions and boycotts;
- Further steps to be taken in order to deal with the same.

California decision tightens economic noose round SA

By Neil Lurssen,
The Star Bureau

WASHINGTON — The noose round South Africa's economic neck has tightened sharply with the California state legislature approving the largest disinvestment Bill yet introduced in the United States.

By a vote of 50 to 26, America's wealthiest state yesterday gave the nod to a measure approved by its Senate on Monday — a four-year phased withdrawal of about R30 000 million invested in major companies which do business in South Africa.

On the other side of the continent, the Catholic Archdiocese of Baltimore announced that it would sell all its holdings in companies operating in South Africa — the first such step by a Catholic diocese in the US.

Both steps are being hailed by anti-apartheid activists as major victories in their campaign to squeeze Pretoria into abandoning apartheid.

The California decision in particular is expected to have serious ripple effects — providing a precedent for other states which have not yet enacted disinvestment Bills, and making corporate boardrooms nervous as they count the costs of staying engaged in South Africa.

Top companies are affected

Some of America's top companies will be affected. California has R1 200 million invested in IBM, R500 million in Exxon and R300 million in Coca Cola — all of them active in South Africa.

Yesterday's decisions took place against a background of rising concern and anger about the resumed violence as Soweto's street fury again dominated the news throughout the US.

The White House and the State Department said further information was awaited, but that the South African authorities appeared to have used excessive force to restore order.

"It underscores the need for dialogue to avoid a descent into further violence," said State Department spokesman Mr Charles Redman.

The violence also comes at a time when senior Soviet and US officials, preparing a possible agenda for a superpower summit, are exchanging views on the world's regional problems — including the Southern African situation.

The California development has important political significance here.

The decision by the state's conservative Republican governor, Mr George Deukmejian, to support the Bill is a dramatic switch from his attitude last year when he vetoed disinvestment.

The change reflects Republican fears that the South Africa issue will cost them heavily in elections in November — and also a sense of disillusionment with the South African Government.

US companies whose shares are held by California pension and university funds will be given one year to withdraw from South Africa.

If they do not, the shares will be sold over the following three years — one third each year.

Economists predict that the state will lose money because of the Bill.

The two sides met last week at a conciliation board convened by the Department of Manpower. But instead of negotiating they spent their time squabbling over the terms of reference the Minister of Manpower granted to the board.

The chamber's industrial relations adviser, Johann Liebenberg, won't comment on what the disagreement was about. But the *FM* understands it centred on exactly which workers NUM represents in the dispute. The minister, it seems, appointed the board for all mines where NUM is recognised without making reference to the specific job categories it represents.

NUM is insisting this means it represents all workers on all mines where it has recognition. The chamber, however, believes the dispute should be limited to specific bargaining units. The point is that if a strike occurs it would have a much bigger impact if all workers down tools. (And, because the minister appointed the board late, NUM has already won the right to strike legally.)

The chamber is understood to have asked the NUM if it is willing to apply to the minister to have the board's terms of reference altered. NUM general secretary Cyril Ramaphosa refused; the chamber responded saying it wanted to consult its principals, the mining houses. The parties are due to meet again on September 4.

Meanwhile, the chamber told the parliamentary Standing Committee on Mineral

and Energy Affairs last week that it cannot support the Mines and Works Amendment Bill in its present form.

The Bill, a product of the Department of Mineral and Energy Affairs, is at the centre of a debate on the most appropriate way to scrap job reservation on the mines (*Current affairs* August 22).

SADCC-FRONTLINE STATES

Sanctions nettle

Pragmatism was the winner at last week's summit of the nine Southern African Development Co-ordination Conference (SADCC) nations in Luanda, which ended without agreeing a joint plan of sanctions against SA.

While Zimbabwe's Robert Mugabe continues his promise to implement the full Commonwealth sanctions package, most of his SADCC partners appear to have opted for a softer line. The summit communiqué acknowledged that some of the states are in no position to impose sanctions because of their heavy economic — and especially transport — dependence on SA.

At the same time, they agreed to "do nothing to undermine the effectiveness of sanctions imposed on SA by the international community." They also agreed that SADCC's vulnerability should not be used

by the West as an excuse for failing to impose economic sanctions. Predictably, also, the summit called for an increase in volume of international aid to help the nine countries speed up their long-term programme for reduced dependence on the white south.

All but two of the nine SADCC states — Angola and Tanzania — have extensive trade, migrant labour or transport links with Pretoria. And Simba Makoni, the organisation's secretary general, admitted that it is simply impossible to sever economic ties in the short term: a very different interpretation from that given in the recently-published Canadian study of the impact of economic sanctions on the region (*Current Affairs* August 22).

Asked whether SADCC has a contingency plan for the sanctions campaign against SA, Makoni explained that the entire regional strategy was based on reducing economic and transport dependence on SA, but this could not be achieved overnight.

SADCC has a five-port transport diversification strategy, encompassing the rehabilitation of Beira, Maputo and Nacala in Mozambique, Dar-es-Salaam in Tanzania and Lobito in Angola. But four of the five ports are threatened by civil war and political unrest in Angola and Mozambique.

SADCC's reluctance to engage in economic warfare against SA is understandable not only because of its dependence on Pretor-



Gua

ia, but also because of the organisation's frank admission in its economic survey published earlier this year of its dismal short-term economic outlook. Of all the countries in the region, only Botswana and Zimbabwe have strong economies; in the latter's case economic growth is expected to slow substantially in 1986-1987.

Evidence of the region's economic weakness includes the fact that SADCC's foreign debt — including arrears — now stands at some US\$16,5 billion, more than 60% of the region's gross domestic product.

The SADCC summit was told that some \$5,4 billion was needed to diversify transport links over the next few years and to increase industrial capacity. However, only about one-third of this has been pledged so far. The region's heavy debt burden and underlying economic problems, especially in agriculture, suggest that it will have some difficulty in attracting the funds required to diversify its transport links as effectively — or as speedily — as the summit leaders hope.

□ At a separate Luanda meeting, the six Frontline States — Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe — issued their now ritualistic condemnation of the "unco-operative attitude" of the Thatcher government, but welcomed the Commonwealth sanctions package.

Of the four Frontline States with links with SA — Botswana, Mozambique, Zambia and Zimbabwe — only Harare has yet

publicly committed itself to a full sanctions programme. Although Zambia's President Kaunda has had a prominent role in demanding economic sanctions, last week he declined to answer questions about severing air links. Prior to the summit he made it clear that Zambia was in no position to implement the full Commonwealth package.

Indeed, the Zambian leader appears to have set a new hare running with his call for a summit between the Frontline States and President Reagan. Kaunda is optimistic that such a meeting would change US policy towards Pretoria.

The next page of the sanctions saga will be turned in Harare next week, when the 102 nations attending the non-aligned conference will call for tough economic and diplomatic sanctions against Pretoria. Only after the non-aligned delegates have flown home will Pretoria discover just how far Mugabe intends going in his sanctions campaign. But after last weekend's summit, indications were that Mugabe was out on a limb. ■

S.

onal

General Electric, have already left this year. "Divestment has succeeded," says Richard Knight of the American Committee on Africa and the African Fund. Not only has direct investment been cut in half from the \$2.6 billion of a few years ago, but new investment has dried up.

"It is a growing movement of state and local bodies and individuals. Many small companies operating in SA or connected in some way have come to realise that it is simply not worth the trouble. Selective procurement policies (of municipal authorities) have had a large impact at the lower end of the scale," Knight adds.

One of the reasons cited for many large US corporations holding on in SA is the prospect of future profitability. Currently, few US companies are making money, but the prospect of future profits keeps many groups here.

Some observers see SA as the key to the rest of the continent's markets and note how the Japanese, restricted by domestic law from direct investment in SA, seem poised through third-party associations to take over from US industry should it pull out.

"It is not a foregone conclusion that the Japanese will pick up where the Americans left off," says Knight. "Product range is an important factor. Japan simply cannot provide the same number of products that the US can."

One of the longstanding arguments against social investment is the narrowing of portfolio choice. Two recent studies examined this. One was a portfolio of non-South African stocks and another was Standard and Poor's 500 stripped of all stocks with South African associations. When both were compared with the full S & P 500 index, a slightly higher level of risk was involved, but performance was also superior.

Few institutional portfolios actually hold the entire 500 companies of the S & P index (the average is between 50 and 75), indicating that some preliminary selection already takes place.

"The Massachusetts state pension fund actually had a higher rate of return after its divestment of SA-related stocks, as it was

forced to broaden its base of portfolio constituents," says Knight.

A further debate about ethical investment is the comparability of stocks. If an investor considers IBM unethical, there is always an alternative, although not necessarily comparable, stock such as Apple Computer, a longstanding favourite of the social investment movement. The most commonly cited socially acceptable investment sectors are pharmaceuticals, entertainment, publishing, retail, education, medical and construction.

"Even a building industry tinged with Mafia connections is a better choice than a nuclear-powered utility, which has virtually no economic merit," says Schwartz.

A number of specially tailored socially responsible mutual funds exist, although they have, like most other mutual funds, underperformed the rest of the market so far this year.

"On a strict performance basis, there is nothing exceptional about these," says Henry Shilling of Lipper Analytical Services, which tracks mutual funds for institutional investors. "They have shown 35% year-on-year growth compared with a 36% rise in the S & P. That's not much of an economic argument. I think they have attracted a disproportionate amount of publicity."

Total net assets of the five largest funds grew to \$303m from \$224m last year. Dreyfus Third Century is one of the largest ethical funds with total assets of \$184m and a return of 18.4% last year. The Calvert fund had assets of \$52m and a return of 33%.

"Change in the moral, social and cultural society of a country does not take place overnight," says Robert Hageman, an equity and commodities analyst at Kidder Peabody. "The worst in South Africa is not over and we are going to see upheaval in many stocks and commodities. The unrest has been partly responsible for the strength of platinum and gold this year."

As the inability, or even unwillingness, of some governments to take positive action over SA becomes manifest, it is likely that the real catalyst of future change will continue to reside in individual and institutional investment morality. ■

of 0,5% in domestic demand, plus 1,75% from export growth as the benefits of depreciation flow through.

However, the critics — especially among international banks — claim Keating is being far too optimistic. Domestic growth could be negative and revenues are not expected to meet target. The consensus is that the budget deficit will overshoot by as much as Aus\$2 billion. ■

FIN MAIL

US-SA DIVESTMENT

Ethical search

The inability of many Western countries to agree on sanctions against South Africa is in sharp contrast to the growing number of American institutions and private individuals prepared to take dramatic investment action against apartheid.

More US city, state, university and trade union pension funds are "voting with their chequebooks" by pulling out of stocks which have associations with SA, or which refused to divest from all South African involvement.

Last month, University of California governors voted to sell \$3,1 billion of stock in companies doing business with SA. A further \$7,8 billion divestment of stock by state pension funds is expected.

U-TURN

compensating Queensland Mines (QM) by taking the uranium into stock at a cost of Aus\$43m last year. Keating said the only effect of the embargo had been to do the French a favour "by allowing France to contract elsewhere for uranium at lower prices."

Now Queensland Mines will resume exports and repurchase Canberra's stocks, giving the government Aus\$66m this year.

California is the latest in a long line of states and municipalities to divest from SA-linked investments. This is ethical, or social, investment, a deliberate policy of selecting stocks or investments which have little or no socially objectionable shortcomings.

Rooted in the anti-Vietnam war movement of the 1960s, ethical investment had phases of popularity during the environmental debate of the 1970s and the anti-nuclear utilities movement of the early 1980s. SA is the latest focus for the ethical investors, who are also now prepared to exclude tobacco, alcohol and military stocks from their portfolios.

"Direct US investment (\$1,3 billion) in SA is really very small, the return on investment is meagre and the numbers of blacks employed by US companies is only 1% of the labour force," says Robert Schwartz, a Wall Street analyst long associated with ethical investment.

"Only 250 US companies actually operate in SA, but there are hundreds more associated in some way with the country. If these stocks are avoided on a large scale and substitutes found, it will have a profound impact on the market."

Some analysts estimate the current value of socially motivated investments on Wall Street at more than \$100 billion.

Institutional pressure — mainly in the form of pension funds — forced a litany of top American companies to pull out of SA. The prospect of more institutions boycotting stocks associated with the country is galvanising a shift in corporate America's thinking.

US investment in SA is concentrated in the computer, oil and motor sectors — none of which would be considered top domestic investments given the sluggish state of the US economy.

Facing IBM, Mobil and General Motors at the top and a plethora of smaller companies at the bottom is the issue of materiality, and the selective procurement policies of some state and city agencies which refuse to do business with companies dealing with SA.

For many companies, involvement in SA is not worth the trouble. Fifteen, including

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SUGAR

Refining sanctions strategy

SA's sugar industry is the latest to feel the wrath of the vitriolic anti-SA sanctions lobby abroad. A Bill seeking to transfer SA's 35 000 t US sugar quota to the Philippines has been approved by the US Senate.

The sugar measure was included in a general package of sanctions which passed through the Senate virtually unhindered — even after South African suppliers had been privately assured that their US quota would not be affected.

Ironically, the latest US move is targeted at an industry which has been particularly outspoken in its opposition to apartheid. The council of the South African Sugar Association (Sasa) recently unanimously adopted a resolution opposing apartheid.

Chairman Kees van der Pol said at the time: "Traditionally, Sasa has kept a low profile on political issues, but we can no longer remain silent. We must now work towards abolition of apartheid by setting an example."

The move also brings sanctions firmly into the agricultural sphere, a point which will not escape lobbyists for the US's grain-producing Midwestern states, where concern is already running high about possible reprisals against their lucrative exports to SA.

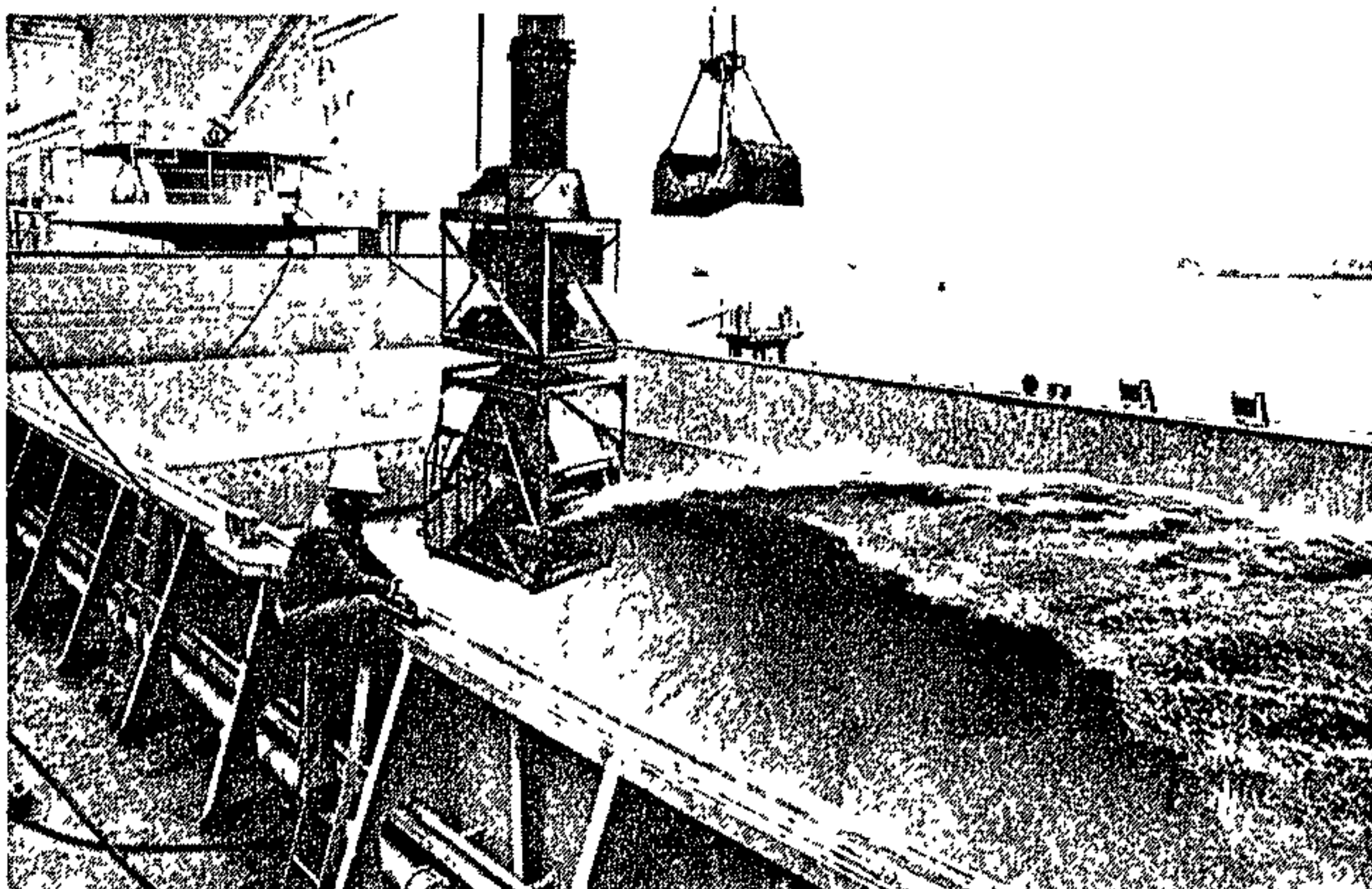
While the US is anxious to provide some tangible support to the Philippines by enlarging its quota — and there would in any case be a scramble by other sugar exporting countries to take up the shortfall — industry sources are worried about the long-term effect of sanctions on a reliable supplier of a quality product.

At this stage Sasa is not taking the setback too seriously. The Bill has yet to come before President Reagan for signature and, given his antipathy towards sanctions, may well be headed off by a milder sanctions package of his own.

In any event, Sasa sources say the quota represents only around 3% by volume of SA's total sugar exports; the small tonnage involved could easily be placed elsewhere — notwithstanding the prevailing tight export market.

It is of more concern to the industry that US exports are priced at a premium over the world market price, which makes even a small quota lucrative in dollar terms for local suppliers. Current earnings from the US market are around \$33m a year. And, especially in rand terms, that's not to be sneezed at.

The negative impact on the industry's earnings, should the measure pass into law, would come at a time of improving prospects (*Business* June 27). World sugar prices peaked at US 9c/lb in April and, although



Sugar exports ... into the front line

they have since crumbled to around 5.5c/lb, hopes have been raised for improved export earnings this season. The industry was also looking forward to the prospect of making its first repayments on its outstanding R327m debt.

With more than 1 Mt exported annually — half of total production — the sugar industry has a major exposure to the export market. Ironically, export earnings have become progressively less important to the sugar industry as world prices have softened. They now constitute around 23% of the industry's annual earnings as opposed to 77% from domestic sales.

If full and effective sanctions were to be applied, the industry could thus sustain itself from its domestic market alone. But there is no doubt sanctions would have a far-reaching socio-economic impact.

The sugar industry directly employs 156 000 people, and their dependants, including those employed in support industries, total over 1m. Annually, the industry earns an average of R170m in foreign exchange on its total proceeds of R1 billion.

So far there is little sign that its other major markets, in South Korea, Japan, Canada and Israel will be similarly threatened by sanctions. But the US action is bound to put the spotlight on the crop.

Like many other SA suppliers, the sugar industry has built up a solid reputation as a reliable supplier of good quality sugar. The same, fortunately for SA, cannot be said for many other producing countries — the Philippines among them. That alone could help assure SA's place in the world market.

It is also worth noting that SA does have

some leverage in the sanctions issue. It is the sole supplier of some of the world's rarest minerals and is a major purchaser of US wheat and international consumer goods.

That, of course, is an ace that's still to be played. But it could be a sufficient deterrent to take some of the sting out of the sometimes mindless sanctions mania. ■

BUDGET TRAVEL

Soft landing

Symptomatic of the general malaise of the travel industry is the struggle this week to salvage at least some of the operations of the cash-strapped Budget Travel group.

After three days of closed-door meetings of major creditors, including British tour companies Contiki and Insight, Protea Assurance and the Swiss SA Reinsurance companies, and the International Air Transport Association's (IATA) Agency Investigation Panel (AIP), Protea emerged with control of retail operator Budget Travel. But the *FM* understands that sister company, Budget Tours, wholesale arm of the group, is to cease trading. Protea underwrites the Association of South African Travel Agents' (Asata) security bonding scheme.

Protea GM Andrew Tainton says control is retroactive from August 22, and the retail company will continue to operate. Budget Travel staff have been retained and all offices will remain open. Clients with paid-up bookings will not be prejudiced.

However, chairman and owner of the Budget group Ray Geldenhuys will play no fur-

From JOHN D'OLIVEIRA
Argus Africa News Service

HARARE. — Mr Robert Mugabe said today that his country's commitment to the Commonwealth sanctions package against South Africa would override the recently signed Zimbabwean-South African trade agreement.

Speaking at an international Press conference on the eve of the Non-Aligned Movement summit, the Zimbabwean Prime Minister and incoming chairman of the movement said the renegotiation of the agreement had been a "routine matter".

It was part of the situation his government had inherited from the "rebel Smith regime" and he, as Prime Minister, was not even aware that renewal of the agreement was being negotiated by his officials.

The agreement had been signed before the decision on sanctions taken by the Commonwealth mini-summit in London recently.

"But the decision to apply sanctions will override that agreement. That is quite clear", Mr Mugabe said.

Pensions threatened

He reiterated that Zimbabwe might cut off payments to 40 000 pensioners living in South Africa, totalling R108,5-million a year, if South Africa attempted economic reprisals against Zimbabwe.

Mr Mugabe said that although African states were at present too weak to offer South African and SWA/Namibian "liberation" movements "sustainable rear bases" on their territory, progress in forming an African defence force might enable the frontline states to repel South African attacks.

Mr Mugabe, whose country is heavily dependent on South African transport routes and trade, appealed to the international community to assist Zimbabwe and other black-ruled Southern African nations should Pretoria retaliate against them for backing the trade embargo.

He was questioned extensively on sanctions against South Africa and the effect on Zimbabwe.

While Zimbabwe would undoubtedly be hurt, the nation had a "punch" which would affect South Africa as well, he said.

If the Non-Aligned Movement conference recommended an intensified sanctions package against South Africa, and if there was commitment to that package, Zimbabwe would comply fully.

Mr Mugabe said Zimbabwe was committed to the Commonwealth sanctions package, and that it would apply the package in full.

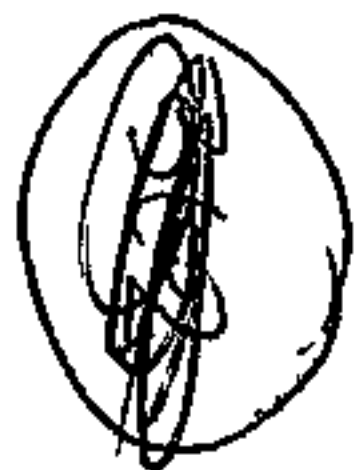
Contradiction

Questioned on the fact that continuing trade with South Africa was an apparent contradiction of this stance, Mr Mugabe said the Commonwealth package had not banned trade but only government encouragement of that trade.

On the issue of a pan-African defence force, Mr Mugabe said the establishment of such a force had been accepted in principle at the recent Organ-

Such a force would help protect the frontline states against invasion by South Africa and it would help sustain a "rear base" for the "liberation" movements in SWA/Namibia

Sanctions will override trade pact — Mugabe



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DAVIS COALE

Holding the line

Davis Coale is the South African desk officer at the US Department of Commerce, and remains a supporter of continued US involvement in SA. He spoke to the *FM* while visiting this country last week.

FM: What led to the build-up of pressure to change the US administration's policy towards SA?

Coale: Officially, US policy remains opposed to all punitive economic sanctions against SA. But in recent years foreign policy, constitutionally the preserve of the President, has been increasingly influenced by Congress, making it difficult to predict parameters in which we are meant to work.

Congress thrives on horse-trading; so the South African issue is a topic for negotiation. For example, support for sanctions is now linked to support for the Nicaraguan contras, an entirely unrelated issue.

Under our system, sanctions legislation can be tagged as an amendment to an unrelated Bill, giving Democrats an opportunity to make amendments at any time.

This kind of legislation has a tendency to bite you on the ass. Recently a delegation from a society of black female handicapped artisans visited our commercial office in Johannesburg to complain about restrictions on textile imports from SA because they would suffer severely.

Is the sanctions lobby largely emotionally

motivated?

Frankly, sanctions fit in with the growing protectionist tide: Congress very nearly passed a strong import control Bill recently.

Senators from coal-producing states are very happy to link apartheid to restrictions on South African coal. And there is a world glut of uranium, so it was easy to ban its importation.

On the other hand, none of the proposed Bills on SA suggests a ban on imports of otherwise unobtainable strategic minerals, because that would be against the national interest.

But the apartheid issue closely relates to our experience with segregation. One of the main proponents of sanctions, Senator Richard Lugar, was mayor of Indianapolis when civil rights demonstrations hit that city, and he helped create a consensus between blacks and whites.

Much unwillingness to buy South African goods is spontaneous — you can't find South African wines in the US not because they're banned, but because they would be unsaleable.

Has the constructive engagement policy been modified?

The administration's opponents have managed to make the term pejorative, and it's not one we use much anymore.

However, we continue to derive satisfaction from helping the races to talk. Our

matchmaker fair in Johannesburg in April exposed 83 black firms to large corporations, generating orders worth R125 000 in three months, with much more expected. A similar venture is planned in Cape Town by the Cape Town Chamber of Commerce and the Western Province African Chamber of Commerce (Wepcoc) early in 1987.

But each time, before we have a chance to convince the American people that our struggle to help SA through participation is worthwhile, Pretoria does something to alienate the international community — it is the best lobbyist for sanctions there is.

Is any credit given to the efforts of the SA business community?

Unfortunately, there's no differentiation in perceptions of the State and private sector. Only parastatals were affected by the original Lugar Bill, but coal and uranium have been hit by revisions although they are controlled by private sector companies.

In the Commerce Department we're fully aware that business is showing that a multi-racial society is possible by creating it on the shop floor. But unfortunately the average American takes little notice of white South Africans' opinions.

Sadly, it's widely assumed that if you oppose sanctions you must be pro-apartheid. But whatever the assumptions, we'll continue to support promotion of a more equal society in SA.

FACE TO
FACE

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29/8/86

ANGRY MONDAY IN H.

On Monday the non-aligned nations of the world meet in Harare to discuss the one issue they have agreed on for 25 years: apartheid
By HOWARD BARRELL in Harare

THE struggle against apartheid is expected to dominate proceedings at the summit of heads of state and government of the Non-Aligned Movement which begins here on Monday.

Although other conflicts will get a hearing — such as those between Iran and Iraq, between Israel and the Arab states, and between Nicaragua and the United States — South Africa, Namibia and the wars of destabilisation in this region will be the major focus.

This concentration was one of the major reasons for the choice of Zimbabwe as the venue and this country's assumption at the end of the summit of the chairmanship of the Movement from India for the next three years.

But the venue also represents the "arrival" as a major figure on the international stage of Zimbabwean Prime Minister Robert Mugabe and a recognition of Zimbabwe's economic, military and possibly also political leadership of the Frontline states.

A man of fierce independence and strong views, though often pragmatic in action, Mugabe will be the developing world's foremost spokesman for the next three years.

The struggle against apartheid — in fact the whole process of decolonisation — has been a central concern of the Non-Aligned Movement since its formation 25 years ago.

Its founding fathers — Indian Prime Minister Pandit Nehru, Ghanaian leader Kwame Nkrumah, Egyptian President Gamal Abdel Nasser, Yugoslavian President Josip Broz Tito and Indonesian President Sukarno — became champions of the right to self-determination of nations. Non-alignment — a refusal to be forced into subjugation by either of the two international power blocs, Nato and the Warsaw Pact — was, for them, a prerequisite of national self-determination and, indeed, international peace.

Hence, the formation of the Non-Aligned Movement — now with 101 full members, 99 of them states, the remaining two the South West Africa People's Organisation (Swapo) and the Palestine Liberation Organisation (PLO). It was largely through the work of the Movement that Swapo and the PLO have been ascribed by many international bodies the status of "sole and authentic representative" of their people.

The African National Congress (ANC) and Pan Africanist Congress (PAC) each have observer status only, at this stage. Both have sent large delegations to the summit, the ANC apparently trying to bolster its growing image in Africa and the developing world as a probable future government of South Africa, and the PAC to try to recoup the vast amount of ground it has lost through years of infighting and inactivity.

The ANC delegation, led by its president, Oliver Tambo, includes Secretary-General Alfred Nzo, Treasurer-General Thomas Nkobi, International Department Director Mfanafuti Makatini,



Robert Mugabe, left, makes his "arrival" on the international stage as the new leader of the movement, while Zimbabwe soldiers

Umkhonto we Sizwe Commander Joe Modise, Publicity Director Thabo Mbeki, National Executive Committee members Mzwai Piliso, Gertrude Shope, Jacob Zuma, Joe Jele and Anthony Mongalo; as well as its United Nations representative, Neo Ntshumana, and Zimbabwe chief representative, Reddy Mazimba.

The PAC delegation, led by its new chairman of one year, Johnson Mlambo, includes, among nine delegates, Administrative Secretary Joe Mkwanaazi, Information Chief Edwin Makoti,

Secretary for Defence Sabelo Phama, and United Nations representative Gora Ebrahim.

The two accredited South African liberation movements will be looking for increased support from the Non-Aligned Movement countries. One possibility being mooted is the formation by the Movement of a body along the lines of the Organisation of African Unity's Liberation Committee. This OAU committee controls a fund from which allocations are made to Swapo, the ANC and the PAC, and seeks to ease relations

between the liberation movements and African countries.

The Frontline states will be calling for, and will certainly get, strong rhetorical support from the Non-Aligned Movement in their confrontation with apartheid and South African military and economic measures against them.

As poor as most of the non-aligned states are, it seems unlikely that they will be able to offer a great deal in the form of concrete assistance. Previously high hopes that the Harare summit

120 PAGES OF ACTION AGAINST SOUTH AFRICA

TWO lengthy draft declarations — one dealing with political issues, the other with economics — have been tabled at the preparatory meetings of the Non-Aligned Movement summit.

South Africa and the United States are singled out for a particular hammering, and the world's major economic powers are slated for their use of their power and institutions such as the International Monetary Fund and World Bank to squeeze developing countries' economies.

The drafts were drawn up mainly by Zimbabwe in consultation with other Non-Aligned Movement countries at a series of meetings in New York in recent months.

The draft political declaration, which runs to 112 pages, calls for

- The immediate imposition of comprehensive and mandatory sanctions against the apartheid government in South Africa;

- Other concrete measures against the internal "state terrorism" of the South African government and for help to be given the governments of Angola, Mozambique and other Frontline states to withstand direct South African military attacks as well as the activities of proxy forces like Unita and the MNR;

- South Africa to pay adequate compensation to Angola and neighbouring states for the economic and other damage sustained as a result of military incursions;

- The immediate granting of independence and national self-determination to the Namibian

By HOWARD BARRELL
Harare

people under the leadership of Swapo.

- An end to the United States' policy of constructive engagement and its support for Unita against the MPLA government in Luanda;

- The cessation of the arms race between the two major world military blocs, Nato and the Warsaw Pact, and the diversion of funds currently used for this purpose to correct the fact that two-thirds of the world's population lives in poverty, starvation and disease.

The draft political declaration suggests the United States has, among others, become an obstacle rather than an honest broker in attempts

to resolve the Namibian and other conflicts.

The lashing received by the United States may reflect a current predominance within the Non-Aligned Movement of a view which came strongly to the fore under Cuba's leadership of the Movement between 1980 and 1983, that the socialist countries of the world are the natural allies of the non-aligned countries, and the major Western capitalist states the source of danger to the principles of non-alignment.

The political declaration also describes apartheid as a crime against humanity and an affront to the universal conscience emanating from the kind of racist ideology which provoked World War II.

The draft economic declaration, before the 101

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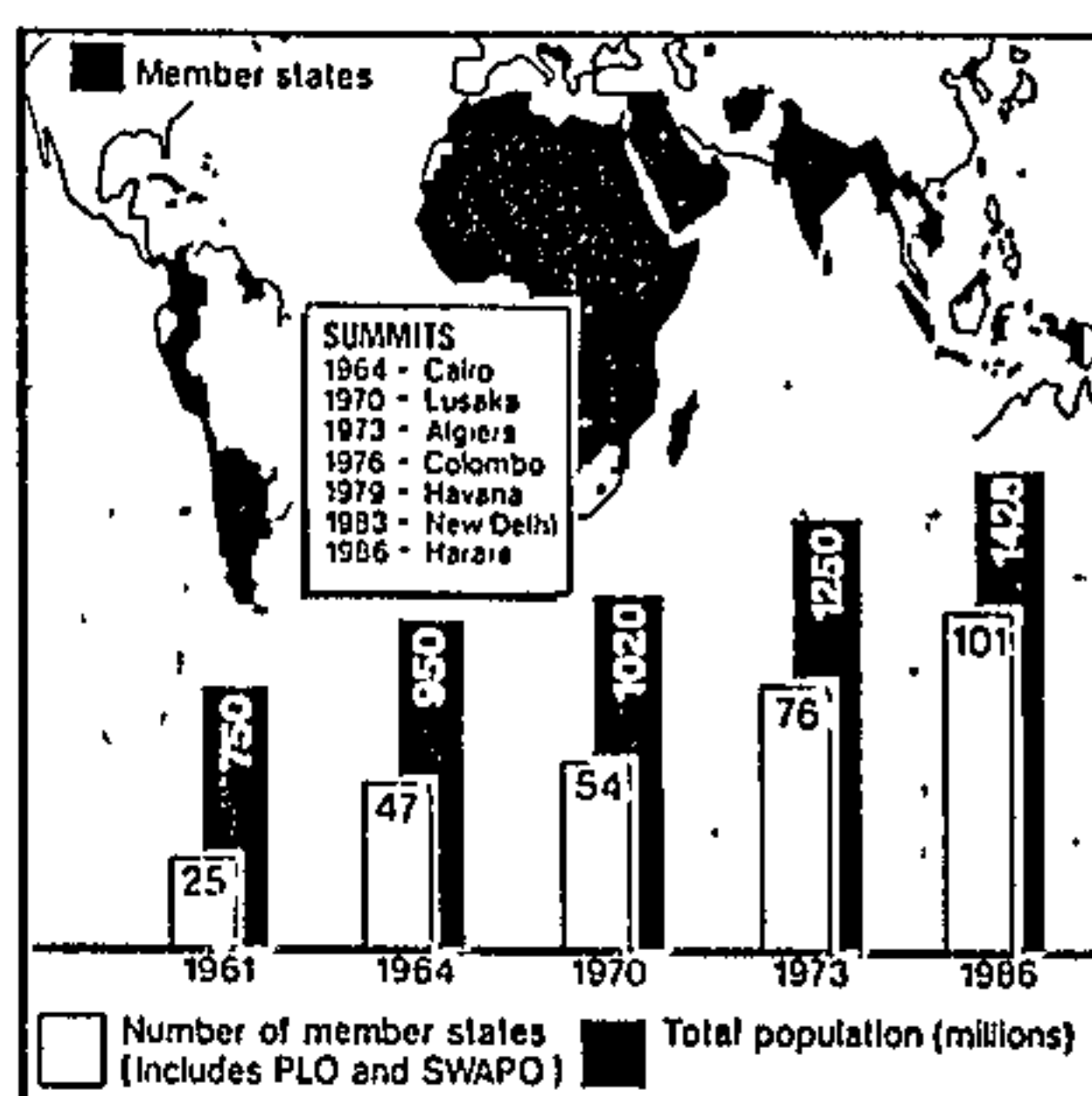
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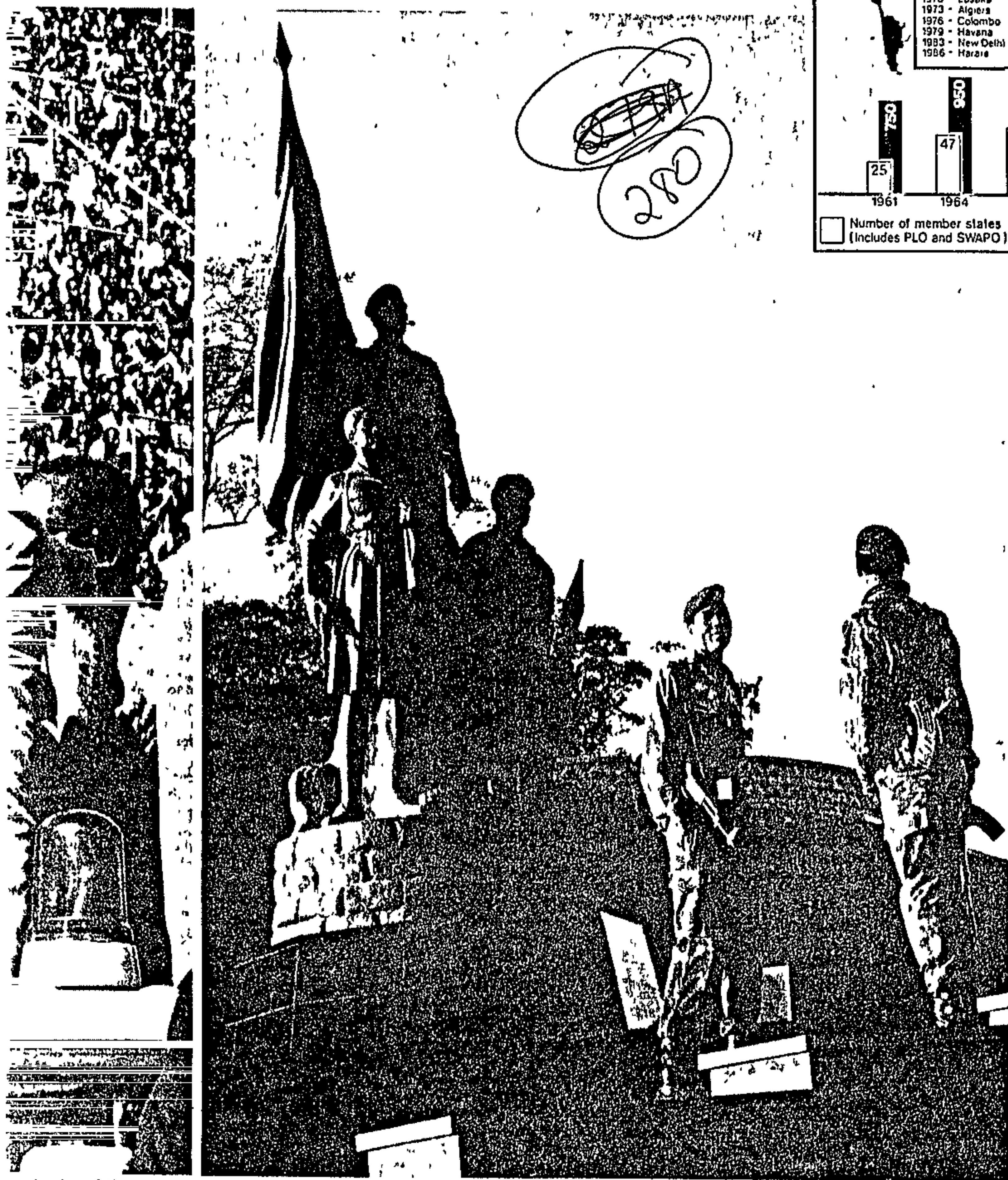
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Y IN HARARE

ABC of the Nonaligned Movement



The Non-aligned Movement was conceived at the Afro-Asian conference in Bandung, Indonesia in 1955. Twenty nine nations attended. The first summit was in Algiers in 1961.



leader of the movement, while Zimbabwe soldiers guard the Heroes' Acre national monument

Pictures HOWARD MINNE, Afrapix

'Nammed' on the street by a dignitary

THERE'S a new word being developed in Harare. It is "nammed".

Being "nammed" is being forced off the road by one of the scores of wailing motorcades of ceremonial motorcyclists, police, security cars and Mercedes Benz sedans carrying one or other of the 101 delegations to the Non-Aligned Movement (Nam) conference from one part of the capital to the other.

Harare this week and next is a peculiar mixture of Christmas and security/logistical nightmare. Every shopowner, restaurateur, hotelier, metal detector manufacturer and whore is making a killing. And the Zimbabwean capital is creeping with security — in uniform, out of it, waving guns or with bulging left-breast pockets, bright-eyed in the morning, bleary-eyed by night.

Housekeepers at the villas specially constructed to accommodate some heads of state and government have not been told who their guests will be. The reason: security. The housekeepers' problem: should the food be halal or not? It is something they are not allowed to know — yet.

Some 2 000 journalists have descended on a city about the size of Bloemfontein. With a 24-hour bar operating at the press centre at the Harare Conference Centre alongside the swish Sheraton Hotel, the press corps is reported to be content, even if not particularly productive.

Another 8 000 faces from all sorts of foreign climes will have shone their way down Harare streets by the time the feast is over.

All but the sleaziest doss house is off limits to the general public — almost every hotel is accommodating some or other delegation — and if you haven't got a special Non-Aligned Movement ID card, do not try to get past the doorman.

In the city's main shopping mall, First Street, a huge banner strung between the banks and ringing cash tills proclaims "Welcome to Harare".

The major city streets are dripping with bunting, and photographs of President Canaan Banana and Prime Minister Robert Mugabe look down from hundreds of lampposts on the throng below.

The agricultural and industrial sectors have also got in on the act. Not one kilometre from the Conference Centre, the Harare show evinces Zimbabwe's prosperity, ingenuity and colonial past. The wares of its monopolies are displayed alongside those of its emergent black businessmen, and the former British South Africa Police thrill the kids clutching toffee apples with displays now mounted in the name of the Zimbabwe Republic Police.

The Non-Aligned Movement summit conference is, all are agreed, the biggest and most exotic bunsight to come to Zimbabwe since the onset of Ian Smith's short thousand years.

United between the liberation movements and African countries

The Frontline states will be calling for, and will certainly get, strong rhetorical support from the Non-Aligned Movement in their confrontation with apartheid and South African military and economic measures against them.

As poor as most of the non-aligned states are, it seems unlikely that they will be able to offer a great deal in the form of concrete assistance.

Previously high hopes that the Harare summit

might prove capable of delivering a peace package to Iran and Iraq, both of whom are Non-Aligned Movement members, appear to have been dashed by the hard line taken by Iranian leader Ayatollah Khomeini last week. Peace would only come with the defeat of Iraq and the downfall of its leadership, he said unequivocally.

Draft declarations on the major issues before the summit, which also include the developing world's massive debt crisis and a demand for an end to the arms race between the major powers, were drawn

up by a subcommittee of Non-Aligned Movement member states in New York a few months ago.

These declarations came before Non-Aligned Movement officials in Harare on Tuesday this week when the first stage of the conference started. Foreign ministers began their deliberations yesterday. And the cleaned-up declarations and issues come before the heads of state and government summit proper on Monday next week.

Among Non-Aligned members there is no feeling that their relative weakness, or their necessary resort largely only to rhetoric, makes the two-week series of meetings meaningless. Not at all.

The head of the Zimbabwean chapter of the African Association of Political Science, Dr Ibbo Mandaza, remarked this week that "Non-alignment must be viewed as the endless quest for national independence and self-determination on the part of the countries of the Third World in a world in which imperialism and big power rivalry constantly threatens to undermine and render meaningless even political independence itself".

This quest for national self-determination was not inconsistent with mutual respect between nations and a broad internationalism. The Non-Aligned Movement and its survival for 25 years in a hostile environment was proof of its worth, he added.

members of the Non-Aligned movement calls for

- Far-reaching steps to be taken to develop a new international economic order capable of correcting developing countries' deteriorating terms of trade, growing debt crisis and exclusion from markets by protectionist trade practices imposed by the wealthier nations.

- An end to usage of organisations like the IMF and World Bank by the major economic powers to force economic changes in developing countries which often have serious social consequences within these countries.

- The demonstration of a clear political will by both developed and developing countries to correct the international economic imbalance which promises disaster for both categories

to resolve the Namibian and other conflicts

The lashing received by the United States may reflect a current predominance within the Non-Aligned Movement of a view which came strongly to the fore under Cuba's leadership of the Movement between 1980 and 1983: that the socialist countries of the world are the natural allies of the non-aligned countries, and the major Western capitalist states the source of danger to the principles of non alignment.

The political declaration also describes apartheid as a crime against humanity and an affront to the universal conscience emanating from the kind of racist ideology which provoked World War II.

The draft economic declaration before the 101

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Empire

By Gareth Costa

Sanctions might boost coal prices

Sanctions on South African coal may boost world steam coal prices, according to Trans-Natal chairman Mr Steve Ellis.

He said at a Press conference yesterday when results for the year to end June were released that the world steam coal market would be affected by three major factors during 1987 — the continuing oversupply of coal, the oil price, and the extent of sanctions against South African coal.

A low crude oil price would more than likely put downward pressure on steam coal prices, but increased sanctions against South African coal could have the opposite effect.

"South African coal exerts a stabilising effect on world coal prices due to its reliability of supply, constant quality and competitive pricing structure," said Mr Ellis.

"South Africa is the lowest cost supplier, and to remove it from world markets through a sanctions campaign would create an artificial shortage of coal in the market. This would bring the high cost producers back as they are unable to compete at current world market prices."

"In the longer term this will push up coal prices and undoubtedly the economies of those importing countries which are applying sanctions will have to bear the brunt of the higher price."

RESISTANCE

Trans-Natal shrugged off lower coal prices and increasing European resistance to its product to record a 68 percent increase in earnings to 161c a share for the year to end-June.

In line with the increase was a raised final dividend of 46c to give a total of 90c for the year, up from 65c, while at the same time dividend cover was increased to 1.8 times from 1.3 times.

The group has also reduced gearing to 42 percent from 58 percent, and according to management has managed to negotiate down the interest rate on the \$92 million US loans, with the prospect of another decrease later in the year.

Trans-Natal MD Mr Graham Thompson said the company would have reduced short-term debt further had there not been a moratorium on

lower interest rate had helped. R120 million although there was an increase in the issued shares, diluting earnings.

As a result, interest payments should be back to the 1985 level of R25 million from this year's R30 million.

Distributable income was 84 percent up at

A different accounting method for amortisation of mining assets resulted in an R11.8 million de-

crease in group income before tax.

Recently acquired coal interests from sister companies Kanhym and D & H, are not reflected in these results. Mr Thompson says they should help this year.

D & H Coal trades in a different market — much smaller purchases, in smaller ships to smaller ports — than does Trans-Natal, and this should also be beneficial in times of sanctions.

Matanzima: we must work to avert sanctions

Dispatch Reporter
UMTATA — Transkei's fledgling economy would suffer "immense reverses" if sanctions were imposed on South Africa, the Prime Minister of Transkei, Chief George Matanzima, said at a ceremony to mark the opening of an agricultural workshop, parts facility and houses in Bizana.

Chief Matanzima said he understood the motivations for advocating sanctions and could not "impatiently" judge the advocates of sanctions.

"Let all interested parties seriously engage in dialogue and identify areas of agreement as the basis for negotiation now so that it becomes unnecessary for the international community to impose economic sanctions.

"Sanctimonious admonition of the international community does not take us out of the forest. Whatever their motivation, they will impose sanctions and harm us unless we put our house in order ourselves.

"The onus to diffuse the explosive situation and avert social and economic disaster lies with the peoples and leaders of the sub-continent," Chief Matanzima said.

He acknowledged "the indivisibility of the social, economic and political interests of the region; the cultural interdependence and the indispensability of peace and stability in the region".

The national economic goal of his government was to direct the development of Trans-

kei to accelerate economic growth and improve the quality of life for all people, he said.

Increased agricultural output represented one such direction which had the capability of providing more job opportunities.

"The attainment of a proper balance between the establishment of industries and the expansion of agriculture is a persistent problem for developing nations — Transkei being no exception."

Chief Matanzima said experience showed the limitations of over-emphasising industrialisation, while it was now increasingly recognised that agricultural progress must have a vital role in the development of Transkei.

The farming community had experienced great difficulties as a result of the worst drought the country had experienced, the increased input prices in agriculture as a result of inflation and the effect of a strong dollar on the exchange rate of the rand, he said.

In recognition of this fact, Chief Matanzima said, his government had embarked on an agricultural mechanisation programme five years ago by providing essential agricultural

equipment. The new workshop and parts facilities formed part of the essential infrastructure of the programme.

He said the programme had paid dividends, shown by increases in maize and sorghum production, since its inception. Eastern Pondoland's maize production had reached

self-sufficiency level in the past season.

"The economic development of the less developed countries is a problem that developed countries cannot ignore.

"Development in technology and economic interdependence dictate that underdevelopment should be eliminated, not only to alleviate hardship for the people in these countries but also to ensure stability and prosperity in the developed countries themselves.

"It has been Transkei's misfortune, distanced from the industrial centres, to inherit the imbalanced economic order and even to attempt to imitate the South African precedent of stressing industrialisation to the exclusion of agricultural reform. We are now attempting to correct our thinking.

Chief Matanzima said the Transkei people were starved of skills and technology and an increase in individual participation in production was necessary.

"Transkeians should realise that the economic survival of this country leans heavily on the success of the agricultural sector in general," he said.

SA Airways facing new Australian pressures

The Star's Foreign
News Service

MELBOURNE — The Australian Department of Foreign Affairs has stopped Qantas from selling an R800 000 computer software package to South African Airways for use in its reservations system.

The package is a world-beating innovation which earned the airline R4,2 million last year. At the press of a button it can show all possible ways of connecting any two cities.

Even more important is its ability to cater for the operator's wishes, such as listing the airline options in alphabetical order.

● SAA is putting on a brave face in response to threats by the Australian Government to deprive it of its landing rights.

In a half-page advertisement in an Australian morning newspaper, SAA is pushing the following message under banner headlines: "If you're flying South African Airways, we won't let you down."

However, if landing rights are severed some time next year, about 40 000 former South Africans living in Australia will not be able to communicate directly with their relatives in the Republic.

In addition, the estimated 15 000 South Africans who have applications for migration lodged with the Australian Embassy in Pretoria could have difficulty travelling to Australia.

AP-DJ.

SA sanctions call by Arab League

TUNIS — The Arab League has called for international sanctions against SA.
The 21-member league accuses SA of practising delaying tactics and obfuscation to prevent people benefiting from their legitimate rights.
The league's general-secretariat said in a "World Namibia Day" statement yesterday that fresh violence in SA was a symptom of the impasse into which apartheid had led. — Sapa-Reuter.

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Israel and Cameroun restored rela-

About-face from SA shipping-ban backer

WASHINGTON — A union leader and civil rights activist has joined forces with local stevedore companies to lobby against a ban on SA shipping.

The ban was instituted last month by Wilmington, a leading port on the US east coast.

Arthur "Skinny" Wilson, Wilmington branch president of the International Longshoremen's Association, yesterday led a delegation — including representatives of the companies employing his 250 predominantly black members — to press Wilmington mayor Daniel Frawley to rescind the ban.

The unexpected development presages similar changes of heart as anti-apartheid sanctions are found to have a domestic price tag.

SIMON BARBER

An SA steel carrier has already been turned away as a result of the ban. It was forced to unload at Camden, New Jersey.

A second vessel currently at sea has been re-routed.

Kevin McGonegle, Frawley's chief of staff, said Wilson, an early supporter of the SA ban, had changed his mind after the steel carrier was diverted and was clearly embarrassed.

Wilson was not available for comment yesterday.

City council president James Baker said the delegation had argued that the city had exceeded its authority by meddling in foreign policy and was threatening local jobs.

Siege economy would knock SA — De Kock

JOHANNESBURG. — SA's economic growth and stability were bound to be adversely affected if international sanctions turned it into a siege economy, Reserve Bank Governor Gerhard de Kock warned yesterday.

In his annual address to bank shareholders, De Kock said the government was drawing up a long-term economic strategy dealing with issues like export promotion and import substitution.

Strategies

These strategies were essential, but it was unlikely that they, alone, could prevent "irrational and emotional forces" behind the sanctions and disinvestment campaigns from transforming SA into some form of siege economy, he said.

This might well confer benefits on some domestic industries by reducing foreign competition.

"But as the experience in other countries has shown, these advantages would at best be limited and short-lived. A siege economy would inevitably tend to become a tightly regimented one subject to a maze of direct bureaucratic controls," he said.

This would limit scope for private enterprise



Gerhard de Kock

and effective competition to promote economic development.

"In the final analysis, the combination of continuous capital outflow and a siege economy would be bound to have adverse effects on economic growth and stability," De Kock said.

Politically-induced pressure on the capital account of the balance of payments was already affecting the SA economy more adversely than trade sanctions were likely to do.

Foreign investors and bankers, plagued by uncertainty over SA's political problems, had been withdrawing capital and credits from SA for more than 18 months.

"By force of circumstances SA has therefore become a capital-exporting country."

SA had repaid nearly

\$3 billion of foreign debt since the end of 1984.

De Kock said any technical assessment of prospects in SA must lead to the conclusion that the scope now existed for "a renewed cyclical upswing in the short term and a considerably higher real average rate of growth in the medium and long term."

Suggestions had been made that statutory and other measures be taken to compel insurance companies, pension funds and mining houses to invest more in job-creating directions.

Adjustments

But he warned: "While certain adjustments to taxation and financial legislation affecting these institutions might well be desirable for other reasons, attempts to force them to invest in low-earning high-risk directions could undermine their financial soundness and inflict harm on the economy."

Pointing out that there was enormous potential for rapid economic growth in Southern Africa, he called on SA, Southern African states, major industrial countries and international financial institutions to co-ordinate their development strategies to unlock the riches of the region. — Reuter

Metro Group beats forecast

JOHANNESBURG

Sanctions would hurt 2 million — Relly

By Frank Jeans

In the event of total sanctions being imposed by America, Japan and the European Community (EC) on coal, steel and iron ore exports two million South Africans, mostly black, would be seriously affected.

This was said by Mr Gavin Relly, chairman of Anglo American Corporation, at the 21st anniversary dinner of the SA-Britain Trade Association in Johannesburg last night.

Referring to a sanctions scenario of gloom and hardship, Mr Relly said: "If there is a total ban on exports there will be a loss of 130 000 jobs of which more than 100 000 will be black.

"Whole towns will become industrial wastelands."

RIPPLE EFFECT

On the ripple effect and impact on Escom and SATS, he conservatively estimated the total loss of 300 000 jobs.

If dependants of breadwinners are taken into account then the figure for those who will be seriously affected by sanctions would be nearer two million.

Pointing out that next month would see key decisions being taken by the EC and the US, Mr Relly said these would have far-reaching effects on international trade with South Africa.

"We cannot allow economic sanctions to succeed for reasons that go beyond a self-interested defence of our markets," said the Anglo chairman.

"We must not abandon the fight against further sanctions and we must make certain that we dent the effect of those measures already introduced."

AREA B: Durban and Port Elizabeth.

AREA A: Lower Tugela.

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Conflict faces Non-Aligned summit

HARARE — Conflicts in the Middle East, Central America and Southern Africa today dominated preparations for next week's \$100-million summit of the Non-Aligned Movement, threatening to aggravate lingering wounds in the organisation as it prepares for its 25th birthday.

In preliminary sessions yesterday, officials struggled to achieve agreed positions on the six-year-old Iran-Iraq war and on Nicaragua's bid for leadership of the Third World body in 1989.

The first formal sessions of the organisation, which groups 101 nations professing independence of either the US or Soviet-led power blocs, were also marked by outspoken verbal attacks on the United States and nervousness over South Africa.

CONDEMN 'STATE TERRORISM'

Syria demanded the summit agenda should include a condemnation of US "State terrorism" against Arab countries and members of the Non-Aligned Movement, Egyptian delegation sources said.

The United States bombed Libya in April in retaliation for Libya's sponsorship of terrorism and the Reagan Administration backs a rebellion against the Sandinista government of Nicaragua.

Iran charged the United States was using force to impose its will on the world and said it would propose the summit condemn the United States for its raid on Libya and intervention in Nicaragua.

Iran also said it would reject a draft resolution for the summit

calling on Iraq and Iran to end the Gulf war immediately.

The Gulf war has frustrated all Non-Aligned Movement attempts at mediation and has marred several of the group's meetings with argument and recrimination since it began in 1980.

Another potential for friction has been created by Nicaragua's bid to host the 1989 summit and take over the chair of the movement after Zimbabwe, which begins a three-year term next week.

Nicaragua has strong Cuban support but Non-Aligned founder member Yugoslavia urges the issue be dropped.

A US black leader, the Rev Jesse Jackson, flew into Harare yesterday at the end of an African tour and called on President Reagan to meet leaders of Southern African states to resolve South Africa's racial conflict and its disputed rule of SWA/Namibia.

Political sources have said Zambia, head of the Frontline States which also include Angola, Botswana, Tanzania, Mozambique and Zimbabwe, was drafting an invitation for Mr Reagan.

The Zimbabwe News Agency (Zina) reported yesterday that South Africa was holding up exports in transit from Zimbabwe and Zambia.

The South African Government said border searches of truck traffic would stop from tomorrow after a "statistical survey of the export traffic from Zimbabwe and Zambia ..."

Zimbabwean officials fear South Africa will create some incident to disrupt the summit — Sapa-Reuter.

Coal embargo backfires on US miners

Dispatch Bureau

WASHINGTON — US coal miners may soon have reason to turn on the United Mineworkers Union leader, Mr Richard Trumka, for his support of a ban on SA coal imports, according to US trade officials.

Japan has told Washington that it is prepared to join the coal embargo, which has been endorsed by both the Senate and the House of Representatives, but will be forced to stop buying American coal if it does.

The reason is geographical. Japanese ships take on coal in Norfolk, Virginia, and then head south to top off with South African coal at Richard's Bay.

D.D. 26/8/86
The Japanese Ministry of International Trade and Industry has informed the US State Department that this route will no longer make economic sense if South African coal becomes off limits.

Japan will meet its needs from nearby Australia even though its product is of lower quality, the department said.

According to the US Commerce Department, the US imported \$43-million worth of coal from South Africa in 1985 and exported \$770-million worth to Japan.

Mr Trumka had argued for a South African coal ban on the grounds that it would save US miner's jobs.

26/8/86 BUS PM

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THE SILENCE which has descended over the business community in SA on the subject of apartheid reform is deafening, even here in Britain.

Everyone understands that with the approach of sanctions it is every man for himself. Survival, not deputations to President Botha's office to press the case for reform, is the name of the game.

It is also accepted here that business leaders had exhausted their powers of persuasion with President Botha: that they saw no point in pursuing any further the direct representations they were making to a man who perceived only a tenuous connection between politics and economics.

But the issues that were at stake when the business community first went to see President Botha are still at stake today. A patriotic crusade to bust sanctions is no substitute for political reform.

A keen eye is being kept on SA's business community from Western Europe these days by anti-apartheid organisations, governments, business colleagues and so forth, and what they perceive is not encouraging.

In the boardrooms of SA companies, or so it seems from here, the preoccupation these days is not with apartheid reform, charters of human rights or ringing declarations on the indissolubility of the SA polity, but with contingency plans to beat sanctions — finding new markets, opening up new incoming and outgoing routes and recruiting friendly sanctions-busters, with their contacts, computers and commissions, to prepare SA for the Great Siege.

In a way, it is the end of a chapter, with seasoned business leaders, who had become wedded to the idea of political reform, being overtaken by a generation of more aggressive men concerned mainly with economic survival.

For all the contumely that has been heaped on the heads of SA business leaders, it has been an honourable chapter for them. In the two years that have passed since the outbreak of black unrest in September 1984, businessmen, particularly at the upper levels, have been a purposeful force for real change.

The SA Federated Chamber of Industries' "Business Charter of Social, Economic and Political Rights" is only one example. For conservative businessmen to go as far as they did in that document shows a perception of the urgency of SA's race problem that is quite remarkable.

This honourable record, surely, cannot simply be abandoned now.

Why is big business forsaking reform to crusade on sanctions?

STANLEY UYS in London

Survival against sanctions is a priority with businessmen, but is it a greater priority than negotiating a political future?

The trouble with the Great Siege is that it will generate its own patriotism in which economic survival will take precedence over political survival — putting the cart before the horse. In fact, advocacy of political reform could become increasingly unpatriotic. Botha will use the sanctions issue to whip everyone into line who is being impatient over reform.

There is another problem with the Great Siege: it is short-term, whereas what white SA needs is long-term survival, not only against sanctions but pre-eminently in its relationship with its own black population.

Pretoria's present strategy is based on two huge fallacies. One is that through the application of maximum force — emergency rule — it can, in the black community, eliminate the baddies and bring in the goodies.

This "final solution" approach was tried in 1960, after the Sharpeville disturbances, and failed; and

it was tried again in 1976, after the Soweto uprising, and it failed again.

It will fail for a third time, because the black struggle has crossed a threshold from which there is no turning back. Mass detentions will throw the struggle into temporary disarray, but then it will re-emerge in a more professional form.

Already, a term has been coined to describe this process — the professionalisation of the black struggle. If mass protest in the townships is suppressed, targetting will become more selective, and inevitably soft targets — civilians in supermarkets, etc — will be included.

Attacks on homeland structures and on white residential areas, industrial sabotage, armed shoot-outs with the security forces, trade union action — this is the form professionalisation will take.

The emergency, therefore, with its saturation security coverage, is a gamble which must necessarily fail.

The other gamble Pretoria is taking is to meet sanctions in full frontal confrontation. Sanctions are being positively invited.

The strategy is clear: it is to

bring the sanctions issue to a head sooner rather than later — to demonstrate to the international community now that sanctions will not work. The longer SA delays this confrontation (according to what passes for expert opinion in Pretoria these days) the weaker will be the economic base from which to launch it.

The style of this confrontation is pure bravado. Throughout history nations have gone into wars inspired by glorification of the approaching conflict. Normally rational people surrender reason — they breakfast on clichés, lunch on platitudes and dine on dreams. Then comes the reckoning.

Pretoria's politicians are on a "high" now telling the world to go to hell. With our stockpiles and sanctions-busting, they say, SA can last forever. Confrontation is being encouraged, as if there is going to be one glorious battle which will decide everything.

There is not going to be any such decisive battle. Sanctions is a war of attrition. The intention is to wear the SA economy down until it collapses with fatigue. If Pretoria is looking for a High Noon shoot-out, it is not going to get it.

Zimbabwe is also inviting escalation, so someone must have it wrong. Who — Pretoria or Harare? Faced with a spiral of retaliation and counter-retaliation in Southern Africa, will the sanctions campaigners back off, as Pretoria hopes they will, or will they intensify the pressures, as Harare hopes they will?

It is Pretoria that has miscalculated. The gamble will not come off.

The whole idea of the international community being overawed by what it is unleashing in Southern Africa and, chastened, withdrawing from sanctions, is wishful thinking.

There is a final point businessmen might bear in mind. One of the original purposes of their demand for reform was to distance business from apartheid — to persuade increasingly socialist-minded young blacks that apartheid was not the handmaiden of capitalism, or vice versa. Will this case go by default now?

If the business community decides that the priority now is sanctions-busting, and that the case for apartheid reform must take second place, then it must understand that the young socialists who are multiplying in the townships and the sanctions campaigners who are multiplying overseas, will judge them accordingly.

9/19/86 27/11/86
SOVEREIGN
HARARE — A draft economic declaration for the Harare non-aligned summit condemns the collaboration between some multi-national corporations and South Africa.

(280)
The document declares that "this collaboration has only served to entrench apartheid and to prolong Pretoria's illegal occupation of Namibia", the semi-official Ziana News Agency reported yesterday.

Attacks on SA at summit

The declaration calls on multi-national corporations to "comply strictly with all United Nations Security decisions on this matter."

(244)
The declaration also urges the UN Economic and Social Council and

the Commission on Transnational Corporations to propose concrete measures aimed at preventing "further collaboration between multi-nationals and the apartheid regime", Ziana said.

The document also expressed the Non-Alignment Movement's full solidarity with the countries of Southern Africa "in their struggle against Pretoria's destabilisation". — Sapa.

Botha: Border checks international practice

CAN. TIMES 27/1/86

Political Staff

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HOUSE OF ASSEMBLY. — The checks on Zambian and Zimbabwean trade traffic through South Africa were in line with international practice, Mr Pik Botha, Minister of Foreign Affairs, told Parliament at question time yesterday.

In replies read for him, as he was in Swaziland, Mr Botha said the checks were also being made to protect the private sector.

He told Progressive Federal Party leader Mr Colin Eglin that South Africa's trade representative in Zimbabwe had raised the issue of sanctions — and the effects they would have on South Africa's neighbours — with the Zimbabwean Government.

South Africa does not have representation in Zambia.

"The South African Government

does not believe in trade sanctions and boycotts and does not impose such actions against other countries (Opposition interjection: 'Except Lesotho') as we are against the interference in the internal affairs of other countries and we believe that ideological differences should not stand in the way of trade," said Mr Botha.

"It has been decided, in line with international practice, to take certain steps to protect sectors of the South African private sector and to obtain a correct statistical picture of transport and trade patterns and also to ensure that transit traffic reaches its destination."

These operations were carried out by other government departments.

In reply to another question, Mr Botha said South Africa was monitoring Zambian and Zimbabwean trade traffic only.

27/8/86
BUDOKY
302 280

MAX DU PREEZ
Political Correspondent

FOREIGN MINISTER
Pik Botha's visit to Swaziland yesterday was seen as significant against the background of recent sanctions decisions by the Commonwealth.

Swaziland, a member of the Commonwealth, invited Botha for the one-day visit.

A spokesman for the Foreign Minister's office said yesterday that Botha had held a "fruitful" meeting with King Mswati. Earlier, Botha and a delegation of senior officials met Swazi Foreign Minister S S Sivanyoni and his director-general, Z L Mkhonta.

The Foreign Affairs spokesman declined to comment other than to say the Swazis had issued the invitation and "matters of mutual interest" were discussed.

It is understood that economic sanctions against SA, and their possible effects on Swaziland and other neighbouring states — among them the possible repatriation of nationals of those states working in SA, were discussed.

It has been suggested that Swazi-

Sanctions may have led Pik's Swazi agenda

land might try to play a mediating role between SA and those Frontline states which are on a collision course, since Zambia and Zimbabwe have strongly supported sanctions and SA has introduced counter measures on its borders.

Other likely topics were:

- ☐ Recent allegations by the SA Police that the ANC guerrillas who planted the recent landmines in northern and eastern Transvaal came from Mozambique via Swaziland;
- ☐ The future of the Nkomati Accord between SA and Mozambique which is under severe strain and which, if it collapsed, would effect Swaziland and;
- ☐ Ongoing economic and agricultural aid to Swaziland.

Finishers get good start

MICK COLLINS

280

AN EXPORT agency has established two *finishing* factories in the UK to market SA goods stamped "Made in England" on foreign markets.

The factories are processing SA furniture components that are selling freely in the UK.

Company director Jim Aston said yesterday: "The idea came about when we encountered growing resistance from major UK retailers to goods stamped "Made in South Africa". We started losing market share and decided to implement our plan."

To comply with British value added tax laws, 30% of labour or parts must be supplied in the UK before a "Made in England" tag can be stamped on goods.

"Our British customers know what is going on but are turning a blind eye. Already we are processing shovels, spades and furniture and we now have plans well under way to establish a factory to handle small domestic appliances."

He says over the past eight years his factories have applied the finishing touches to more than 1 000 containers of SA export products which arrive in knock-down-kit form.

"For obvious reasons I do not wish to publicise the name of my company or those of the UK outlets. But we are looking for more products from local manufacturers to be shipped in knocked-down form to the UK."

Pik reveals trade deal

Parliamentary Staff

CAPE TOWN — The Zimbabwean Prime Minister, Mr Robert Mugabe, was negotiating a new trade deal with South Africa while at the same time castigating the British Prime Minister, Mrs Margaret Thatcher, for opposing sanctions against the Republic.

This was revealed last night by the South African Foreign Minister, Mr Pik Botha, on his return from talks with the Swaziland Government where the international sanctions campaign was a major topic.

Mr Mugabe has been in the forefront, along with the Zambian leader, President Kenneth Kaunda, in urging the world to apply strong economic sanctions against South Africa in the battle against apartheid.

However, Mr Botha revealed last night that while Mr Mugabe was calling on the world to apply sanctions against South Africa, his government was secretly negotiating a "new deal" with Pretoria.

"While Mrs Margaret Thatcher's opposition to

sanctions against South Africa was 'morally repugnant' to Mr Mugabe and President Kaunda, Mr Mugabe's government was signing 'important additions to the existing trade agreement with South Africa,' said Mr Botha.

Pressed for details of the new deal with Zimbabwe, he declined to elaborate except to say: "They signed important additions to the existing trade agreement which amounted to asking for preferential treatment of their goods."

Sapa reports from Mbabane that while on his visit to Swaziland, Mr Botha described the remarks by President Felix Houphouet-Boigny, of the Ivory Coast, against the call for sanctions as "words of wisdom by a great and elderly statesman of Africa".

Speaking after meeting Swaziland's King Mswati III, Mr Botha said President Houphouet-Boigny was not just speaking for South Africa but in the interests of the whole of Africa.

Earlier reports, P6, 19

TUESDAY, 26 AUGUST 1986

Klipdown: person shot

*5. Mrs H SUZMAN asked the Minister of Law and Order:

- (1) Whether a certain person, whose name has been furnished to the South African Police for the purpose of the Minister's reply, was shot by a member of the South African Police in Kiptown on or about 16 June 1986; if so, (a) why, (b) what was the age of this person and (c) what were the circumstances surrounding this incident;

- (2) whether an investigation has been held into this incident; if not, why not; if so, (a) when, (b) what is the rank of the person who was in charge of this investigation and (c) what were the findings;

- (3) whether he will make a statement on the matter?

The MINISTER OF LAW AND ORDER:

- (1) No.

(a) to (c) Fall away.

- (2) Yes.

(a) 17 June 1986.

(b) A Detective Sergeant in the South African Police.

(c) The investigation has not yet been completed.

- (3) No.

*6. Mr K M ANDREW asked the Minister of Education and Development Aid:

- (1) Whether any Black pupils wrote Std 10 examinations during the second quarter of 1986; if not, why not; if so, how many pupils (a) passed and (b) failed the examinations;

- (2) whether any such pupils obtained matriculation exemption?

*The DEPUTY MINISTER OF EDUCATION AND DEVELOPMENT AID:

- (1) 6 858 standard 10 pupils wrote examinations during the second quarter of 1986.

Due to the investigation of alleged irregularities in respect of a number of candidates no final statistics can be published at this moment.

(a) and (b) Fall away.

- (2) Falls away.

*7. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

Whether any food, blankets, clothing, medicines and/or other items have been provided by the State to persons from the Crossroads and KTC areas who moved to the tents in Khayelitsha; if not, why not; if so, (a) what specified items, (b) when, (c) what was the total cost to the State of providing these items and (d) in respect of what date is this information furnished?

The DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

Yes.

(a) Tents, mealmeal, samp, sugar beans, sugar, powdered milk, soup powder, blankets, pots, salt and plastic bags for food.

(b) As from 4 June 1986 up to 21 August 1986. Action still proceeding

(c) R843 942,72 (eight hundred and forty three thousand nine hundred and forty two rand and seventy two cents).

(d) For the period 4 June 1986 up to 21 August 1986.

*8. Mr K M ANDREW asked the Minister of Law and Order:

TUESDAY, 26 AUGUST 1986

Whether any persons who illegally possessed arms or ammunition surrendered such arms or ammunition as a result of the indemnity from prosecution offered in terms of Government Notice No 2787 dated 10 December 1985; if so, how many (a) arms and (b) rounds of ammunition had been so surrendered as at the latest specified date for which information is available?

*The MINISTER OF LAW AND ORDER:

Yes.

(a) 30 817 arms.

(b) 22 195 rounds of ammunition.

SA Embassy in France

*9. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Foreign Affairs:

- (1) Whether a certain person, whose name has been furnished to the Minister's Department for the purpose of his reply, was attached to the South African Embassy in France; if so, (a) when, (b) in what capacity and (c) what is the name of this person;

- (2) whether this person was asked by the French Government to leave France in or about January 1986; if so, (a) why and (b) what action was taken by the Embassy as a result;

- (3) whether this person subsequently returned to France in an official capacity; if so, (a) when, (b) why, (c) in what capacity and (d) who took the decision in this regard;

- (4) whether any action was taken against this person by the French Government following his return to France; if so, (a) what action, (b) when, (c) why and (d) what was the response of the Embassy to this action;

- (5) whether he will make a statement on the matter?

The MINISTER OF TRANSPORT AFFAIRS (for the Minister of Foreign Affairs):

The Minister of Foreign Affairs indicated that he will discuss this matter personally with the hon Leader of the Official Opposition.

Pietermaritzburg/Edendale railway line

*10. Mr P C CRONJÉ asked the Minister of Transport Affairs:

- (1) Whether a commuter railway line has been planned between Pietermaritzburg and the Edenvalle area; if so, (a) what route will it follow, (b)(i) how many stations will there be on this line and (ii) where will these stations be situated and (c) when will construction commence;

- (2) whether any new commuter rail services are being planned for the Greater Durban area; if so, (a) where and (b) when will construction commence, in each case?

*The MINISTER OF TRANSPORT AFFAIRS:

- (1) No. (a), (b)(i), (b)(ii) and (c) Fall away.

- (2) Yes.

(a) Between Umgeni station and Inanda settlement area.

(b) No decision has as yet been taken

*11. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Foreign Affairs:

- (1) Whether, following decisions on sanctions reached by the Commonwealth mini-summit early in August 1986, the South African Government has had any direct communications with the (a) President or Government of Zambia and (b) Prime Minister or

TUESDAY, 26 AUGUST 1986

- Government of Zimbabwe regarding
- (1) trade sanctions between the Republic and these countries and (ii) restrictions on the transport of goods to and from these countries through the Republic; if not, why not; if so, when in each case;
- (2) whether he will furnish the House with information on the matters discussed on these occasions, if not, why not; if so, (a) what matters were discussed and (b) what was the outcome in each case?

The MINISTER OF TRANSPORT AFFAIRS (for the Minister of Foreign Affairs):

- (1) (a), (b), (i) and (ii) Regarding the effect of sanctions on neighbouring states that might be imposed by foreign countries, discussions were from time to time held with representatives of the Zimbabwean Government through our Trade Representative in Harare. South Africa has no such representation in Lusaka.
- The South African Government does not believe in trade sanctions and boycotts and does not impose such actions against other countries as we are against the interference in the internal affairs of other countries and we believe that ideological differences should not stand in the way of trade.
- It has been decided, in line with international practice, to take certain steps to protect sectors of the South African private sector and to obtain a correct statistical picture of transport and trade patterns and also to ensure that transit traffic reaches its destination. These steps are handled by the relevant Departments and not by the Department of Foreign Affairs.

(2) Falls away

MAN SARA

goods transported to/from

*12. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Foreign Affairs:

HQA

- (1) Whether the South African Government has taken any steps to monitor goods transported through the Republic to or from (a) Zambia, (b) Zimbabwe, (c) Malawi, (d) Mozambique and (e) any other specified African country; if so, (i) what steps (ii) for what purpose and (iii) with what results;
- (2) whether any further steps are being taken or contemplated in respect of goods so transported; if so, (a) what steps, (b) in respect of which countries and (c) for what purpose?

The MINISTER OF TRANSPORT AFFAIRS (for the Minister of Foreign Affairs):

- (1) (a) and (b), Yes, with regard to incoming traffic.
- (c) No.
- (d) No.
- (e) No.
- (i) and (ii) I refer the honourable Leader of the Official Opposition to my reply on Question No 11.

(2) Falls away

General Affairs

Gross domestic product

MAN SARA

1044 Mr L F STOFBERG asked the Minister of Foreign Affairs:

- (1) Whether his Department (a) institutes investigations, (b) makes calculations and (c) monitors results on a regular basis with a view to determining the gross domestic product of (i) each independent Black state and (ii) (aa) Botswana, (bb) Lesotho and (cc) Swaziland; if not, why not; if so,
- (2) (a) at what intervals and (b) what were the results of these investigations over the past five years?

TUESDAY, 26 AUGUST 1986

The MINISTER OF FOREIGN AFFAIRS:

- (1) No. The BLS-countries and the TBVC-states perform this task themselves. RSA institutions such as the Central Statistical Services, Reserve Bank, as well as the Development Bank of Southern Africa do, however, on request assist the TBVC-states in a technical and advisory capacity in this regard. Moreover a Sub-Committee on Financial statistics has been established in the SATBVC multilateral system where problems in this regard are discussed and efforts are made to find solutions jointly. This co-operation has also resulted in the training of future statisticians from the TBVC-states at the University of Pretoria to enable them to attend to the specific needs of each independent Black state
- (2) (a) and (b) Fall away.

MAN SARA

1134. Mr L F STOFBERG asked the Minister of Constitutional Development and Planning:

- (1) With reference to his reply to Question No 1008 on 23 May 1986, on what basis does his Department keep statistics on the payment of (a)(i) maintenance allowances for unmarried mothers and (ii) other social allowances and (b) social pensions;

- (2) whether he will furnish the available statistics on maintenance allowances for unmarried Black mothers; if not, why not; if so, what are the relevant statistics?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1) (a)(i)(ii)(b) All social pensions are paid by way of a computer program, which is programmed on such a basis, that data relating to specific types of pension, cannot be extracted. In compliance with the regulations pro-

mulgated by virtue of the Children's Act, Act 33 of 1960, cohabiting adults do not qualify for a maintenance allowance for their children. The current policy is that maintenance allowances are paid to mothers whose husbands—

- (i) are serving prison sentences;
- (ii) have eloped; or
- (iii) are deceased

in respect of a maximum of four children, but in the case of an unmarried mother, only in respect of one child.

- (2) During July 1986 children's allowances were paid to 8 218 mothers, including unmarried mothers, in respect of 17 884 children, at a rate of R11,00 per child per month for normal maintenance, and R48,00 per month per child in foster-care.

Reference books/influx control

1160. Mrs H SUZMAN asked the Minister of Constitutional Development and Planning:

- (a) How many (i) males and (ii) females were arrested by officers of Development Boards for offences relating to reference books and influx control in each of the main urban centres of the Republic from 1 January 1986 up to and including the date on which arrests for such offences were suspended, (b) what was the total number of such arrests in the Republic during this period and (c) on what date were arrests for such offences suspended?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (a) Arrested by officers of Development Boards:

	(i)	(ii)
Bloemfontein	44	14
Durban	0	0
Johannesburg	0	0
Male		
Female		

CMC Trip
286
26/8/86

A READER
asks: "This
business

Holding the mineral card

about huge

new discoveries of platinum and vanadium — does it mean anything or is it another piece of we're-all-right-jack hype by the government to prepare us for sanctions?"

The answer is that it is no hype. I know the old saying to the effect that there are statistics, more statistics and damned lies, but there is no doubt that the new discoveries have strengthened the government's hand.

Even before the new discoveries South Africa held the world's greatest reserves of platinum, chrome, vanadium, gold, manganese and fluor spar. For example, 86 percent of the world's entire supply of platinum was found here, 83 percent of the world's chrome ore, 64 percent of the vanadium, 49 percent of the gold, 48 percent of the manganese ore and 46 percent of the fluor spar.

More to the point, the non-communist world was almost totally de-

pendent on South Africa as a primary source of these materials. A staggering 99 percent of the non-communist world's platinum comes from South Africa, 96 percent of the vanadium, 84 percent of the chrome ore, 61 percent of the gold, and 50 percent of the fluor spar; not to mention 92 percent of the diamonds.

In addition, of course, the whole thing is tied into international power politics. Unlike the non-communist countries, Russia is largely self-

sufficient in the essential minerals. If Russia were to suck South Africa into its sphere of influence, or if South Africa were to clamp down on the export of these minerals, the only people to score would be the men in the Kremlin.

One strategic writer says: "Should the USSR ever be in a position to control their cost or to deny their production to the West, they would have succeeded in striking a blow that could well cripple Europe's industrial economy as well

as gravely damaging that of the USA.

"In the short term such a blow could well prove fatal in undermining Europe's will to resist Soviet domination."

This will be even more the case when the new reserves come on stream.

That is why the government's not-so-veiled threats to institute a vital minerals boycott in retaliation for sanctions sent terror rippling up and down a lot of influential overseas spines.

The answer

IT HAS been drawn to my attention that I left a vital bit of information out of my item the other day about the school-age youngsters who tried to panhandle ticket money for the cafe-bio out of the other day when they should have been at school.

Namely: Did I cough up or not?

The answer is "no". Mainly because I didn't have much ready cash on me, and secondly because I do not think it wise to encourage a last-resort business like begging among kids who are obviously not of the begging class.

Final word

A FINAL word on local organizations catering for gays, homosexuals, lesbians or people of alternative sexual orientations (I am not trying to be funny: it is just that a catchall term that satisfies everybody is hard to find).

Heterosexual readers who have been following

Please don't quote me
BY WILLEM STEENKAMP

my comments on this subject now know that there are two organizations operating locally. The older and larger is the local branch of the Gay Association of South Africa, which has both male and female members; and then there is "Lilacs", which is for women only and, I gather, is fairly activist in standing up for lesbian rights.

Well, it transpires there is another women-only organization which caters for people who are not activist and — unlike the Lilacs — do not even like the term "lesbian".

A spokeswoman for this group tells me: "For the most part we are normal working women, single women or divorced women with children, who have mainly told their relatives about their sexual preference. We don't have to carry a label or have political views. That's how we feel about it."

The situation for women, therefore, is as follows:

● There is the local Gasa branch, which in addition to services such as liaising with Lifeline and counselling on Aids, also runs women-only socials at its premises every second Friday night.

● There are the Lilacs, especially for the militant types.

● For non-militant types there is another organization which functions as a social, recreational, cultural and sporting club. Membership is by invitation only, and women interested in joining or making further inquiries can write to PO Box 123, Bergvliet 7945.

As far as I can see that covers the whole spectrum, so now you know.

● Incidentally, my writings on this subject have evoked the normal delicately expressed questions, such as: "Are you turning poof in your middle age?" and "how's your wrist this morning?"

Conclusion: people like these still have an acceptability problem.

Bid for sanctions pact

SUN MEX 280 24/8/86

By EVELYN HOLZHAUSEN in London and PATRICIA CHENEY in Washington

SOUTHERN AFRICAN countries are in disarray over their sanctions initiative — even as the United States moves towards a tougher line against South Africa.

The leaders of the nine southern African countries cannot coordinate their sanctions package because, they admit, some are less able than others to bear the economic fall-out.

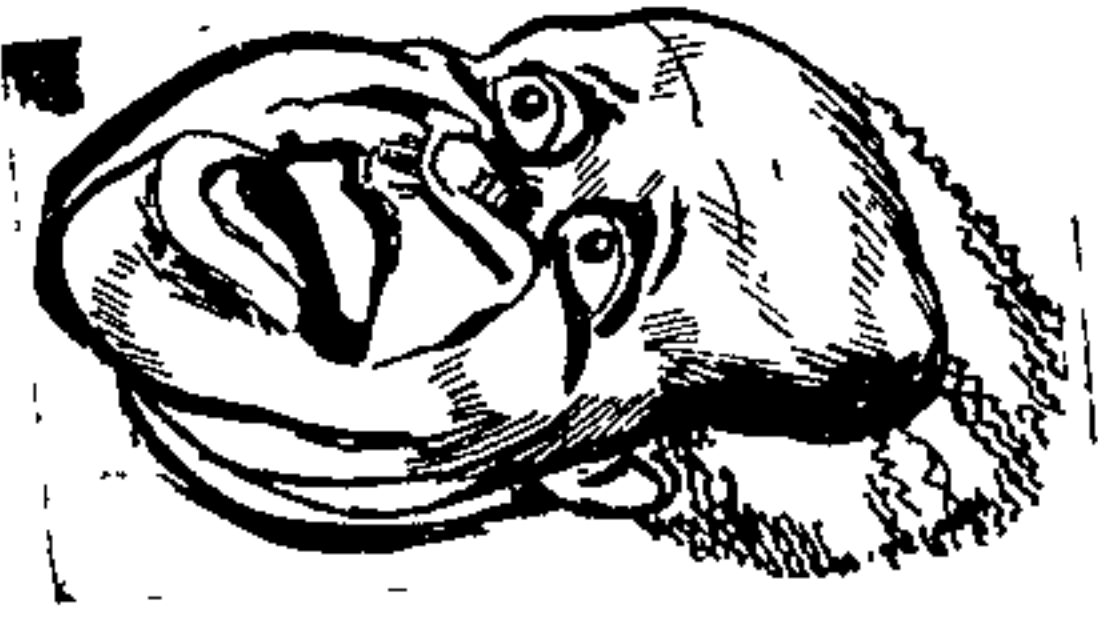
Prime Minister Robert Mugabe of Zimbabwe and Zambian President Kenneth Kaunda are reportedly "disappointed" at the failure to reach agreement on the issue.

The nine nations, all members of the Southern African Development Co-ordinating Conference, met this week in Luanda.

They re-affirmed their commitment to sanctions, but delayed announcing when they would implement them. The problem, apparently, is the vulnerability of the SLS countries to economic retaliation by South Africa.

The middle line thrashed out by the nine is that they will support all international sanctions action against South Africa while stopping short of immediately imposing sanctions themselves.

No such hesitancy apparently characterises US job-



Zambia's Kaunda ... disappointed

Fears of backlash from SA

bies now pushing the administration for a firmer line against Pretoria.

President Reagan is heading for a showdown with the US Congress over the South Africa sanctions issue — and both sides are predicting a tough battle that could lead to one of the President's most

damaging political defeats. With just three weeks to go before Mr Reagan has to renew his executive order invoking mild sanctions against Pretoria, there is little indication that the White House is willing to toughen up the order enough to satisfy the sanctions-minded Congress.

"Congress wants to get on record in this election year," a White House source told Associated Press. "They are taking a very hard position. It would be difficult to dissuade them from that course."

In an interview earlier this week, White House chief-of-staff Mr Donald Regan said the President "will never be reconciled" to the sanctions bill passed last week by the Senate.

"If what emerges from the Congress is something that, in the judgment of the President would not be productive, I would not be helpful, then I don't think he will accept it," Mr Regan said.

But it is unlikely that the final outcome of the sanctions legislation — a compromise between the Senate bill and the more sweeping House bill — will be any milder than the package passed overwhelmingly last week by the Republican-controlled Senate.

fails

BUS DAY 25/8/86

Mossel Bay project to take longer

DUE to the threat of sanctions, the planning stage for the Mossel Bay gas project would take much longer and would not be completed before the end of 1987, Mineral and Energy Affairs Minister Danie Steyn said yesterday.

He said the reason was that the planning and development would have to ensure the project could be completed once it was started, even if sanctions were introduced.

Steyn and his department's director-general visited Mossel Bay yesterday to inform the town of the latest developments in the gas project.

He said the site had been narrowed down to three farms and a decision would be made soon.

The farms are between Mossel Bay and the Gouritz River, about 20km from the town. — Sapa.

African leaders firm on sanctions

LUANDA — The Southern African Development Co-ordination Conference (SADCC) summit has decided that some nations are in no position to impose sanctions because of their dependence on SA.

But a statement said "SADCC

member states' vulnerability" should not be used as an excuse by others for not imposing sanctions.

It said Angola, Botswana, Lesotho, Malawi, Mozambique, Tanzania, Swaziland, Zambia and Zimbabwe would stand for sanctions.

— Sapa-Reuter.

Cape Times 25/8/86 (280)

SA denies 'takeover' of UK business

Own Correspondent

JOHANNESBURG. — An article in a British newspaper yesterday, which said South Africa was "poised to nationalize" UK companies to survive sanctions, was described as "unadulterated rubbish" by the Deputy Minister of Trade and Industry, Mr Kent Durr.

London's Sunday Express said in a front-page report that warnings of Pretoria's intention to take over UK investments of about R22-billion in more than 50 companies were given by unidentified businessmen returning from South Africa recently.

It said such action would follow any decision by the European Community (EC) in October to impose sanctions.

'Safe'

But Mr Durr said: "South Africa has always been a good and safe investment for British investors and things will remain that way."

"This is just part of the wicked disinformation that this country has been subjected to for years. British investors are used to it."

He said the report was such "utter lunacy" that he did not wish to comment on its details and added: "It has never crossed the minds of anyone near government."

A spokesman for the office of the Minister of Foreign Affairs, Mr Pik Botha, yesterday also rejected the suggestion.

"It is simply not government policy to do such a thing — we are not even thinking about it," the spokesman said.

Other sources yesterday agreed with the

Foreign Ministry spokesman's assessment.

Margaret Smith reports from London that Sir Leslie Smith, chairman of the British Industry Committee on SA (Bicsa), an organization promoting trade between the two countries, dissociated himself from the article.

It quotes Sir Leslie as saying that the nationalization of foreign assets was a powerful weapon and the SA Government knew it would be a last resort, as it would bring down world-wide anger.

Sir Leslie said he did say that, but denied the suggestion in the report that the government was "poised" to act against its "hit list".

He said he meant that in the event of total mandatory sanctions being applied, South Africa's ultimate retaliatory action could be the nationalization of foreign assets.

'Arsenal'

He said: "Other countries have nationalized industry. I don't say it is an immediate plan that would follow sanctions, but it certainly is in the arsenal of retaliatory weapons."

The Express report claims that, on President P W Botha's "grab list", would be firms such as Shell, BP and Barclays Bank. Others could include Beechams, Cadbury Schweppes, Hanson Trust, ICI, Rio Tinto Zinc, Rowntree Mackintosh and Babcock International.

Sir Leslie's own company, British Oxygen, has a reported R375-million investment in South Africa.

His advice to his company and others was to stay put and not to panic.

Fears in UK of a Botha 'grab list'

The Star Bureau

LONDON — Fears are growing in Britain that South Africa could retaliate against sanctions by nationalising up to 50 major British firms and confiscating investments

valued at more than R20 billion.

It is suggested a takeover plan could be put into operation if the Economic Community imposes a new round of sanctions next month or in October.

British pension funds covering around 10 million people in the United Kingdom could suffer substantial losses in the event of a takeover.

British businessmen, however, have hatched a multimillion-rand plan to counter apartheid — and sanctions — by accelerating black advancement through a giant educational programme.

Fifty-four major companies are backing the scheme put forward by the chairman of the British Industry Committee on South Africa (Bicsa), Sir Leslie Smith, himself chairman of British Oxygen, which has investments of about R300 million in South Africa.

Sir Leslie, who believes that sanctions will be pointless because South Africa is prepared for them and many third countries are willing to take over trade, warns: "Nobody will gain when

the blacks take control in South Africa and just inherit an economy destroyed by apartheid.

"The way to force P W Botha to react is to form a new educated middle-class in South Africa."

Businessmen returning from South Africa in the past few days, however, apparently have warned that the South African Government plans nationalising British interests if further sanctions are applied.

Giant companies likely to be on what the *Sunday Express* calls "President Botha's grab list" are thought to include Shell, BP and Barclays Bank.

LOW MORALE

Others might include Beecham Group, Cadbury Schweppes, Blue Circle Industries, Hanson Trust, ICI, Pilkington Brothers, Rio Tinto Zinc and Rowntree Mackintosh.

Sir Leslie admits that morale among British companies with South African interests is low.

"Some companies do not think it is worth the hassle," he says.

His advice is to stay put and not panic.

25/8/86 STAR

ANC stops visit to India by SA academics

Own Correspondent

DURBAN — The African National Congress helped block a visit to India by three white South African academics.

Durban political scientist Professor Lawrie Schlemmer and professors Herman Giliomee of the University of Stellenbosch and Jan Coetzee of the University of the Orange Free State had applied for visas so they could attend the World Congress of Sociology in New Delhi.

The African National Congress in Lusaka sought to block the visas.

However, Professor Schlemmer got wind of it and withdrew his application in mid-July.

He said: "I knew there was an issue about South Africans attending. It appeared to involve some uncertainty and I have better things to do with my time than worry about that."

The Indians also refused entry to an Israeli delegation.

An ANC spokesman, told International Sociology Association secretary Felix Geyer the ANC were dismayed that no black sociologists were attending the conference.

However, the ANC sanctioned the visas of two Wits University delegates, Mr John Cloete and Mr Johan Muller.

They presented a paper on the "Role of Intellectuals in the Black Struggle in South Africa".

This week it was learnt that Durban sociologist Professor Fatima Meer refused to attend as part of an "exchange deal" to clear the way for visas for the three white South Africans.

UK scientist out of SA conference

The Star Bureau

LONDON — British laser scientist Dr Michael Key will not attend a conference in South Africa on high-speed photography.

Dr Key, head of the laser department at the British government-funded Science and Engineering Research Council, was asked to withdraw after strong representations from the Anti-Apartheid Movement.

At least three of the 16 other UK scientists due to travel to Pretoria announced at the weekend that they were pulling out.

Readout
lay August 25 1986 *STAR*

'Israel will support the West' over SA sanctions

TEL AVIV — A senior Israeli official said tonight he expected the Prime Minister, Mr Shimon Peres, to tell Cameroun's leaders during his visit to that country this week that Israel would support Western economic sanctions against South Africa.

Mr David Kimche, director-general of the Foreign Ministry, said that Israel was part of "the family of democratic nations" and would act accordingly.

Asked how he believed Mr Peres would respond if Cameroun's President Paul Biya raised the issue of sanctions, Mr Kimche said: "I think he will answer that Israel will abide by any decision of Western democratic countries."

Mr Kimche is accompanying Mr Peres to Cameroun on a two-day visit starting tomorrow, the first by an Israeli prime minister to Africa in 20 years.

He said the trip will improve Israel's standing in Africa.

Asked what Mr Peres hoped to achieve in Cameroun, Mr Kimche said: "Do you really want Israel's image to be that of a country with good relations with the racist regime of South Africa?" — Sapa-Reuter.

Plea to Reagan to lead tough action against SA

By Neil Lurssen,
The Star Bureau

WASHINGTON — Senator Richard Lugar, the main Republican Party driving force behind the recent 84-14 anti-apartheid sanctions vote in the United States Senate, has appealed to President Reagan to take over the leadership of American action against the South African Government.

But White House officials say the President has not made up his mind yet.

The expectation in Washington is that he will renew the sanctions order he issued last year — and perhaps add a few limited measures in an effort to satisfy congressional demands for tough punitive steps.

Republican leaders have warned Mr Reagan that they will not be able to support any

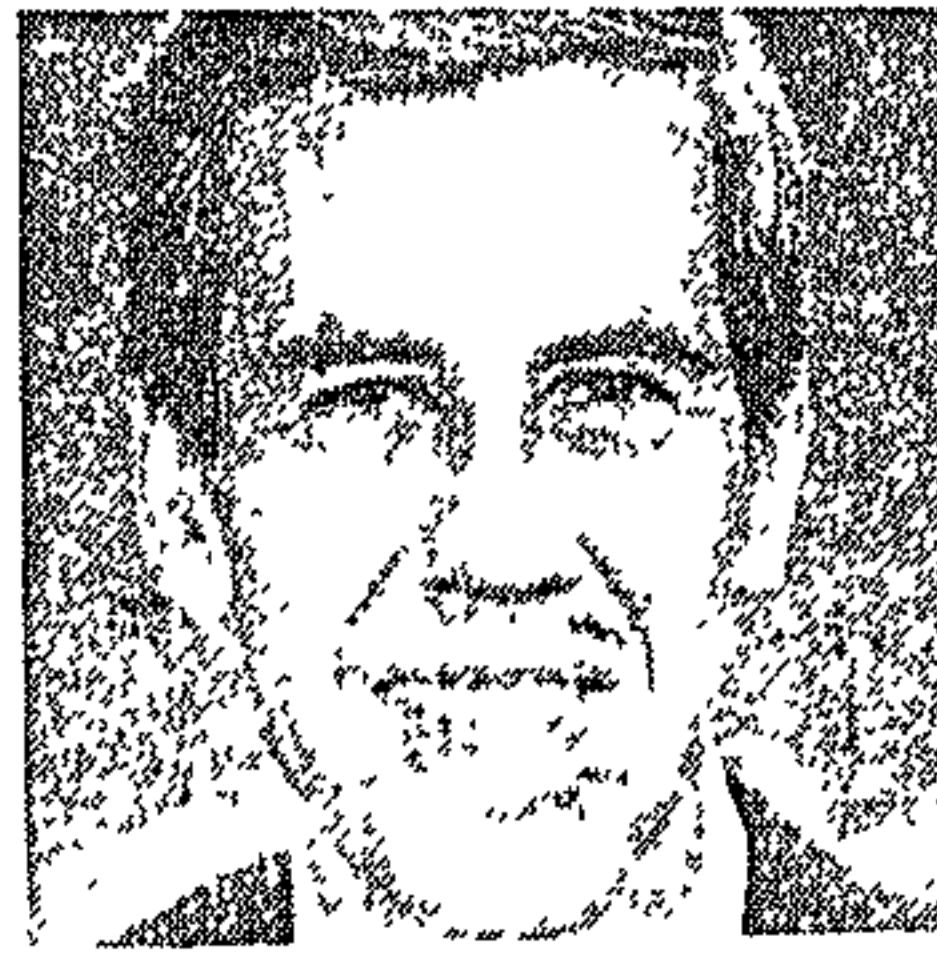


President Reagan ... might increase sanctions to satisfy calls for punitive steps.

attempt he might make to water down the sanctions approved in the Congress, or a decision by him to veto them.

Senator Lugar said President Reagan had acted correctly last year when he imposed sanctions by executive order.

"I argued then that it was essential that Mr Reagan take



Senator Lugar ... "sanctions carry greater moral than economic weight".

the lead on South Africa. I believe that to be true now."

Writing in the *New York Times*, Senator Lugar argued that sanctions carried greater moral and political weight than economic weight.

"They are most effective when they are adopted with one voice. It is my hope that

the President and Congress will speak with one voice."

The US had to act with wisdom and with well-defined goals, he said.

"Our goal, simply, is democracy, and the freedom and justice it brings. We are not attempting to tell South Africans how to set up a new government — only that they must release Nelson Mandela and other political prisoners, end the state of emergency, permit the free organisation of political parties, repeal the law creating the artificial black homelands, and begin negotiations for power sharing.

"We may not be successful, but we should try to work with the other democracies of the world to create the circumstances in which democracy can prevail in South Africa.

"If we fail, the violence and polarisation will increase in South Africa. The Soviet Union will benefit from the bloodbath and the chaos that will follow."

Senator Lugar said the US must try to find better ways to talk to and influence the millions of South Africans who would be citizens of the country in the future.

"Any American effort to serve as a trusted and reliable friend of both black and white South Africans, encouraging their progress and reforms because they benefit us as well, will always risk the anger of certain elements in both the US and South Africa whose interests will be furthered by deteriorating conditions.

"We want to prevent a bloody civil war and the destruction of a nation. The Senate has been trying to encourage the writing of a peace treaty by all South Africans now — not after a war."

Senator Lugar said he prayed that President Reagan would add his enormous influence to the will of Congress to begin the process of negotiation towards democracy in South Africa.

"I pray that he will do so before it is too late," he said.

SA divestment soars (280) as US state sells funds 26/8/85

The Star Bureau

WASHINGTON — The California State Senate has voted 27 to 11 to force the state's pension and university funds to sell about \$11,4 billion-worth (R30 billion) of securities invested in companies that do business in South Africa.

Indications are that the Divestment Bill will be approved by the California Assembly and be signed into law by Republican Governor George Deukmejian — perhaps as early as this week. The Bill is perhaps the most serious blow to be struck by the divestment campaign in the United States.

It is thought the California decision will be taken into account by President Ronald Reagan when he decides whether or not to veto a Congressional Sanctions Bill.

So far some 19 US states, 68 cities and 119 universities have enacted divestment measures. The state of New Jersey is currently selling off \$2,6 billion-worth (R6,8 billion) of securities in what was, until now, the biggest action of its kind.

"This is the single most signif-

icant breakthrough on the divestment question because of the amount of investments involved," said Mr Willie Brown, speaker of the California State Assembly.

The Bill allows the companies concerned — some of America's most prominent corporations — a period of grace in 1987 in which they can withdraw from South Africa.

If they do not withdraw, state executives will have to sell off the investments over the following three years, at a rate of one-third each year.

California, which has a budget larger than many independent countries, has about \$65,6 billion (R172 billion) invested in state pension funds and university holdings.

Analysts believe the divestment of such a large slice of that financial power could have the effect of depressing the share prices of the corporations involved.

This could serve as a sharp incentive for wavering companies to get out of South Africa, the experts say.

Govt has been ‘stockpiling’ against sanctions for 10 years



GOVERNMENT had stockpiled — for more than a decade — literally thousands of items to safeguard the economy against sanctions, Man-power Minister Pietie du Plessis said in Phala-borwa last night.

Speaking at a function to mark the 35th anniversary of the Phosphate Development Corporation (Foskor), he said

the private sector and government had taken steps to promote the continued marketing of SA goods and products.

Du Plessis said: “We all know that trade can be conventional or unconventional. That is being planned by a counter trade committee in the Department of Trade and Industries which is also dealing with barter agreements.”

Sanctions would lead to large-scale import replacement which would make SA even more self-sufficient.

GERALD REILLY

Du Plessis said: “You can rest assured government has learned from experience how vital it is to safeguard sources of supply. Thorough provision has been made, including the protection of the flow of technology and know-how, of a large variety of products.”

“And we shall not be found wanting.”

Steps had been taken over the years to secure the continuence of trade irre-

spective of sanctions.

Sanctions meant economic war.

Du Plessis said it was imperative that “the enemy should not be assisted with information on the amount of SA exports and the countries to which they are shipped.”

As far as Bishop Desmond Tutu was concerned “his abrasive utterances are unbecoming of a man of the cloth.”

And it was unthinkable Tutu could stoop so low as to call on the Japanese

government to impose sanctions against SA.

It was easy for Tutu to advocate sanctions from his elevated and comfortable position.

Du Plessis said the advocates of sanctions should be made to realise if the diabolical work succeeded, thousands would be deprived of jobs “and we would have to rebuild our industrial infrastructure and re-establish our export markets”.

Sanctions won't help: US senator

SMR 280 23/8/86

By Alan Dunn,
The Star Bureau

WASHINGTON — An American senator specialising in Africa does not believe sanctions will force Pretoria to change its thinking.

Senator Nancy Kassebaum, chairman of the Senate's sub-committee on Africa, said in an interview: "I'm under no illusions that sanctions are going to change the South African Government's position. We're foolish to think a total trade embargo or disinvestment, if you up the ante, would do it either."

The moderate Republican was a

central figure in the Senate's approval recently of a severe sanctions bill, saying five years of a conciliatory approach towards South Africa had reached a dead end.

Pretoria's intransigence had made it time for a forceful message, she said.

She said Congress was ahead of President Reagan on the sanctions issue. His adoption of some of the major parts of the Senate bill in an executive order would be acceptable to a Congressional majority.

Agreeing with Mr Reagan on the need for united action on South

Africa, Senator Kassebaum said: "Accord with Britain, West Germany and Japan on a couple of things would be most effective."

She said "The emotional debate on apartheid is having an effect in the United States. In this country there is a lot of latent racism, and people here will become more divided as the South African issue continues

"There is a lack of statesman-like leadership in South Africa. If the situation cannot advance dramatically, and with the leaders not prepared to take a risk for bold leadership, I fear continued tension and escalating violence"

Will anything short of one-man, one-vote slow the sanctions momentum on Capitol Hill?

"Nobody talks about that. They know it couldn't happen immediately. I believe, though, the negotiating process has to begin," she said.

"Releasing Nelson Mandela is part of the equation. He has almost become a myth in the 27 years he has spent off the street. He could unite factions and provide leadership

"That is why I believe in unbanning all political parties because one has to deal with the ANC."

● See Page 7.

Big contract lost over SA connection

By Alan Dunn
The Star's Foreign
News Service

WASHINGTON — A major Southern Californian corporation is set to lose a multi-million-dollar contract in Los Angeles because of its links with South Africa.

The city council voted 11-0 this week that the giant Fluor Corporation be stripped of its tentative selection as manager of the \$310 million expansion of the Los Angeles convention centre.

Fluor, based in Irvine, Orange County, reportedly did about \$40 million in business in South Africa last year.

The council's vote, although officially only an "Advisory" procedure, is seen as a signal to the convention centre's quasi-independent commission allowing it to back away from its initial selection of Fluor.

The Los Angeles city council is, under Mayor Tom Bradley, one of the most outspoken and active local authorities in the US

against Pretoria policies. On July 2, it passed a ban prohibiting the city from purchasing from companies with South African ties.

This week's vote is seen as the first big test of that rule.

The chairwoman of the convention centre commission, Ms Sandra Gordon, said she expected her panel to heed the council's will. Mayor Bradley also sees a formal contract to Fluor as a violation of the city's anti-apartheid policy

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The council vote came in spite of objections by Fluor's general manager for construction, Mr James Zilli, who argued that the policy had not been passed when his corporation was tentatively awarded the contract. Fluor should not be held to its standards, he said.

"We're not asking for a special favour," he said. "There's something that doesn't make sense to me."

One city councillor told Mr Zilli: "You have my sympathy but you don't have my vote."

The unmentionable trade: SA and Africa

OWN CORRESPONDENT,
London

THERE are no sales statistics. The goods are unmarked. The freight planes bear no registration numbers. It is the trade to which no side can admit between the 'black African

states and their greatest foes, South Africa

Pretoria can afford to be smug about the world's talk of sanctions. On a continent dismally short of transport networks and industry, independent Africa has little option but to continue

Pretoria can afford to be smug about black Africa's talk of sanctions. It's not only the frontline states which depend on South African food and technology.

trade with the south. Most backdoor dealings are so secret there are no statistics available, only the infrequent pronouncements of government officials on those occasions when it suits them to lower the veil a little.

South Africa's Deputy Foreign Minister Louis Nel, for example, has castigated African leaders for their hypocrisy, remarking that "all but four African states trade with South Africa".

His claims have received at least some tacit reinforcement in statements by African leaders. At a Paris conference on apartheid in June, Senegalese President Abdou Diouf said where trade with South Africa was concerned, not all countries could claim to be "blameless".

Organisation for African Unity (OAU) President Sassou Nguesso has called on African states to put their own houses in order by breaking off overt and covert relations with South Africa. Several other speakers at the last OAU conference backed him up by attacking the hypocrisy of some — unnamed — countries which call for sanctions while trading secretly with South Africa.

The OAU itself showed no hurry in wanting to clean up the house. A list of those African capitals which accommodate South African Airways flights was presented to the last meeting of OAU foreign ministers. It was promptly "classified" and shelved.

South African Airways is, in theory, allowed to overfly no African country. The practice is rather different. The Seychelles, for example, is full of moneyed South African tourists, who contribute generously to the national coffers.

SAA stops off daily at the Amilcar Cabral international airport (named after a famous black African revolutionary leader) at Cape Verde, bringing the country a goodly chunk of its foreign currency earnings in the form of transit fees. The capital of Cape Verde is known to serve as a venue for unofficial contacts between South Africans and black African governments.

While SAA lands openly at Cape Verde, there are a good few countries where South African planes land more discreetly. Unmarked, unregistered jets arrive at airports in Abidjan, Libreville, Kinshasa, Nairobi and Mogadishu, and taxi discreetly to areas outside the public gaze, there to offload their cargoes and vanish once more, equally discreetly.

Zaire and the Ivory Coast are two other countries which have open political contacts with Pretoria. Under President Felix Houphouët-Boigny, the Ivory Coast invented the idea of "dialogue" with Pretoria, as far back as 1974.

Zaire, in theory an arch-foe of apartheid, is at South Africa's mercy. The Benguela railway line linking Zaire and Angola has been cut by South African-backed Unita rebels, isolating the mineral-rich province of Shaba. The diamonds of Shaba reach the world market only by courtesy of South Africa. Almost the entire Zairian diamond output is marketed by a company called Britmond, itself a

subsidiary of South Africa's De Beers corporation, which in turn controls 80 percent of the world diamond market.

South African officials like to point out that 57 percent of Kinshasa's imports go through South African ports. So do 45 percent of Zaire's copper exports, 60 percent of its zinc and 40 percent of its cobalt.

In the Central African Republic it is again South Africans who have until now marketed a substantial portion of the country's diamond output. Last month a new company was formed to handle the country's marketing, with specific instructions to exclude South African participation. Time will tell whether this actually works.

Gabon, whose president, Omar Bongo, was one of the more vociferous supporters of the OAU resolution to withhold landing rights to any plane bound for South Africa, not only permits "covert" visits by South African planes, he is also employing South African technical expertise to build a new international airport.

Malawi's President Kamuzu Banda, for years the only African leader to maintain diplomatic relations with Pretoria, once criticised those politicians who "piously vote

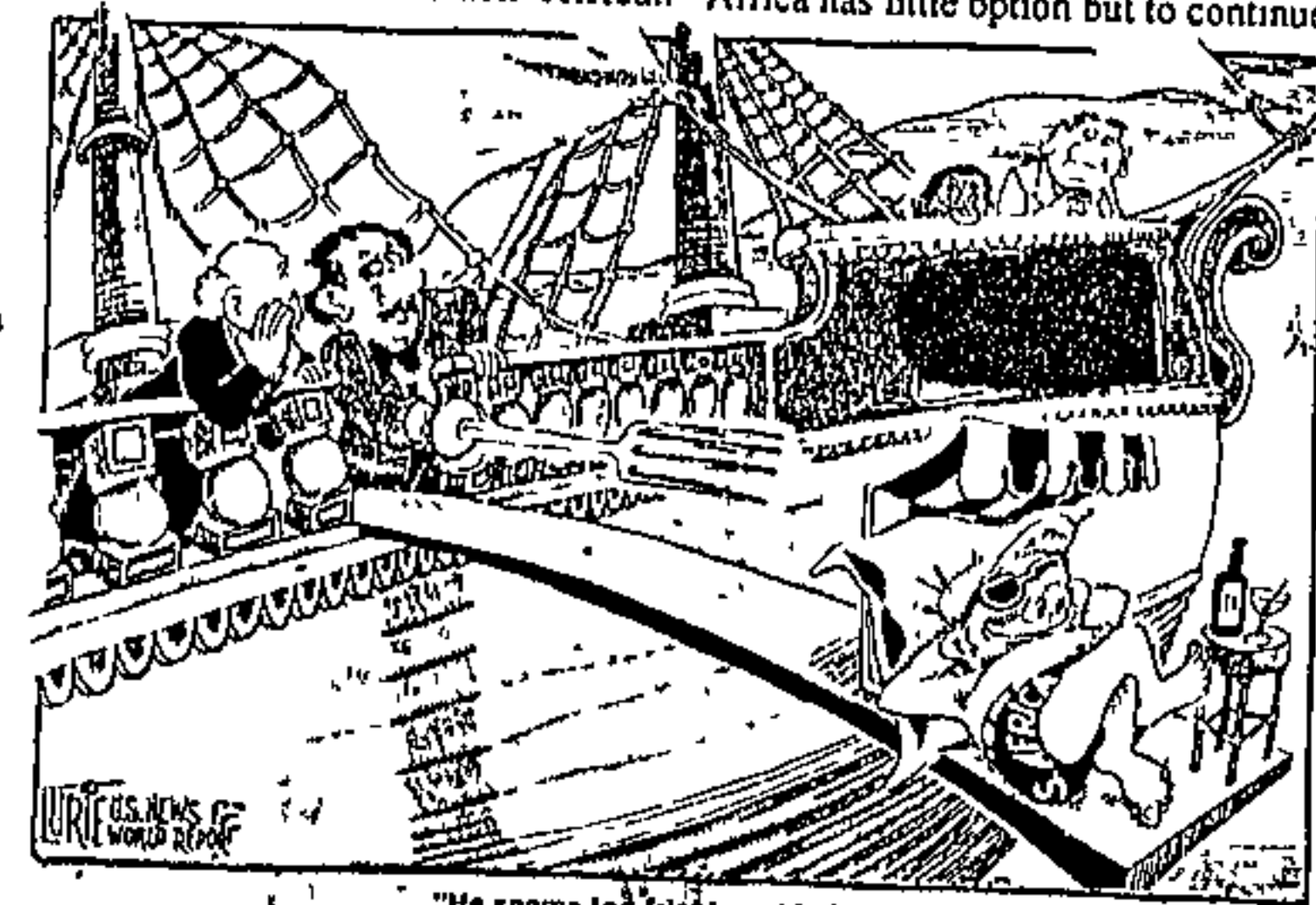
resolutions against Pretoria when their stomachs are full of South African meat".

And indeed, meat is a favourite among the foodstuffs imported from Pretoria. Indeed, until quite recently, the label "Produced in South Africa" could be found in food stores in most African cities like Brazzaville, Dakar, Douala, Lagos, Lome and Kampala. In Equatorial Guinea, the South Africans have even helped launch a huge cattle-breeding ranch.

Part of the reason for the South African success is the excellent trade relations Pretoria has managed to maintain with the Asian community in Kenya, which controls trade throughout East Africa.

Another reason has to do with the inefficiency — not to mention corruption — of customs officials who are either unable or unwilling to enforce the trade boycott.

And, ironically, it is not only nationals from countries bordering South Africa who are eager to work there, apartheid or not. Some years ago, the Ghanaian government actually had to campaign to dissuade some of its nationals from taking up work offers in the South African "independent" homelands.



Boycott busting: A new industry booms:

By VIVIENNE WALT in Johannesburg and RAFIQ ROHAN in Durban

THE Durban newspaper advertisement had all the signs of an undercover job. Experienced sanctions-busters wanted, it said. And especially those with foreign passports, the advertiser told those who called.

"The response was phenomenal," said Tony Mears, owner of an import/export firm called Trader Corporation which deals, *inter alia*, with the export of coal. "At last count, we had 86 people wanting to do the job."

Mears said his motive was not patriotism but business. His sanctions-busting operation will cover all forms of trade in a number of countries. "I don't deal with official or semi-official departments," he said, "but directly with the countries interested in trade."

"We already have a few front organizations." Exactly how it is done, he said, "is all self-evident. Just take an atlas, figure out who is hostile to us, and who is friendly."

Aside from Pretoria's traditional friends, like Israel, South Korea and Taiwan, African countries — starved of export markets and foreign currency — are beginning to emerge as the most likely and convenient go-betweens.

Companies here are already said by traders to be investigating facilities in countries bordering South Africa, where goods would be repackaged and new labels pasted, in order to disguise the country of origin. Export documentation would be neatly changed so the goods would appear to be shipped originally from outside South Africa.

Although discomfiting to leaders who publicly detest the apartheid regime, sanctions-busting would undoubtedly be very lucrative. "When you get down to reality, all this fighting talk against South Africa doesn't feed empty bellies," said a Johannesburg export consultant, who refused to be named, saying he had been "swamped with calls from clients trying to reroute their goods."

In their new wrappings, South African goods would ostensibly be shipped from other African ports

direct to the disinvesting country. "Containers could go straight to Havana," he said.

Perhaps an extreme example of what is gently known in the business as "unconventional trading" was South Africa's large shipment earlier this year to Ethiopia of grain, as food aid, routed via Mozambique and bearing Mozambican documentation.

But traders admit the scheme is not problem-free. They point to the decade-old oil embargo against Pretoria by several Opec countries which has so far cost the South African government about \$22-billion (\$55-billion) in stockpiling costs and premium rates.

Since the US Senate and European Community sanctions packages hit mainly at South African exports, rather than imports, the new problems would involve inadequate transport routes.

South Africa has by far the most advanced rail and port network in the region, and has taken the trouble to usurp trade from its competitors' ports. Reversing the process could take several years. "There's just no way you could get the coal out of Maputo in anything like the same quantities," said one financial journalist.

Aside from the considerable expense involved in rerouting goods, perishable items like fresh fruit and vegetables — on the European Community's new blacklist — will have to move too quickly to be rerouted.

Other embargoed commodities will be impossible to disguise, like South African coal, which accounts for nearly 10 percent of the country's exports and has unique mineral properties. How effective coal-shipping operations will be will depend on how zealous are the monitors in Europe and the US. "Success will lie in the clandestine movement of goods," said the Johannesburg export consultant. "It's becoming a very delicate game."

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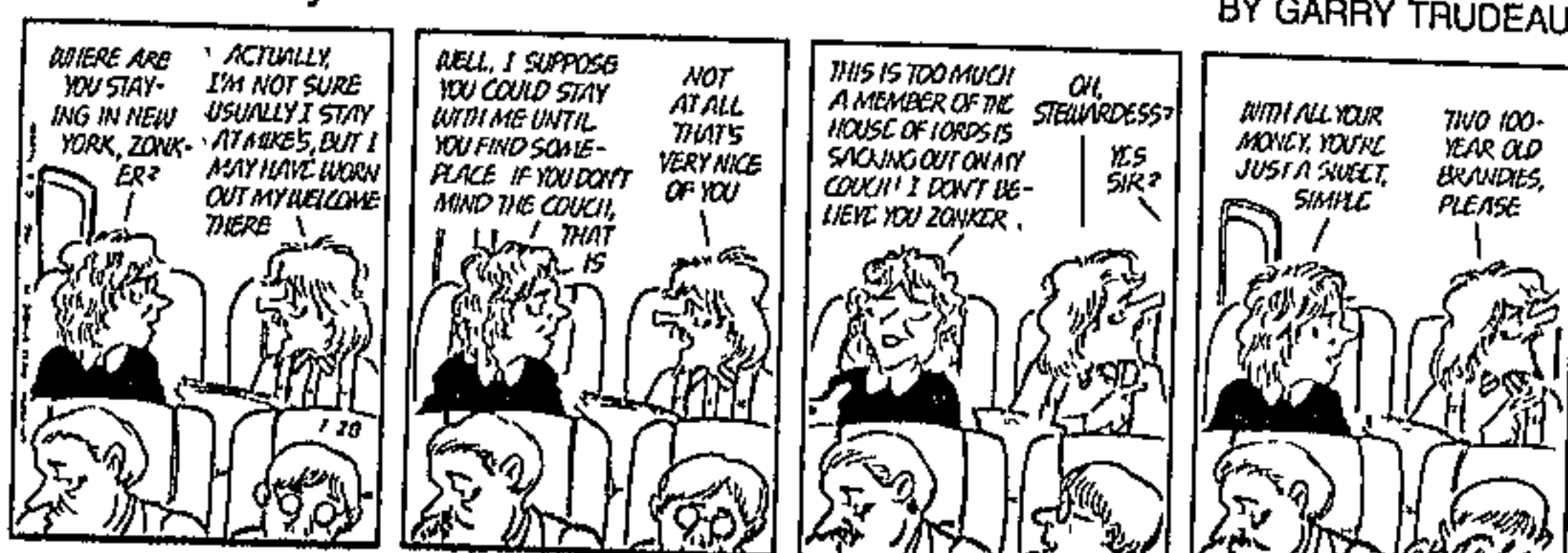
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Sanctions: Govt stockpiles

Own Correspondent

PRETORIA. — The government for more than a decade had stockpiled literally thousands of items to safeguard the economy against sanctions, the Minister of Manpower, Mr Pietie du Plessis, said last night.

Speaking at a function in Phalaborwa to mark the 35th anniversary of the Phosphate Development Corporation (Foskor), he said the private sector and the government had taken steps to promote the continued marketing of South African goods and products.

"We all know that trade can be conventional or unconventional and this is being planned by a counter-trade committee in the Department of Trade and Industries which is also dealing with barter agreements."

Sanctions, he said, would lead to large-scale import replacement which would make South Africa even more self-sufficient.

"You can rest assured the government has learned from experience how vital it is to safeguard its sources of supply. I can set your mind at rest that thorough provision has been made including the protection of the flow of technology and know-how of a large variety of products."

Mr Du Plessis stressed "we shall not be found wanting".

He said that over the years steps had been taken to secure the continu-

ation of trade irrespective of looming sanctions.

Sanctions in fact meant economic war, he said.

It was imperative that "the enemy should not be assisted with information on the amount of South African exports and the countries to which they are shipped".

About Bishop Desmond Tutu, Mr Du Plessis said his abrasive utterances were unbecoming to a man of the cloth.

'Stoop so low'

It was unthinkable that he could stoop so low as to call on the Japanese Government to impose sanctions against South Africa.

It was easy for Bishop Tutu to advocate sanctions from his elevated and comfortable position.

The advocates of sanctions should be made to realize that if their diabolical work succeeded, thousands would be deprived of jobs "and we would have to rebuild our industrial infrastructure and re-establish our export markets".

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CAPE TOWN 22/8/86
Tutu: I have said it before'

Own Correspondent

JOHANNESBURG. — Bishop Desmond Tutu arrived back here last night and commented that he had not said anything overseas he had not said before or had not said in South Africa.

Returning from a trip to Japan, China and Jamaica, the Anglican Archbishop-designate of Cape Town was welcomed by about 30 friends — and about 50 journalists.

Asked whether he knew that some cabinet ministers had said his call for sanctions and other statements bordered on treason, he replied: "They are always coming with the same ploy. I have said it all before."

Bishop Tutu and his wife, Leah, had to fight their way through a strong press contingent and a large group of singing church members in the arrivals hall.

When asked about criticism of his invitation list for the enthronement — which includes Harry Belafonte, Lionel Richie and Bill Cosby — Bishop Tutu said he would not be dictated by anybody on who he could invite. "They are my friends."

● Tutu: 'Straight coverage' of event by SABC, page 7

CAPE TOWN 22/8/86
Barbed-wire 'pay beach' takes shape

By PETER DENNEHY
 Municipal Reporter

FISH HOEK municipality has begun to erect a barbed-wire fence enclosing the entire length of its beach, which is to become a "pay beach" when it is opened soon to people of all races.

An entrance fee of R2 a day is to be levied on adult visitors to the beach, while Fish Hoek residents and a few others will be eligible for R1-a-year "season tickets", the town clerk, Mr Eric Fry, said yesterday.

The Mayor of Fish Hoek, Mr Howard Wood, said the fence was a "crowd-control measure".

"We see no other way of controlling crowds."

Mr Wood said a public meeting had been held in January and a "substantial majority had voted in favour of having a fence. Now they have forgotten about it all".

Mr Andrew Cunningham, chairman of Fish Hoek Residents' Association, disagreed with Mr Wood and said less than a quarter of the audience of 300 at the association's January meeting had voted for a pay beach.

'Split down the middle'

"More than half put up their hands for no fences and no pay beach, it's in the minutes," Mr Cunningham said. "People are overwhelmingly against the fence and having to pay."

"As far as the open beach is concerned, the town was fairly split down the middle. At that meeting, residents voted in favour of opening to all races by 120 votes to 100. If a vote were held today, more would want it open to all."

A random sample of yesterday's Fish Hoek beach users showed no overt race prejudice, and most were in favour of a free beach.

Mr Fry said the Fish Hoek Town Council had applied to the Administrator in December for permission to open its beach to people of all races, and was implementing control measures for this season "in anticipation of a favourable reply". The fence would be in place by November 1.

The project would cost R70 000, Mr Fry said.

JEAN BROWN

Coping with sanctions

Jean Brown, who succeeds Laurie Korsten as MD of Volkskas Merchant Bank (VMB), believes that one of the prime roles of merchant banks in the next few years will be to act as go-betweens in sanction-busting.

"If you look back in history, which I believe repeats itself, banks have always played a very important role in dealing with sanctions," Brown (43) says. "I've looked closely at the Rhodesian situation and when business had to find a solution there, they used merchant banks to solve their problems. I see the same opportunities here. After all, who is better qualified to act as go-between? If customers have credit problems to solve, there are a host of possible tricks and strategies we can employ."

"Sanctions will provide a greater opportunity for us than a disadvantage. A good merchant banker can take quick decisions and act very confidentially. What's more, our communication lines are shorter than a commercial bank's and we can act incognito. We have good banking contacts abroad and can provide good service to government and private enterprise."

Clearly, Brown has already given a good deal of thought to strategy: "A spy stays away from his embassy," he says. "So we'll probably use our parent company's London branch office as a base, but we'll keep our distance. It would be more advantageous for us to use other banks."

One would imagine that a name like Jean Jacques Brown should provide some cover and help conceal his South African origins, but in this case there's no chance. Brown speaks with a heavy Boland *brei*. The reason for his Anglo-French name, he explains, is that his English father and Afrikaans mother simply figured that Jean Brown sounded better than Koos Brown. Carrying on the tradition, he has given both his children French names.

Brown joined VMB as a departmental manager in corporate finance in 1976 at almost the same time as Korsten, and the two have been close friends ever since. Brown proceeded to become manager, corporate finance, senior GM and, most recently, executive director. In this position he was responsible for corporate finance, the primary capital market, the treasury, the secondary money market, the secondary capital market, forex dealings and the economics department.

Though Korsten's resignation came as a surprise to most people, those close to him were not completely taken off-guard and Brown is adamant the move hasn't left VMB top executives in a flap. "We're not like cattle running round in circles in a kraal," he says. "Nor are we leaderless or without strategy. We know exactly what we've got to do."



Brown ... 'a spy stays away from his embassy'

VMB is a well-managed, well-structured bank." Obviously, his new duties will leave some spaces which must be filled but he's adamant no radical changes are in the pipeline.

The purpose of the proposed listing, however, was to raise capital to fulfil the requirements of the new Banks Act. So where will the funds come from now? "When we considered a listing, we didn't only take our immediate needs into account, but also our long-term needs. We built in a safety margin to give ourselves breathing space for the next year or two and I can't envisage a shortage of capital before then."

"In any case, we've got five years to phase in the new requirements, so time is on our side. Obviously should we need capital, we've got a parent company to turn to. But we're not as capital hungry as the commercial bank since a good deal of our income is fee-income."

Nonetheless, it was the method of the listing that resulted in the conflict which caused Korsten to resign, or so the story goes. He apparently wanted VMB to operate independently and to significantly reduce the parent company's holding. "What made sound business sense to Korsten," says one insider, "just didn't make sense to chairman Pieter Morkel."

So when will the listing take place? Brown

says the real issue is that VMB has lost "the most important person in the bank" rather than the time-frame of the listing. Should VMB go ahead with its plans, he says, potential investors might think the bank wouldn't be able to sustain its high past performance record.

"If we produce good results this year, people will think it's still Laurie's influence. We need to continue to produce profits and maintain our track record to prove things are still healthy. So we'll have to wait another year to prove my leadership ability."

Meantime, he believes that merchant banking is in the throes of some kind of identity crisis. "It's a fact," he says, "that commercial banks in general are moving into the traditional field of merchant banks. All merchant banks have been experiencing encroachment into their corporate business by commercial banks. We've felt a lot of pressure from banks like Nedbank in areas like acceptance credit."

"We're also being squeezed by stockbrokers who've extended their business to include dealing on the secondary capital market, as well as the money market. A few even operate in corporate finance and they're stealing a lot of our business."

Ironically, Brown, a former member of the JSE and non-broking member with George Huysamer, left broking because he was bored and felt he needed the challenge of problem solving.

Now he believes the long-term prospects of the banking business of merchant banking are not good. "If we're to remain profitable," he says, "we'll have to move into the trading and services arena like handling mergers, acquisitions, offering specialist financial advice and assisting with corporate reconstructions. I also believe the broking community should allow merchant banks space on the gilt trading floor..."

MARTIN WEITZMAN

The new Galbraith

In their heyday, John Kenneth Galbraith of Harvard and Milton Friedman, the Chicago University monetarist, both achieved a superstar status in Europe that far exceeded their reputation at home in the US.

Now, Professor Martin L Weitzman — a

Zimbabwe firms take a cautious line on sanctions

The Star's Africa
News Service

HARARE — Businessmen in Zimbabwe have adopted a wait-and-see attitude to the whole question of sanctions against South Africa and possible retaliation from Pretoria.

This is reported in the business section of the *Herald* newspaper which records that the industrial index on the Zimbabwe Stock Exchange has moved down sharply from its recent five-year high.

The chairman of the stock exchange, Mr Bill Burdett-Coutts, said that statements on sanctions had resulted in the index falling from 290,68 to 266,62.

Mr Burdett-Coutts said he remained positive about Zimbabwe and had little doubt that in due course, the present clouds would lift.

But at present the market had more sellers than had been the case for many months, and buyers were inclined to withdraw to the sidelines to watch developments.

The paper said freight

agents had reported that "harassment" at Beit-Bridge had slackened off, and not all consignments of goods from Zimbabwe entering South Africa were being searched.

Some financial institutions have been making their own assessments of the effect on the Zimbabwe economy of the imposition of sanctions against South Africa.

An economist made the point, however, that companies were reluctant to point too much to the dangers ahead because of the fear of being labelled pro-South African.

When members of Mr Ian Smith's Conservative Alliance tried to point to the possible consequences for Zimbabwe, they were accused by cabinet ministers of being disloyal.

The government has appointed a cabinet committee to study the implications of sanctions.

The chairman of this committee, Trade and Commerce Minister Dr Oliver Muniyadzi, has warned that stern measures will be taken against anyone found hoarding essential commodities in anticipation of shortages.

Australia expels four men

SA likely to take tough action

STAR
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By David Braun, Political Correspondent

Cape Town

The Government is expected to announce tough retaliatory steps today after Australia's expulsion of four South African trade representatives.

A spokesman for the Foreign Minister, Mr Pik Botha said the Government had been informed of the expulsions. The matter was being looked into carefully before appropriate action was decided on.

Until then there would be no further comment, the spokesman said today.

It is expected that the Government will not take the latest deterioration in relations between the two countries lying down. Some of the 13 Australian diplomatic personnel working in South Africa are expected to be asked to leave.

Pretoria cannot expel any Australian trade representatives because Canberra recalled them all late last year.

The four South Africans who have been asked to leave Australia by September 22 include two trade representatives in Melbourne, and the Vice-Consul (Trade) and Satour representative in Sydney.

The Satour official is understood to be married to an Australian. She will have to leave her own country or be separated from her husband.

The Star's Foreign News Service reports from Melbourne that Australian Government officials are examining the airline agreement with SAA to see if it can be terminated ahead of schedule.

As part of its sanctions against South Africa, Australia plans to ban the weekly SAA flight from Johannesburg to Sydney, but the agreement calls for 12 months notice to be given.

But Australia is now looking for loopholes to see if this period can be shortened, because it wants to stop the flights as soon as possible.

Australian Prime Minister Bob Hawke said yesterday that sanctions might produce some cost to Australia, but claimed the measures had become a moral and political imperative.

Opposition leader John Howard disagreed, saying that any effects from sanctions were doubtful.

Wave of US disinvestment from SA quietly surges on

By Alan Dunn
The Star's Foreign
News Service

WASHINGTON — The wave of American companies leaving South Africa is still rolling — 23 have divested this year, bringing total US enterprise exits to about 69.

Their departures have gone largely unheralded in the US, drowned by the din of widespread debate in Congress and the Reagan administration on harsh economic sanctions against South Africa.

A tally kept here shows 250 US companies still maintain direct investments in South Africa.

Disinvestment by states, local authorities, universities, colleges and other institutions have also gone unnoticed recently.

"They seem to have taken on a momentum of their own, and

are continuing at a steady pace," said one Washington researcher.

According to latest statistics from the Investor Responsibility Research Centre Inc, a Washington group tracking these developments, 20 US states have disinvested totally or partially.

Eighty cities have done the same, and 51 universities have totally withdrawn all investments from South Africa-linked interests. Fourteen of these acted this year, involving about \$72 million.

At least three others have announced their withdrawals, such as the University of California which, with \$3.1 billion invested, is the largest single dent facing South Africa.

This year, California state opted for total disinvestment, Florida ruled out new investment, Maryland chose selective purchasing, Massachusetts

tightened its measures, Oklahoma imposed restrictions on banks with South African links, and Vermont and West Virginia decided on total disinvestment.

Fourteen of the cities started severing ties this year.

Several disinvestors are striking snags, however, as they move to join the wave.

The city of Philadelphia plans to plough \$5 million of pensions funds into local business.

But the proposed manager of the portfolio, Cigna Corporation, was found by city officials to have business relations with South Africa as part of its insurance operations.

Pension funds

City Council chairman, Mr Joseph Coleman, reacted: "It would be an affront to all principles of freedom and personhood to place any of our pension

funds in the control of an investments entity who has business relationships with the Union (sic) of South Africa."

Officials and councillors are probing alternatives.

Apparently unresolved also is a dispute between New York City and the US Transport Department over a clause in the city's bidding rules

They block contractors doing direct business with apartheid-enforcing agencies in South Africa, or those who supply goods from South Africa.

Transport officials insist, however, that federal bidding rules do not allow any restrictive clauses excluding certain bidders — all parties can tender.

Eight-five percent of the city's transport contracts this year will be paid for with Transport Department funds.

"Neo-colonial states have gone on their knees to accept the structural adjustment programmes of the International Monetary Fund."

The people's response to the crisis, said Prof Nabudere, "is to try to survive". This struggle often took illegal forms such as smuggling. — Sapa.

The entire strategy hinges on Beira being able to treble its handling capacity within a year, and the linked assumption that access to South African ports will continue during the construction of the so-called Beira corridor — expanded and improved rail and road transport facilities and a refurbished port, protected by Zimbabwean troops and possibly more from other African countries.

Mugabe has established a Cabinet task force, headed by Trade and Commerce Minister, Oliver Munyaradzi, to plan Zimbabwe's sanctions and any counter-measures that will be necessary. Air Zimbabwe, which has been instructed to sever air links with SA, says it is studying the implications of such a move and investigating ways of boosting earnings to offset the anticipated substantial loss of revenue. Air Zimbabwe ran a deficit of Z\$46m last year and this is predicted to increase in 1987 with the cost of purchasing new Boeing 737 aircraft and the loss of revenue from its most lucrative route — that to Johannesburg.

Zimbabwe's private sector has said publicly that it supports the imposition of sanctions. The Confederation of Zimbabwe Industries (CZI) approved a resolution supporting sanctions six weeks ago, but there is no doubt that most businessmen have been taken aback at the government's decision to implement the full package. There are still hopes that the Cabinet will pull back on the full sanctions "sometime in the final quarter of 1986," according to top officials.

Just how much priority the sanctions issue will get in the next few weeks is debatable. With more than 10 000 visitors expected in Harare for the Non-aligned Movement (Nam) summit that gets under way on August 25 with meetings at foreign ministerial level, the government bureaucracy will have its hands full for the next month. Over 100 nations are expected to be represented at the summit, at which Mugabe will start his three-year term as chairman of Nam.

While the delegates will have much in common on such issues as opposition to Israel, blaming the US for blocking progress on the disarmament front, condemning President Reagan's Star Wars programme, and attacking the OECD countries for the sluggish state of the world economy, the central unifying theme is certain to be condemnation of SA and support for the liberation movements in the region.

Zimbabwe faces enormous logistical problems in staging the conference and some businessmen are complaining that the need for imports for the meeting has precluded any improvement in quotas in the second half of 1986. Be that as it may, it is clear that many businesses will receive a short-lived boost from the three-week surge in consumer spending — especially at hotels, restaurants and tourist centres, but also benefiting Harare retailers. It is only after the Nam leaders have left in mid-September that the urgent business of imposing sanctions and developing the Beira corridor is likely to get Mugabe's full attention. ■

22/8/86 FWHMIL
ZIMBABWE-SA SANCTIONS

Mugabe's option

PM Robert Mugabe's decision to opt for full Commonwealth sanctions — while almost all of his regional partners have backed away from economic confrontation — is based on Harare's belief that full-blooded economic measures will bring down apartheid within three to four years.

Zimbabwe's calculation is further based on what a much-criticised Canadian study describes as "the fallacy" that the ports of Beira, Nacala and Maputo in Mozambique, and Dar-es-Salaam in Tanzania, will not be able to handle rail traffic diverted from the South African transport system.

Barend confident of future under sanctions

By Peter Farley

It is important for South Africa to put its political and economic house in order, "so we can quickly re-enter the international community," says Finance Minister Mr Barend du Plessis.

He told the Greek Chamber of Commerce in SA last night that "if sanctions want to make us into an island, we must do everything in our power to make it a temporary phenomenon."

But in a more pragmatic approach to what the future holds for this country Mr du Plessis also said: "Every conflict in history has ended up around the conference table."

"The choice for us is to decide what damage is going to be inflicted before we get around that table". And he added: "The question does not arise because of our use of human and natural resources, but whether we harness those resources in sufficient time."

However, he fired a warning shot across the bows of those contemplating sanctions by saying that "if South Africa is unable to generate a growth rate of 3,5 percent or higher, then the neighbouring states will gradually bleed themselves to death."

He added that South Africa is preparing for sanctions, "but while we can cope with our own problems, we will not be in a position to look after other countries."

Nevertheless, he accepted that the

advent of sanctions would mean a certain amount of belt-tightening locally. "We accept that the market cannot operate freely in abnormal circumstances."

He said that new disciplines will have to emerge and added: "If we have to cut government expenditure, it means that we will have to cut services."

And he indicated therefore that certain subsidies might have to be cut and charges brought closer to the people who use various services.

Turning to the local economy he said that he had been misquoted last week about the abolition of GST. But he said that the GST band had narrowed too much and that if GST were to be retained it would have to be made as wide as possible.

"There are too many exemptions at present," he said, but noted that "if the bands cannot be widened sufficiently to cope with all the exemptions then the system will be replaced with a Value Added Tax. We need a contribution from all those who make up the non-payers of company and personal taxation."

However, in a pointed reference to those who have been calling for governmental action to stimulate the economy, he said: "If business confidence has to be generated by government alone then it is a sad prerequisite. It has to come from the private sector, right down to the smallest businessmen."

He concluded by calling on everyone to start contributing now. "Let's make it happen, let's do it together and let's not wait for government."



Barend du Plessis

22/8/86

Minister tells of stockpile for sanctions

PHALABORWA — The Government had been stockpiling "literally thousands of items" of strategic goods for the last decade to protect the economy against sanctions, the Minister of Manpower, Mr Pietie du Plessis, said last night.

"We shall not be found wanting," he said at a function in Phalaborwa to mark the 35th anniversary of the Phosphate Development Corporation (Foskor).

"You may rest assured that the Government has learnt from experience how important it is to safeguard its sources of supply. Thorough provision has been made in this regard, which includes protecting the flow of technology and know-how on a variety of products.

"The Government is not unaware of what our enemies are planning and has consequently for more than a decade been engaged in a programme of stockpiling strategic goods — of literally thousands of items — in order to safeguard our economy against sanctions."

Mr du Plessis said sanctions would "definitely" lead to large-scale import replacement, "which will make South Africa even more self-sufficient as this process will stimulate industrial development and increase our ability to cope".

He said the private sector and the authorities had already, in a responsible manner, taken steps to promote the continued marketing of the country's goods and products.

"We all know that trade can take place in both conventional and unconventional ways and this is being planned by a counter-trade committee in the Department of Trade and Industries, which also deals with barter trade.

Sanctions in fact meant economic war and it was imperative "that we all stand together and do not assist the enemy by talking too much, thereby unnecessarily giving particulars about our trade and exports.

"It is important that we realise at the outset that particulars on what we produce, the quantity of our exports and to which countries we export, are all information which can be used by our enemies."

Mr du Plessis said the motto should be "to talk less and to do more". — Sapa.

186-22/8/86-280

'Little solace' in stockpiling for sanctions

Political Staff

THE Progressive Federal Party today warned that the public should not take too much solace from the Government's assurance that it has stockpiled thousands of items to safeguard the economy against sanctions.

Mr Brian Goodall MP, PFP mineral and energy affairs spokesman, said the stockpiling would definitely help in overcoming the problems of sanctions but there were still major problems to be faced.

Firstly, there was the enormous cost of stockpiling.

The interest charges on stockpiling R1-billion worth of goods would be R160-million a year.

The other problem was that South Africa was not a major importer of raw materials apart from petroleum. The country needed technological and manufacturing equipment which were more difficult to stockpile.

Mr Goodall assumed that most of the goods stockpiled, apart from petroleum, would be spares for existing equipment.

But equipment became obsolete. Computers, for instance, were obsolete within two to three years.

South Africa could be faced eventually with the same problem as Britain had faced when machinery and equipment had not been updated and the country had become less competitive.

The Minister of Manpower, Mr Pietie du Plessis, announced at a meeting at Phalaborwa to mark the 35th anniversary of the Phosphate Development Corporation that the Government had stockpiled thousands of items over the past 10 years to beat sanctions. He said the Government had learnt from experience how vital it was to safeguard its sources of supply.

"I can set your mind at rest that thorough provision has been made including the protection of the flow of technology and know-how of a large number of products.

"We shall not be found wanting," Mr du Plessis said.

SA stockpiles strategic goods

280
22/12/18
DANIELA

PHALABORWA — The government had been stockpiling "literally thousands of items" of strategic goods for the last decade and more to protect the economy against sanctions, the Minister of Manpower, Mr Pietie du Plessis, said last night.

"We shall not be found wanting," he said at a function in Phalaborwa to mark the 35th anniversary of the phosphate Development Corporation (Foskor).

"You may rest assured that the government has learnt from experience how important it is to safeguard its sources of supply and I can set your mind at rest that thorough provision has been made in this regard, which includes protecting the flow of technology and know-how."

"The government is not unaware of what our enemies are planning and has consequently for more than a decade been engaged in a programme of stockpiling of strategic goods of literally thousands of items in

our economy against sanctions."

Mr Du Plessis said sanctions would "definitely" lead to large-scale import replacement, "which will make South Africa even more self-sufficient as this process will stimulate industrial development and increase our ability to cope."

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"It is important that we realise at the outset that particulars on what we produce, the amount of our exports and to which countries we export, are all information which can be used by our enemies." — Sapa

He said the private sector and the authorities had already, in a responsible manner, taken steps to promote the continued marketing of the country's goods and products.

"We all know that trade can take place in both conventional and unconventional ways and this is being planned by a counter-trade committee in the Department of Trade and Industries, which also deals with barter trade

"It is sufficient for me to emphasise that over the years steps have been taken to ensure the continuance of our trade, irrespective of looming sanctions."

Sanctions meant economic war and it was imperative "that we all stand to either not

Nordic ^{SNK} 'sanctions ^{21/8/85} slouch' ²⁰ hits back

STOCKHOLM — Prime Minister Ingvar Carlsson has rejected criticism of Sweden's reluctance to go along with Danish and Norwegian moves to ban trade with South Africa.

Among Nordic countries, Sweden has by far the largest investments in South Africa, but in the 1970s it was quick to restrict economic ties.

Recently, however, it has fallen behind its neighbours. Denmark has cut all trade with South Africa and Norway promised to do the same.

In Finland, a trade union boycott has cut trade to a trickle.

Former Danish Prime Minister Mr Anker Joergensen complained this week that Sweden was moving too slowly on the South Africa issue and delaying a Nordic boycott.

But yesterday Mr Carlsson countered: "I doubt if Anker Joergensen understands what difficulties the adoption of unilateral sanctions poses for a neutral country like Sweden."

He said the Danish parliament had voted for sanctions, but the Danes would not have the law on the statute book for a year, implying Denmark had scored a propaganda coup but did not have to face the consequences until 1987.

Sweden, Denmark, Norway, Finland and Iceland expressed support for binding UN sanctions against South Africa at a foreign ministers' meeting in Denmark on August 11 — a victory for Sweden's line that unilateral sanctions undermine international law. — Sapa-Reuter.

US Houses to confer over SA sanctions strategy

Joint plan sought to beat a Reagan veto

SMK 280 2/18/86

WASHINGTON — The House of Representatives is likely to agree to the Senate version of a Bill for sanctions on South Africa to produce a measure which can survive a presidential veto, say legislative sources.

The House, controlled by the opposition Democrats, has approved a Bill that would virtually sever United States economic ties with South Africa.

The Senate Bill, approved last week, doesn't go so far, but includes tough sanctions. President Reagan has opposed both versions.

Senate and House conferees will be named to reconcile the two versions after Congress returns from its summer recess on September 9.

An informed source on the House Africa Sub-Committee said yesterday that the goal of the conferees would be to "strengthen the Senate Bill but maintain it in a form that will still be passed over a presidential veto".

The Republican-controlled Senate approved sanctions by a 84-14

vote — more than the two-thirds margin necessary to override a presidential veto. The House approval, on a voice vote, was overwhelming.

A White House official has said the Administration has given up hope of deterring Congress from enacting a sanctions Bill, and Mr Reagan would formulate his own policy towards South Africa independent of what Congress did.

"The President is considering several options in view of the situation in South Africa," a State Department official said yesterday. "No decision has been made. We want to continue to act in consultation with our allies."

He said any decision would be based on what action the European Community takes on sanctions at its meeting next month — and, in particular, the attitude of British Prime Minister Mrs Margaret Thatcher, who has been as opposed to sanctions as Mr Reagan.

But even if Mr Reagan does decide on a broader package of sanctions, it won't be with the idea that he can head off congressional action, as he did last year, the official said.

"Congress wants to get on record in this election year," the White House official said.

"They are taking a very hard position. It would be difficult to dissuade them from that course."

He added that President Reagan would not accept the House version of a sanctions Bill in any circumstances.

He also opposes the Senate sanctions as also being too strong.

But the official would not say flatly that Mr Reagan would veto the Senate version.

The Senate Bill would ban the import of South African steel, uranium, coal, textiles and agricultural produce.

Moreover, it would bar new US investment in South Africa, bar new bank loans, and terminate the landing rights for South African aircraft in America. — Sapa-Associated Press.

Americans send Tutu their regrets

The Star Bureau

WASHINGTON — Bishop Desmond Tutu will be receiving regrets from many of the prominent Americans he has invited to his inauguration as Archbishop of Cape Town on September 7.

Among those who will not be attending the ceremony are Senator Ted Kennedy, Senator Gary Hart, Congressman Howard Wolpe, Congressman Walter Fauntroy, Mayor Ed Koch of New York City, Mayor Andrew Young of Atlanta, Mayor Wilson Goode of Philadelphia, Mayor Marion Barry of Washington DC, Mayor Coleman Young of Detroit, entertainer Harry Belafonte and comedian Bill Cosby.

Had they all accepted, it would have been a notable gathering of American liberal luminaries in a country that has been a focus of their attention in the past year.

But spokesmen for all them said they had prior engagements that could not be broken for the trip to Cape Town.

An invitee who may still attend the ceremony is Congressman Bill Gray, a leader of the pro-sanctions campaign in the United States and powerful chairman of the House of Representatives' Budget Committee.

Mr Gray has delayed confirmation of his Sep-

tember schedule until he makes up his mind. He had been hoping to make up a travelling party including Senator Hart and Mayor Goode — but now that they have declined, his plans are uncertain.

Spokesmen for some of the invitees seemed anxious to make it clear that their bosses would have liked to attend had it been possible.

The press secretaries of Mr Koch of New York and Mr Goode of Philadelphia noted that their chiefs regarded Bishop Tutu as a friend. Senator Kennedy's representative said that the United States Senate would be dealing with important matters at that time — including a confirmation vote on Mr William Rehnquist as Chief Justice of the US, which Senator Kennedy will oppose.

Cosby will be taping his television comedy series when Bishop Tutu becomes the new Archbishop of Cape Town.

Meanwhile, a spokesman for the South African embassy in Washington said there had been very few applications for visas to enter South Africa in early September.

● The Star Bureau reports from London that veteran anti-apartheid campaigner, Archbishop Trevor Huddleston will not be going to Bishop Tutu's enthronement either.

He has been invited, but believes the authorities will not allow him into the country.

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**Unsugared
Natal pill**

SIMON BARBER

WASHINGTON — Natal sugar producers stand to lose about \$33m in export earnings under the sanctions Bill passed by the US Senate last Friday.

The Bill transfers the 39 000-ton US import quota allotted to SA to the Philippines.

Though the measure has yet to become law, Senator Richard Lugar, chairman of the foreign relations committee, referred to the quota transfer in talks with the Filipino President Corazon Aquino in Manila earlier this week.

The US is anxious to cement ties with the Aquino government to protect its air and naval bases in the Philippines.

The strong bi-partisan support for the quota transfer, plus the fact the the quota system has been used as a form of development aid to friendly nations, makes it likely that the measure will take effect, even if President Ronald Reagan does not sign the Bill.

ECONOMY

Sanctions: Massive costs loom for US — minerals experts

From NEIL LURSEN
The Argus Foreign Service

WASHINGTON. — A handful of worried American legislators and minerals experts are sounding alarm signals about the staggering costs the United States could be forced to pay in a sanctions struggle with South Africa.

They calculate that the American taxpayer may eventually have to cough up tens of billions of dollars — at a time when the US government is scratching its head over drastic federal cost-cutting mandated by the Gramm-Rudman Act.

But there are few signs in Washington that their warnings are being heeded.

Senators Gramm and Rudman, the architects of controversial legislation that aims to wrench the US federal budget back into the black in a series of painful steps, both voted against the anti-South Africa sanctions that swept through the senate last Friday.

So did Senator Larry Pressler who has tried in vain for months to warn his Washington colleagues that their messing with South Africa's economy could put hundreds of thousands of Americans out of work.

Supporting Senator Pressler's concerns are figures contained in a July 1986 report by the US Department of the Interior which quantifies, for the first time in a non-secret analysis, the costs to the US of a disruption in mineral supplies from southern Africa.

Such a disruption, argues Senator Pressler, could follow retaliation by South Africa against Western sanctions — or strikes and labour unrest, attacks by African National Congress terrorists, major unrest and a breakdown of the South African mining and transport infrastructure, and the emergence of a new regime hostile to the US.

"US capabilities to respond to a strategic mineral supply disruption are far less than most members of Congress and policymakers know," says the senator — who recently visited South Africa.

He points out that the US, along with Europe and Japan, is heavily dependent on southern Africa for its strategic minerals supplies — and that the strategic stockpiles that exist cannot by law be used in a non-war situation.

"The law specifically states that they are not intended to be used to respond to economic disruptions."

In any event, Senator Pressler argues, the strategic stockpiles that exist are grossly inadequate. He quotes a senior US Bureau of Mines official as saying that with the exception of platinum-group metals, American supplies of chromium, manganese and cobalt would not be good enough for "roadfill".

He quotes the official as saying that the stockpile has been adversely affected by "poor quality control, years of degradation, and excessive past sales".

A further worry is that virtually all stocks are slated to be sold. Under a US government plan to modernise the national defence stockpile, the strategic stocks will be reduced from about \$16-billion worth of key commodities to less than \$1-million.

Senator Pressler notes that the Department of the interior has tried unsuccessfully for the past three years to get the authority to exploit mineral reserves within the US. Thus, a sudden need to switch to domestic production would cause long delays in production.

Besides, he warns, the US is rapidly losing its ability to process ferroalloys.

"Most of our major ferroalloy plants have been moved offshore — including Union Carbide's plant

to South Africa.

"A disruption of supplies from South Africa would cause immediate shortages in ferrochromium, ferromanganese, silicon metal, and ferrosilicon.

"Europe and Japan have an even more limited capacity with processing restricted to three plants — one in Japan, one in Germany and one in Norway," he says.

Senator Pressler says the US Bureau of Mines has calculated that a complete cut-off of South African chromium for three years — assuming also a 90-percent Zimbabwe cut-off because of its dependence on South African Transport Services — will cost American consumers \$3.6-billion.

Argus 21/8/86 (280)

BUSINESS

ECONOMY

New sanctions wave coming — Ackerman

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The Argus Correspondent

JOHANNESBURG. — Businessmen have two years to fight the imposition of mandatory sanctions against South Africa, warns Mr Raymond Ackerman.

Speaking at the opening of the Lonehill Shopping Centre in Sandton, Pick 'n Pay chief Mr Ackerman said that businessmen had the power both internally and externally to prevent punitive economic measures against South Africa.

"The first stage of sanctions is already upon us but we still have the opportunity to fend off full mandatory sanctions — which could hit us in two years unless we do something about it now."

Mr Ackerman suggested four ways in which businessmen

could fight sanctions:

- "We must show confidence in the country by expanding business. If we are being squeezed from the outside, we have to pull together by continuing to promote business in the country."
- "Businesses must be run along non-racial lines by employing people of all race groups."
- "Businessmen have a role to play in telling their international counterparts about the changes taking place in South African business. They must persuade companies outside South Africa that continued reform in the country can only come about with increased investment."
- "Businessmen should continue to pound the Government to

dismantle apartheid. The biggest curse we face is that apartheid is still legislated and although we have enormous political problems in the country we still have the confidence of the business and industrial community. We must strive to help the Government to bring about reform by building up confidence in business."

Mr Ackerman lashed out at black leaders who had advocated the imposition of sanctions as a way to achieving peaceful change in the country.

"Sanctions are a violent option — one that will lead to unemployment, poverty, the exodus of professional young South Africans and the creation of further political unrest, and one which will hold the Government back on reform."

By Neil Lunsen
The Star's Bureau

Thousands of American jobs at stake

US signals alarm at cost of sanctions

WASHINGTON — A handful of worried American legislators and ministers are sounding alarm signals about the staggering costs the United States could be forced to pay in a sanctions struggle with South Africa.

They calculate that the American taxpayer may eventually have to cough up tens of billions of dollars at a time when the US Government is apprehensive about drastic federal cost-cutting mandated by the Gramm-Rudman Act. But there are few signs in Washington that their warnings are being heeded.

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figures in a July, 1986 report by the US Department of the Interior which quantifies, for the first time in a secret analysis, the costs to the US of a disruption in Southern African mineral supplies.

Such a disruption, argues Pressler, could follow retaliation by South Africa against Western sanctions — or strikes and labour unrest, African National Congress attacks, major unrest and a breakdown of the SA mining and transport infrastructure, and the emergence of a new regime hostile to the US.

Economic disruptions

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Pressler says that the US, along with Europe and Japan, depends heavily on Southern Africa for strategic

minerals supplies and the strategic stockpiles cannot by law be used in a non-war situation.

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A further worry is that virtually all stocks are slated to be sold. Under a US Government plan to modernise the national defence stockpile, the strategic stocks will be reduced from about \$16 billion worth of key commodities to less than \$1 million.

Pressler notes that the Department of the Interior has tried unsuccessfully for the past three years to get the authority to exploit mineral reserves in the US. Thus, a sudden need to switch to domestic production would cause long delays in production.

Besides, he warns, the US is rapidly losing its ability to process ferroalloy plants. "Most of our major ferroalloy plants have been moved offshore, including Union Carbide's plant to South Africa."

"A disruption of supplies from South Africa would cause immediate shortages in ferrochromium, ferromanganese, silicon metal, and ferrosilicon."

American consumers

"Europe and Japan have an even more limited capacity with processing restricted to three plants — one in Japan, one in Germany and one in Norway," he says.

Pressler says the US Bureau of Mines has calculated that a complete cut-off of SA chromium for three years

— assuming also a 90-percent Zimbabwe cut-off because of its dependence on SA transport services — will cost American consumers \$3.6 billion.

"Assuming maximum conservation and substitution, the shortfall of chromium would reduce both intermediate and final product production during the three-year period."

The estimated impact on US gross national product resulting from constraint on domestic production would be \$3.7 billion in the first year with 296 000 jobs lost.

In the second year, the GNP loss would be \$4.6 billion and about 100 000 jobs lost. The third year GNP loss would be \$1.9 billion and about 41 000 jobs lost.

"A three-year loss would cost \$18.8 billion and 437 000 jobs," notes Pressler. He says these figures relate only to chromium.

"A complete cut-off of the platinum group metals and cobalt would be extremely serious, although dollar-value estimates are not yet available."

"In fact, many (official US Government) estimates view the cut-off of these materials as more serious than the loss of chrome, as there are no US domestic supplies of the platinum group metals."

SA neighbours to discuss sanctions they can't escape

The Star's Africa News Service

LUANDA — The leaders of nine Southern African states arrive here tomorrow for a meeting of the Southern Africa Development Co-ordination Conference (SADCC) that will almost certainly be dominated by the effects on the region of sanctions.

As major Western countries prepare for intensified sanctions against South Africa, it is not yet clear what effect these will have on neighbouring states or on the counter-measures South Africa will take.

Although an official spokesman for SADCC would say only that the summit meeting on Thursday would "review progress in the implementation of our regional programme of action", SADCC cannot escape the sanctions issue.

Three member states — Swaziland, Lesotho and Botswana — are part of the Southern African Customs Union and have economies which are heavily dependent on the South African economy.

Zambia and Zimbabwe trade extensively with South Africa, and depend on the South African transport infrastructure.

Tanzania has no links with South Africa.

Reagan likely to renew 'mild' sanctions

SANTA BARBARA (California) — President Ronald Reagan is expected to renew his sanctions against South Africa next month, but there are no plans to comply with the additional measures demanded by Congress, according to the President's chief-of-staff.

Mr Donald Regan, in California with the President on holiday, said yesterday the administration was leaving the door open to taking new steps against South Africa.

However, he emphasised: "Mr Reagan thinks additional sanctions would not be the right way to go."

Mr Reagan faces severe pressure from Congress on the issue. The Senate gave overwhelming approval to a package of sweeping economic sanctions that go beyond Mr Reagan's

milder steps. His sanctions, contained in an executive order, are due to expire on September 9.

Mr Regan told reporters that additional sanctions were unnecessary because the South Africans had "got the message" that the United States was seeking an end to apartheid. "Whether additional sanctions will put more heat on them is a debatable question," Mr Regan said.

Asked whether he intended to leave the door open to additional steps, Mr Regan replied: "We don't slam the door on every possibility. I left the door open a little bit."

Mr Reagan's sanctions included a ban on the sale of Krugerrands in the United States and limits on the sales of certain computers and other technology to South Africa. — Sapa-Associated Press.

Swedish companies set up anti-sanctions lobby

A POWERFUL anti-sanctions lobby has been formed in Sweden by huge conglomerates still doing business with SA.

A series of hurried meetings took place in Stockholm yesterday when the companies brought muscle to bear in a bid to avert a total embargo on trade.

An SKF spokesman said in Johannesburg: "We are not without

MICK COLLINS

influence. Talks are being held with the Swedish government, but I cannot comment on them. But it is the policy of our company to stay in SA and we will use what influence we have."

An Atlas Copco spokesman said it was not company policy to abandon customers or employ-

ees. "We disagree with the boycott approach because we believe our presence contributes to positive economic and social development."

One Swedish businessman said he was not seriously worried by the proposed ban. "We are bringing pressure to bear in Sweden and are not intimidated by any anti-SA factions."

As behind-the-scenes trade-offs were being engineered yesterday, economists said a boycott would hurt the Nordic countries more than it would SA.

In 1985, SA imports from Scandinavia totalled R602m while exports came to R289m. Sweden is the "biggest" exporter to SA (R297m), followed by Norway (R190m) and Denmark (R115m).

Strong lobby set up to fight Swedish sanctions

Mercury Correspondent

JOHANNESBURG—A powerful anti-sanctions lobby has been formed in Sweden by huge conglomerates still doing business with South Africa.

A series of hurried meetings took place in Stockholm yesterday as the companies brought muscle to bear in a bid to avert a total embargo on trade with South Africa.

'We are not without influence,' said a spokesman for SKF in Johannesburg. 'Discussions with the Swedish Government are going on right now. All I can say that it is the policy of our parent company to stay in South Africa and we will use what influence we have.'

In 1985, South African imports from Scandinavia totalled R602 million, while exports came to R289 million.

The top multinational companies involved include Asea Electric, Atlas Copco, Alfa Laval, SKF and Sandvik.

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G POST, WEDNESDAY, AUGUST 20, 1986

Reagan will renew SA sanctions

SANTA BARBARA, California — President Ronald Reagan is expected to renew his sanctions against South Africa next month, but there are no plans to take additional measures demanded by Congress, the President's chief of staff says.

Mr Donald Regan, in California with the vacationing president, said yesterday the Administration was leaving the door open to taking new steps against the SA Government.

Mr Reagan faces severe pressure from Congress on the issue. The Senate gave overwhelming approval to a package of sweeping economic sanctions that go beyond Mr Reagan's milder steps. Those sanctions, contained in an executive order, are due to expire on September 9.

Mr Regan said additional sanctions, beyond those imposed last year



President REAGAN

by Mr Reagan, are unnecessary because SA has "gotten the message" that the United States is seeking an end to apartheid.

"Whether additional sanctions will put more heat on South Africa is debatable," he said.

Asked whether he intended leaving the door open to additional steps, Mr Regan replied: "We

don't slam the door on every possibility. I left the door open a little bit.

"The executive order will probably be renewed on its own."

Mr Reagan's sanctions included a ban on the sale of Krugerrands in the United States and limits on the sales of computers and other technology to SA.

While the House of Representatives approved a measure that imposes an almost total trade ban, the Senate Bill was far less strict — but it included additional economic sanctions. Both houses passed their Bills by margins far greater than those required to override a presidential veto.

White House spokesman, Mr Larry Speakes, said last week Mr Reagan is expected to renew the limited sanctions imposed last year, and possibly invoke new ones. — Sapa-AP

Strong Swedish anti-sanctions lobby formed

Dispatch Correspondent

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The top multinational companies involved include Asea Electric, Atlas Copco, Alfa Laval, SKF and Sandvik.

"We are not without influence," said an SKF spokesman here.

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A spokesman for Atlas Copco said it was not his company's policy to abandon customers or employees.

"We disagree with the boycott approach since we are convinced that our presence in the country, regardless of political conditions, contributes to a positive development for the people as a whole."

Economists have warned that the proposed boycott would hurt the Nordic countries more than South Africa.

In 1985, imports from Scandinavia totalled R602 million, while exports came to R289 million. Sweden is the biggest exporter to South Africa (R297m), followed by Norway (R190 m) and Denmark (R115 m).

Swedish companies account for 20 000 jobs in South Africa but the Swedish Federation of Industries has warned that any boycott would cost a minimum of 2 000 jobs in Sweden.

"Sweden's reliance on South African molybdenum for its steel industry is another major factor which will tell in the final analysis," said a business spokesman.

● Reuters reports that Switzerland's Social Democratic Party yesterday urged the coalition government to lead a European initiative to free Nelson Mandela and other political prisoners in South Africa.

The party also called for an import ban on Kruggerand coins and for an end to moves to encourage trade between the two countries.

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Sanctions will hurt thousands — Sebe

Dispatch Reporter

BISHO — Ciskei's President Lennox Sebe yesterday condemned sanctions against South Africa when he spoke at the presentation of credentials by South Africa's new ambassador to Ciskei, Mr Christiaan van Aardt.

President Sebe said his government had never been a supporter of the abhorrent practice of apartheid. Its stand had always been in a direction to eliminate this evil.

"By the same token however we cannot be seen to support sanctions which will hurt the

very people it is designed to assist," he said

He said that the imposition of punitive mandatory sanctions against South Africa would drastically reduce employment opportunities and drive thousands of people into poverty within the republic, its neighbouring independent states and adjacent countries for whom South Africa held a life line

He said sanctions would bring white and black people together to survive the effects of the sanctions.

History showed that

the peoples of the sub-continent had survived many a crisis of national magnitude and would be geared to meet the challenge proposed to be inflicted on them.

History would one day show how futile the whole exercise would have been.

"Let us hope that those gallant leaders who still voice their opposition to the imposition of sanctions will still at this late hour be given the support which will sway thinking in another direction and so eliminate the tag of hypocrisy which will otherwise brand the western world."

20/8/86
STAK

Two years to beat full sanctions ⁽²⁸⁰⁾ — Ackerman

Businessmen have two years to fight the imposition of mandatory sanctions against South Africa, Mr Raymond Ackerman has warned

Speaking at the opening of the Lonehill Shopping Centre in Sandton last night, Pick 'n Pay chief Mr Ackerman said businessmen had the power both internally and externally to prevent punitive economic measures against South Africa.

"The first stage of sanctions is already upon us, but we still have the opportunity to fend off full mandatory sanctions, which could hit us in two years unless we do something about it now," he said.

Mr Ackerman suggested four ways in which businessmen could fight sanctions

- "We must show confidence in the country by expanding business. If we are being squeezed from the outside, we have to pull together by continuing to promote business in the country."

- "Businesses must be run along non-racial lines by employing people of all race groups"

- "Businessmen have a role to play in telling their international counterparts about the changes taking place in South African business. They must persuade companies outside South Africa that continued reform in the country can only come about with increased investment"

- "Businessmen should continue to pound the Government to dismantle apartheid."

"The biggest curse we face is that apartheid is still legislated, and although we have enormous political problems in the country we still have the confidence of the business and industrial community.

"We must strive to help the Government to bring about reform."