SANCTIONS – 1987

MARCH – APRIL

SA sanctions are hurting Mozambique — Chissano

SPAR 2/3/87

President Joaquim Chissano of Mozambique has accused South Africa of applying sanctions against his country by cutting back on Mozambique's two major sources of hard currency — labour and use of its railways and harbours.

In an interview with *Leadership* magazine's publisher and editor Hugh Murray and former Opposition leader Dr Frederick van Zyl Slabbert, President Chissano blamed South Africa for jeopardising good relations between the two countries.

He said Mozambique had maintained relations with South Africa in spite of the military and material help it was giving to the Mozambique resistance movement, MNR.

President Chissano said South Africa had already decreased its exports through Maputo to 800 000 to 900 000 tons

"We already have sanctions, but we are surviving," he said.

"They will cut our workers in South Africa down to 30 000 (from 150 000), but we are surviving"

President Chissano admitted that his country was "hurting" as a result, but added that the hurt experienced by the Frontline states was "not the issue".

"The issue is whether they are going to hurt the economy of South Africa."

He said Mozambique had not yet decided about imposing sanctions against South Africa and said that action was more likely to come from Zimbabwe.

"In Mozambique we are only dependent on South Africa."

Commenting on Nkomati, President Chissano said the agreement prevented direct South African military action against his country.

"They do not dare to attack Mozambique directly using their forces, although they are constantly looking for pretexts on which they could justify such an attack."

From the Mozambique side the Nkomati agreement continued to prevent his country from allowing the ANC to launch any military offensive against South Africa.

He said Mozambique would continue to support the ANC politically and diplomatically.

Swedes plan trade boycott of SA

SMA 2/3/87

STOCKHOLM — Sweden's new leaders this week plan to propose a trade boycott of South Africa — to contribute towards assassinated Prime Minister Mr Olof Palme's prophecy that apartheid is destined for the "trash can of history".

Mr Palme's successors marked the first anniversary of his death yesterday with solemn pledges to carry on his fight against violence and injustice all over the world. In particular, they promised action to increase South Africa's isolation.

The ruling Social Democratic Party is to debate sanctions today. Tomorrow the government will outline the results to the policy-making Foreign Affairs Council.

On Saturday, Foreign Minister Mr Sten Andersson quoted Mr Palme as saying in his last speech that apartheid was an "affront to human dignity, that is doomed to end up in the trash can of history", and promised that Sweden would contribute to this.

DEPENDENT ON SA MINERALS

Mr Andersson told a torchlight rally in honour of Mr Palme's memory that Sweden would have to put Pretoria under new pressure, despite the failure of the United Nations Security Council last month to recommend sanctions.

Of all the political parties in Parliament, only the Conservatives are opposed to unilateral trade sanctions. They argue that Swedish companies in South Africa will be unfairly penalised.

Sweden stands to suffer economically from any trade boycott. The Swedish special steels industry is highly dependent on imports of South African minerals such as chrome, manganese and ferro-manganese. — Sapa-Reuter.

No aircraft ban

2/3/87 280

NAIROBI — Kenya would not unilaterally ban international airlines from using Nairobi as a stopover for flights to and from SA, President Daniel Arap Moi said at the weekend.

He said his government would halt the overflights only if all 50 member states of the OAU enforced the ban.

Moi's announcement ended months of speculation that Kenya might implement a proposal by the 49-member Commonwealth to cut air links with SA.

Moi's statement underscored the dilemma of black African states which support sanctions but stand to lose from

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Kenya won't ban SA-bound planes

From Page 1

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them. Many black African states try to hide their collective billion-dollar annual trade with Pretoria, while clamouring loudly for international embargoes.

Moi said: "If we do not want planes to use facilities on the continent on their way to or from SA, we (the OAU) must pass a unanimous resolution and we will be bound by it.

"We should not be asked to do this alone as Kenya."

At least seven international airlines fly 16 round trips a week to Johannesburg with transit stops in Nairobi. The services earn Kenya $25m.

Tourist agents here fear fewer travellers will come to Kenya if international air links with SA are banned. — Sapa-AP.

AAM now turns its attentions to Shell

Own Correspondent

LONDON — The Anti-Apartheid Movement (AAM) yesterday launched an all-out campaign against Shell for its links with SA.

Elated by what it sees as its "success" with Barclays Bank, the AAM is now turning its attention to Shell, and intends to make it target No 1 in its boycott programme.

Shell is concerned at this move in the UK, for it is already under fire in Holland, Scandinavia and the US.

As part of the "anti-Shell" launch yesterday , 10 Shell garages in London and 12 others in centres throughout the UK were picketed.

There have been nasty scenes at some of the international protests and Shell suppliers have already disclosed their fear of action from anarchist groups who might go beyond peaceful picketing.

The AAM's attitude is that Shell helps provide oil to SA, bolstering the economy and therefore "shoring up apartheid."

About 1% of Shell's £3bn income came from SA in 1985, where it had a turnover of £470m.

Shell claims that if it withdraws, its SA assets would be taken over by local interests — possibly the government — and SA would carry on getting its oil as before.

Disinvestment, Shell argues, is a one-shot policy and would not hasten the end of apartheid. Their policy has always been to stay and campaign for change.

Shell's views have been publicised recently in a booklet in which it condemns apartheid and sets out its general political and social principles.

Israel discourages official visits to SA — report

3/3/87 STAR

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By Peter Allen-Frost,
The Star's Foreign
News Service

TEL AVIV — Israel now firmly discourages official visits to South Africa, in spite of a strong denial by the Foreign Ministry.

A recent report on the front page of the mass circulation Jerusalem newspaper, *Yediot Aheronot*, claimed the government had issued new instructions that "groups representing the State (of Israel) will not be permitted to visit South Africa".

It said the ruling included theatre groups, sports teams and cultural bodies.

That report has never been denied by the Government.

Sources here see the move as a tightening up of existing policy which, despite Foreign Ministry rebuttals, has sought to discourage high profile links with South Africa.

An example involved a folklore group which planned to tour South Africa to coincide with Johannesburg's centenary celebrations.

A Tel Aviv City Hall official stated quite categorically that the Foreign Ministry had voiced "strong objections".

The ministry said it had merely "recommended" the tour should not take place.

But the City Hall spokesman said: "A 'recommendation' of this nature carries a lot of weight. We could not ignore it."

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3/3/87

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Sweden acts alone on SA sanctions

STOCKHOLM — Sweden's ruling Social Democratic Party yesterday voted to impose unilateral trade sanctions on South Africa, the Prime Minister, Mr Ingvar Carlsson, said.

The need to fight apartheid had earned a higher priority than Sweden's traditional policy of only joining in sanctions voted by the UN Security Council, he said.

The full extent of the trade boycott and its commencement date will be decided later.

Industrial sources said the main impact was expected to be felt by the Swedish steel industry, heavily dependent on South African mineral imports, and a handful of companies which supplied the SA mining industry.

Last year Sweden ordered a licensing system for all exports to SA, but it has been under strong political pressure to cut all trade ties after Denmark voted for full economic sanctions last year.

Norway is preparing similar legislation.

Sweden's steel industry is an important consumer of SA nickel, manganese, ferro-chrome and ferro-manganese. Its foundries and nuclear industries rely almost completely on zirconium as a capping for steel tubes containing uranium fuel.

Swedish companies increased their mineral purchases heavily during 1985, apparently to build up stocks. Alternative sources would mean buying from the Eastern bloc.

Some 2,500 Swedish workers provide goods for the SA market and half are expected to lose their jobs. — Sapa-Reuter

Swedish party votes for trade boycott

SAS 3/3/87

The Star's Foreign News Service

STOCKHOLM — The Swedish Social Democrat Party's executive has voted unanimously to boycott trade with South Africa.

The Foreign Affairs Advisory Council, which represents all the parties except the Communists, meets today to discuss the decision and the Government is expected to present a Bill to Parliament within a few weeks.

Only the Conservative Party opposes the boycott.

Prime Minister Ingvar Carlsson would not say yesterday what form the boycott would take, or whether Swedish subsidiaries would be forced to leave South Africa. But the implication is that the boycott will be fairly extensive.

Sweden was prepared to wait for the UN Security Council to recommend sanctions against South Africa, but the proposal was vetoed by Britain and the United States 10 days ago. An independent trade boycott represents a significant break with Sweden's traditional foreign policy.

The value of Swedish imports from South Africa decreased by about 70 percent in the first nine months of last year to about R33 million, while exports fell by about 30 percent.

Swedish companies which have sales and production subsidiaries in South Africa are mostly in the mining sector and include Atlas Copco, SKF, Secoroc, Sandvik, Skega, and Alfa-Laval.

Cape Verde wilts as sanctions threaten

SAPA 3/3/87 280

From The Economist

As Kenya denies any intention of cutting South African air ties unilaterally, eyes are again focused on tiny Cape Verde, which relies on South African Airways payment for landing rights to provide a massive proportion of its foreign income.

West African countries have trouble living up to their colonial names. The Ivory Coast is struggling to save its last elephants from poachers and coffee-planters; the Gold Coast (now Ghana) is struggling to rehabilitate its gold mines. Cape Verde, the "green cape", has turned brown.

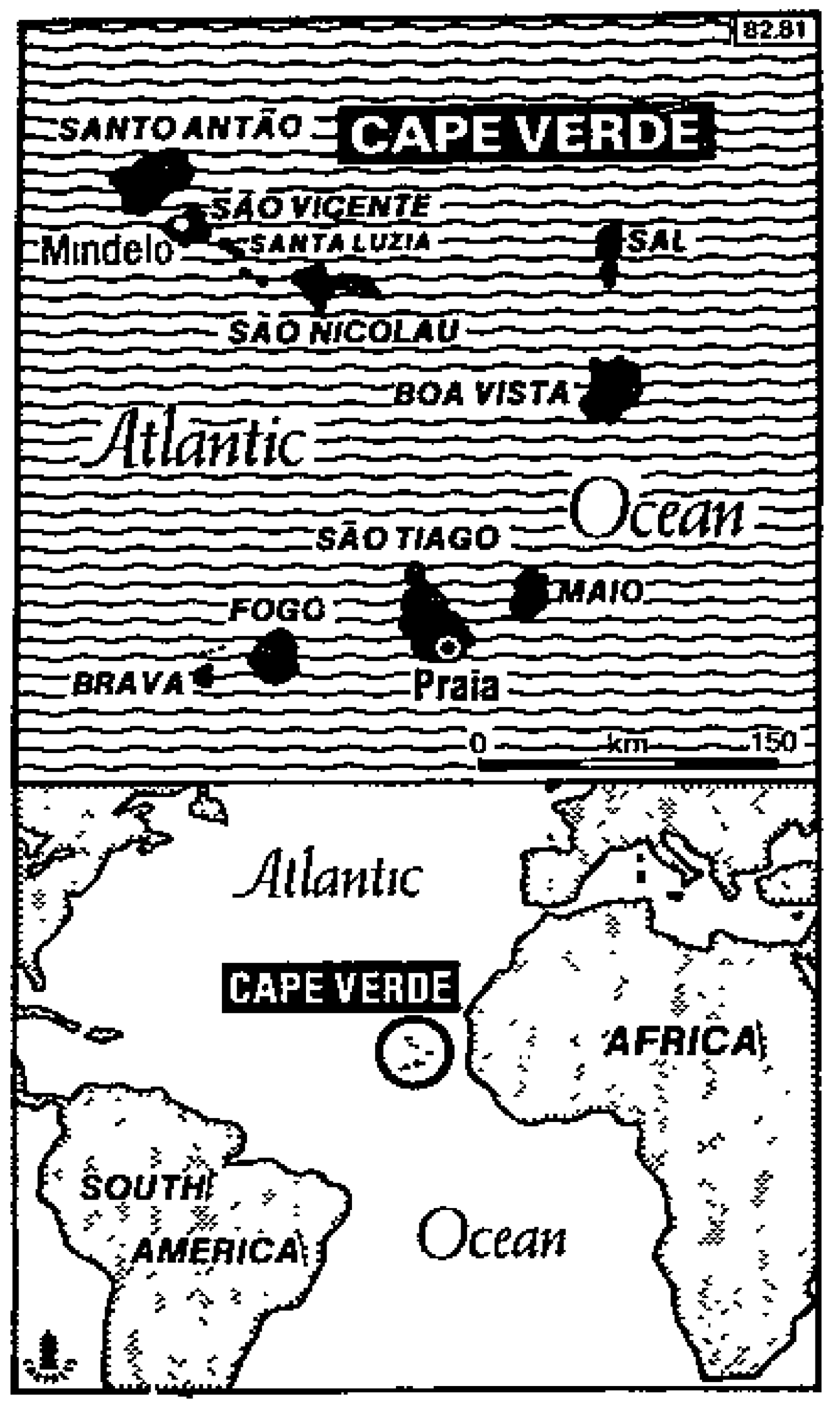
The last real rain to fall on most of the archipelago came in 1968. In 1984 there were brief downpours on some of the ten main islands, which lie in the Atlantic 640 km off Senegal. Rainwater swept fiercely off the bare volcanic peaks, taking tons of precious topsoil straight into the ocean.

Some 320 000 people live there, ranging in colour from pale to deepest black; more have left to find work. About 300 000 live in the United States (mostly among the Portuguese-speaking fishing communities of Massachusetts); 50 000 more live in Holland, Portugal and elsewhere in Europe.

Their remittances provide 30 percent of the country's GNP; almost 60 percent is provided by foreign aid donors. Imports in 1984 (half of them food) amounted to $100 million (R208 million). Exports of goods (mainly fish) earned $2,5 million (R5,2 million). More than twice that was received for one service: provision of landing rights to South African Airways flights on their way to Europe and North America.

Cape Verde in its poverty puts some of its neighbours, richer in resources, to shame. The World Bank says that the islands' GNP grew at 5,5 percent a year on average between 1973 and 1980; this was one of the highest rates in Africa. It has made good and honest use of the aid which Russia, Portugal, Cuba and the United States all chip in.

"It's not going to go down a hole as it tends to in some other places," says a Western diplomat. The customary symbol of African privilege is a Mercedes; the only one in Cape Verde belongs to the Soviet ambassador.



The islanders have persuaded some donors to make long-term promises of both food and money. They have also won some general balance-of-payments support.

Despite the aid, and a formal adherence to the Marxist principles of the late independence leader Amilcar Cabral, Cape Verde cannot afford to turn away South African Airways. Mr Aristides Pereira, Cape Verde's president, says he is in favour of economic sanctions on South Africa: "We are for solidarity, but not for suicidal solidarity."

By suspending air services between America and South Africa, the United States will have cut the islands' income by $3,5 million (R7,3 million) this year. Since workers' remittances will also probably decline, and the Government's export-promotion policies can have no sudden effect, the coming years will be tough.

Sweden in new sanctions move

STOCKHOLM—Sweden's ruling Social Democratic Party yesterday gave the go-ahead for unilateral trade sanctions against South Africa, Prime Minister Ingvar Carlsson said.

Mr Carlsson told a news conference his party had decided the need to fight apartheid took priority over Sweden's traditional policy of only joining in sanctions voted by the UN Security Council

The full extent of the trade boycott and when it would come into force was to be decided by the Government later, Mr Carlsson said.

Industrial sources said the main impact was expected to be felt by the Swedish steel industry, which relies heavily on South African mineral imports, and a handful of companies which supply the South African mining industry

What the party has unanimously given us is a yes to isolated Swedish action,' Mr Carlsson said

Sweden has been at the forefront of attempts to isolate South Africa economically, having frozen investments in South Africa in the late 1970s

Last year it ordered a licensing system for all exports to South Africa, but it has been under strong political pressure to cut all trade after neighbouring Denmark last year voted for full economic sanctions.

Norway is preparing similar legislation.

Strategic importance

In the first nine months of 1986, Swedish exports to South Africa were 29% down on the same period in 1985 at R174 million. Imports fell 71% to R35 million over the same period.

Observers say South African trade is still of considerable strategic importance to key sectors of Swedish industry.

Sweden's steel industry is an important consumer of South African nickel, manganese, ferro-chrome and ferro-manganese.

Swedish foundries and nuclear industries are also almost completely reliant on zirconium sand. Zirconium is a capping element used in steel tubes to contain uranium fuel.

Swedish companies increased their mineral purchases heavily during 1985, apparently to build up stocks. Alternative sources of supply would mean turning to the Eastern Bloc, according to Government studies.

The 10 remaining Swedish companies established in South Africa had combined assets of R178 million in 1985 and an annual turnover of R310 million. They employ 2 400 people.

In Sweden, some 2 500 workers provide goods for the South African market. Half are expected to lose their jobs, according to Government figures, although private estimates put the figure much higher.

The three biggest Swedish companies in South Africa are Atlas Copco AB, Sandvik AB and Secoroc AB All supply drilling equipment for the mining industry.

A Government study has warned that if they are forced to withdraw, the main beneficiary will be their South African rival Boart — (Sapa-Reuter)

Swedish move will hurt few

TOTAL anti-SA sanctions being prepared by Stockholm are not expected to start a Swedish corporate run from the country.

Sapa-Reuter reports Swedish opposition parties yesterday backed the government Bill banning trade with SA.

And Prime Minister Ingvar Carlsson promised it would become law next week.

Swedish companies in SA believe their network of foreign suppliers will render harmless the cutting of all bilateral trade ties.

But their business would be paralysed if a trade ban covered the foreign holdings of parent companies with SA subsidiaries.

While no details of the proposed sanctions have been disclosed, Swedish companies in SA are openly sceptical that this will happen.

4/3/87 280 B/Day

Govt denies opposition claims

280 BDay 4/3/87

Competition probe is 'not a witch hunt'

GOVERNMENT has denied conducting a "witch hunt" of major SA companies by approving an inquiry into conglomerates, saying it is simply safeguarding competition in the face of disinvestment.

Economic Affairs and Technology Minister Danie Steyn said yesterday it was unlikely the Competition Board (CB) investigation, launched in December, would result in the dismantling of financial giants.

"With disinvestment there are bound to be buyouts and after Anglo's takeover of Barclays last year, we need a clear pattern as to how this should be handled in future," said Steyn.

He said it would not be possible to conduct such an investigation without talking to Anglo American, Old Mutual, Sanlam and Rembrandt.

Steyn dismissed opposition party suggestions that the timing of the investigation was an election ploy.

"The Conservative Party should not try and climb on a bandwagon they did not create. They have never approached me requesting such an investigation," he said.

DOMINIQUE GILBERT reports that the CP has welcomed the inquiry.

National secretary Frans van Staden said: "We have always been against big monopolies.

"Government has allowed monopolies to develop without interfering. Now suddenly, just before the election, and with all the bankruptcies, they want to give the impression they are against monopolies."

CB chairman Steph Naude said the investigation had been planned since 1984 and it was misleading to believe the inquiry had been launched as a result of disinvestment.

Under the Maintenance and Promotion of Competition Act, the CB was given the go-ahead to investigate the "practical and policy implications" of the concentration in the financial sector.

Gazetted on December 12, 1986, the CB approached every registered financial institution, as well as Assocom, the Afrikaanse Handelsinstituut and all SA universities for comment.

Other opposition parties have also welcomed the inquiry.

PFP trade and industry spokesman

KAY TURVEY

Ken Savage said: "There are dangers of prices always moving up and compensating for reduced turnover. This can happen only where there is massive power, like we have with huge financial conglomerates or parastatals. It is necessary that the Competition Board keeps an eye on this."

The present situation was aggravated by the "hostile export market", he said.

In cases where conglomerates or parastatals had "too much control of the market", local prices were being forced up to compensate for reductions in total turnover, Savage said.

Savage does not see the announcement as an election ploy.

MD sees positive side of disinvestment

Pullouts 'have aided entrepreneurship'

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HELENA PATTEN

DISINVESTMENT of multinationals from SA had created a new breed of entrepreneurs, Information Trust Corporation (previously Dun & Bradstreet) MD Paul Edwards said.

"Managements of affected companies have, in most instances, leapt at the opportunity to purchase productive assets at a fair value," he said in Johannesburg yesterday at the official launch of the new company.

SA ownership of foreign subsidiaries would result in foreign-currency savings because dividends and management fees would not be repatriated.

Many deals had also been structured to allow employees to participate in ownership.

Edwards said: "Our employees will receive 25% of the company, based on their length of service and their level of grading.

"This has already had a positive impact on motivation and productivity, and will, in turn, create new wealth among employees who might never have had such an opportunity."

On the SA economy, Edwards said: "The present upturn might just run out of steam unless government is prepared to act quickly and imaginatively.

"Bold action is required by government to rectify the imbalance between corporate and individual tax contributions.

"Bracket creep has ensured that contribution by personal income taxes, perks taxes and GST has increased from 24% in 1980 to more than 50% of the total contribution to State revenue."

Government's expansionary fiscal policies, excessive pay hikes for civil servants and lack of control on spending in 1983 and 1984 had led to government applying the brakes too firmly in August 1984. Government now had to get the economy moving again without pushing inflation through the roof.

4/3/87

Sats unions in debate on new deal

GERALD REILLY

A REVOLUTIONARY wage-bargaining system for Sats' 11 unions will be discussed by the Federal Council of Sats Trade Unions at a meeting in Johannesburg today.

Until now, Sats unions have had to accept the same deal as the rest of the public sector. The recommendation that a labour council be established for railway workers has been made by a committee headed by labour expert Nic Wiehahn.

The council would consist of representatives of the 11 unions and of Sats' management. Federal Council chairman Jimmy Zurich said yesterday it would have powers similar to those granted to industrial councils. If the recommendation is accepted, the labour council would have final authority to determine the extent of pay rises and improvements to other service conditions, without reference to the Minister of Transport.

Economist's warning on sanctions lobby: CMR 4/3/87

Pressure on SA will spread wide

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By Claire Robertson, Pretoria Bureau

Political and economic pressure on South Africa will grow stronger and spread from the United States and Britain to Europe and eventually Japan, says economics expert Mr Jesmond Blumenthal.

Mr Blumenthal, who lives in Britain, where he lectures at Brunel University in west London, was addressing a luncheon meeting of the South African Institute of International Affairs (SAICC) in Pretoria yesterday.

He has published widely and co-authored a book titled "The West and South Africa".

Speaking on "Sanctions and Western economic policy towards South Africa", Mr Blumenthal — the SAIIC's Bradlow Fellow for 1987 — said the pro-sanctions lobby abroad was "very well organised". It had taken a long-term view and used increasingly sophisticated and persuasive arguments.

"I place relatively little faith in the expressed commitment of some major Western firms operating here of their intention of remaining in South Africa," said Mr Blumenthal.

The pro-sanctions lobby was concentrating its efforts not so much on demonstrations — such as those at Shell service stations in London recently — but on pressure on local and regional authorities to have them change their procurement policies.

"It requires only one major local authority to refuse to buy from a firm to make that firm change its mind about staying in South Africa," said Mr Blumenthal. "Some rough times are envisaged ahead. I see the range of official sanctions being extended.

tinue to be inhibited, he said. "I see little hope or scope for new foreign investment in South Africa."

The focus on South Africa would be shifted to the broader Southern African region, he said. This process had already begun, and Western aid to the Frontline states had increased substantially in the past few years.

This was coupled with military aid — those Western countries having recognised the importance of securing countries into which they were pouring resources.

Mr Blumenthal described the situation between the West, the Frontline states and South Africa as a "vicious circle".

The policy South Africa pursued towards the Frontline states was destructive of their infrastructure. Those states pressured the West to apply sanctions on South Africa.

Favourable trade balance

South Africa in turn tried to stop this by applying more pressure on those states.

South Africa also enjoyed a very favourable balance of trade with those states, he said. This surplus offsets the deficit South Africa had on its current account with the rest of the world.

"In the final analysis, the argument is about raising living standards. There is only one way to do this — by a vast injection of new resources, both domestic and foreign."

He added: "There is an increasing realisation that there is relatively little the West can do to influence things in South Africa.

"But the West will be driven by domestic political considerations, and not by consideration of

Blacks voice disinvestment doubts on TV

The Star Bureau

LONDON — Just 24 hours after the Anti-Apartheid Movement launched its campaign in Britain to get Shell out of South Africa, BBC Television yesterday broadcast a programme in which leading black South Africans expressed doubts about disinvestment.

Mr Chris Dhlamini, vice-president of Cosatu (Congress of South African Trade Unions), said in an interview that his organisation had never called for foreign companies to pull out of South Africa.

What black South Africans wanted, he said, was a major international programme of biting sanctions against South Africa to force the Government to change its policies.

Dr Allan Boesak, patron of the United Democratic Front, also said that withdrawal of foreign countries was low on his list of objectives. He also said it would be preferable if foreign governments could agree on effective sanctions.

The programme made strong play of the determined way in which Kelloggs, the cereal manufacturers, were promoting enlightened social policies within their own workforce and refusing to quit South Africa.

The programme also drew attention to the self-defeating consequences of foreign companies withdrawing, as exemplified in the motor industry.

Hard on the heels of General Motors' "withdrawal", the company — under local management — announced the launch of a new model. And freed of overseas restraint, it was now able to supply its products to the South African Defence Force.

Argus 5/3/87

Shell, activists differ over BBC report on SA

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The Argus Foreign Service

LONDON. — Anti-apartheid activists have attacked a BBC television report which casts doubt on the support for disinvestment among blacks in South Africa.

However, Shell, which is the target in a tough disinvestment campaign, has welcomed it.

Shell hailed the programme as well balanced and fair, and as showing "that not all people think companies should pull out".

The Anti-Apartheid Movement (AAM) said the programme suggested that Shell had an "unhealthy influence" over the BBC. The BBC has rejected this accusation.

In an interview on Newsnight programme yesterday, Mr Chris Dhlamini, vice-president of Cosatu, said his organisation had never called for foreign companies to pull out, but did support sanctions.

Dr Allan Boesak said withdrawal of foreign interests was low on his list of objectives, and that effective sanctions would be preferable.

But AAM, which has made March a Month of Action for People's Sanctions, and strongly supports disinvestment, decried the programme as "a very dishonest piece of journalism".

A BBC spokesman said: "We reject those criticisms totally. The report reflected a cross-section of views on the impact of disinvestment in South Africa and is only one of a series of programmes examining the problems there as far as Government restrictions will allow.

"It included interviews with notable leaders, such as Allan Boesak, Chris Dhlamini, a Wits student as well as John Wilson, chairman of Shell."

Lack of progress 'dangerous' but . . .

Con Gold will not disinvest from SA

5/3/87 (28) B/Day

LONDON — The lack of progress in SA was disappointing and dangerous, but Consolidated Goldfields (Con Gold)had no plans to disinvest, chairman Rudolph Agnew said yesterday.

Speaking at a Press conference to release the company's half-year results, Agnew said he was worried about the campaign for disinvestment. It was evil and totally misguided.

He said waging economic warfare against SA was not the answer to the country's problems.

Black people in SA were rethinking the wisdom of waging warfare on the poorest section of people in a desperate situation.

Commenting on the forthcoming

MIKE ROBERTSON

round of wage negotiations with the National Union of Mineworkers (NUM), Agnew said there was room to negotiate but NUM's initial demand of 55% was excessive

There was a need to strike a balance between a sensible progression at the low end of the wage scale and excessive demands which would result in unemployment.

Agnew said there was no evidence to support claims by the Anti-Apartheid Movement that Con Gold-controlled Gold Fields SA was the employer with the worst track record in the mining industry.

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Norton sells SA subsidiary for R15m

ALAN SENDZUL

US ABRASIVES giant Norton yesterday sold off its SA subsidiary for R14,9m to Global Mining & Industrial Corporation (Glomine).

The deal, which now makes Glomine the holding company of Norton Abrasives, was financed locally, with no buy-back arrangement for the parent.

Norton's US chairman Donald Melville said: "Societal pressure in the US and the unsettled situation here occupied a disproportionate amount of management's time."

Norton Abrasives in SA generates only 3% of worldwide revenue.

Glomine CE Neville Parry said the acquisition would significantly increase earnings a share, possibly to above 20c, compared with 9c for the year to last September.

Its share in the SA abrasives market will now be more than 50%.

In terms of the agreement the foreign parent will continue to provide technical support to the SA operation, which employs 500 staff.

By virtue of a distribution licensing agreement, Norton SA will retain its name. Products will be marketed under the Norton trademark.

Parry said all staff at Norton would keep their jobs. Agreements with the Metal & Allied Workers' Union would be honoured, as well as an adherence to the basic Sullivan Code principles.

Norton MD Colin Williams will move to the main board of Glomine.

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Go home, French tell SA rugby players

(SSD) SMR 5/3/87

The Star's Foreign News Service

PARIS — Many South African rugby players recruited to play for French clubs have left such a bad taste in the mouth that a major publication headlined its report yesterday, in English: "Go Home."

The rugby weekly *Midi Olympique*, was surveying the performances here of some of the 23 South African players who have turned out for French clubs this season.

It reported that 14 of them have already returned to South Africa.

"They came, they saw, but not all of them were victorious. Just as quickly as they arrived, they repacked their suitcases," the magazine said. "Not all of them but enough to make one query whether the whole recruiting operation was well founded."

Midi Olympique complained that large sums of money had been spent in paying air fares and arranging accommodation and salaries for the South Africans which could have been better spent on up-and-coming French players.

The weekly newspaper named seven South African players "who were not leaving a very good name behind them".

It said that Clifton Pio was sacked by the Fumel Club, which suspended another South African player, Wes Little, for one year for having roughed-up a referee.

The Villeneuve club dismissed Grant Hill several weeks ago. The weekly said Du Plooy and Coetzee returned home abruptly.

It did not name the two South African players recruited by the Strasbourg club "who made so many blunders they could not be kept in the Alsace team".

It claimed that a number of South African players had left before the season had ended and named them as Mosenthal and Roche of Graulhet Club, Nigrini and Gouws of Albi, and Morland of Villeneuve.

Midi Olympique said Gouws had to continue his law studies and Nigrini left with him. Both were needed to play a vital match against Hyeres.

Two players returned for health reasons — Marais suffered from appendicitis and had to leave Fumel Club and Harris injured a knee and had to leave La Teste.

Mr Hughes Henry, who represents the Paris company Stade Marketing, which recruited South African players, said:

"You must remember that South Africans had to return to serve in the army, carry on with their studies or their sports."

Mr Jean Lascazes, president of the recruiting commission of the French Rugby Federation said: "Next year we are bringing in a new rule to stop a massive influx of foreign players. Each club will only be able to recruit one."

e State of Emergency regulations, news, pictures and comment in this newspaper are restricted.

BBC programme on disinvestment angers AAM

By Michael Morris,
The Star Bureau

LONDON — Angry anti-apartheid activists have attacked a BBC television report which cast doubt on the support for disinvestment among blacks in South Africa — but a major multinational, target of a tough disinvestment campaign, has welcomed it.

Shell, singled out for a vigorous disinvestment campaign launched last Sunday, hailed the programme as "well balanced and fair" and said it showed "that not all people think companies should pull out".

But the Anti-Apartheid Movement (AAM) said the programme suggested that Shell had an "unhealthy influence" over the BBC. The BBC has vigorously rejected the criticism.

In an interview during the popular "Newsnight" programme on Tuesday, Mr Chris Dhlamini, vice-president of Cosatu, said his organisation had never called for foreign companies to pull out of South Africa but did support sanctions as a means of forcing change.

Dr Allan Boesak also said that withdrawal of foreign interests was low on his list of objectives but that effective sanctions by foreign governments would be preferable.

But the Anti-Apartheid Movement in Britain — which has made March a "Month of Action for People's Sanctions" and strongly supports disinvestment by foreign companies — decried the programme.

Spokesman Mr Alan Brooks said "From our point of view, we felt that the programme was a very dishonest piece of journalism.

"What Allan Boesak was saying is what we have been saying for a long time. It is what Archie Gumede was saying here recently ... we are all thinking along the same lines."

Mr Brooks said there was "no question of a conflict of views" but that statements had been "juggled" in the programme to make it appear that the Anti-Apartheid Movement was "acting out of line"

"Coming just after the launch of the Shell campaign, the broadcast of this programme suggests that Shell has an extent of influence over the BBC which is unhealthy to say the least."

Reacting to the AAM's complaints, a BBC spokesman said: "We reject those criticisms totally. The report reflected a cross-section of views on the impact of disinvestment in South Africa and is only one of a series of programmes examining the problems there as far as government restrictions will allow.

"We would like to point out that it included interviews with notable leaders such as Allan Boesak, Chris Dhlamini, a Wits student as well as John Wilson, chairman of Shell

"We think it is a valid piece of journalism and the people of Shell have no influence over us."

A Shell spokesman said: "The programme showed the other case, a case we have been putting for a long time ... that, by being present in the country, we can help and that disinvestment is not necessarily the answer."

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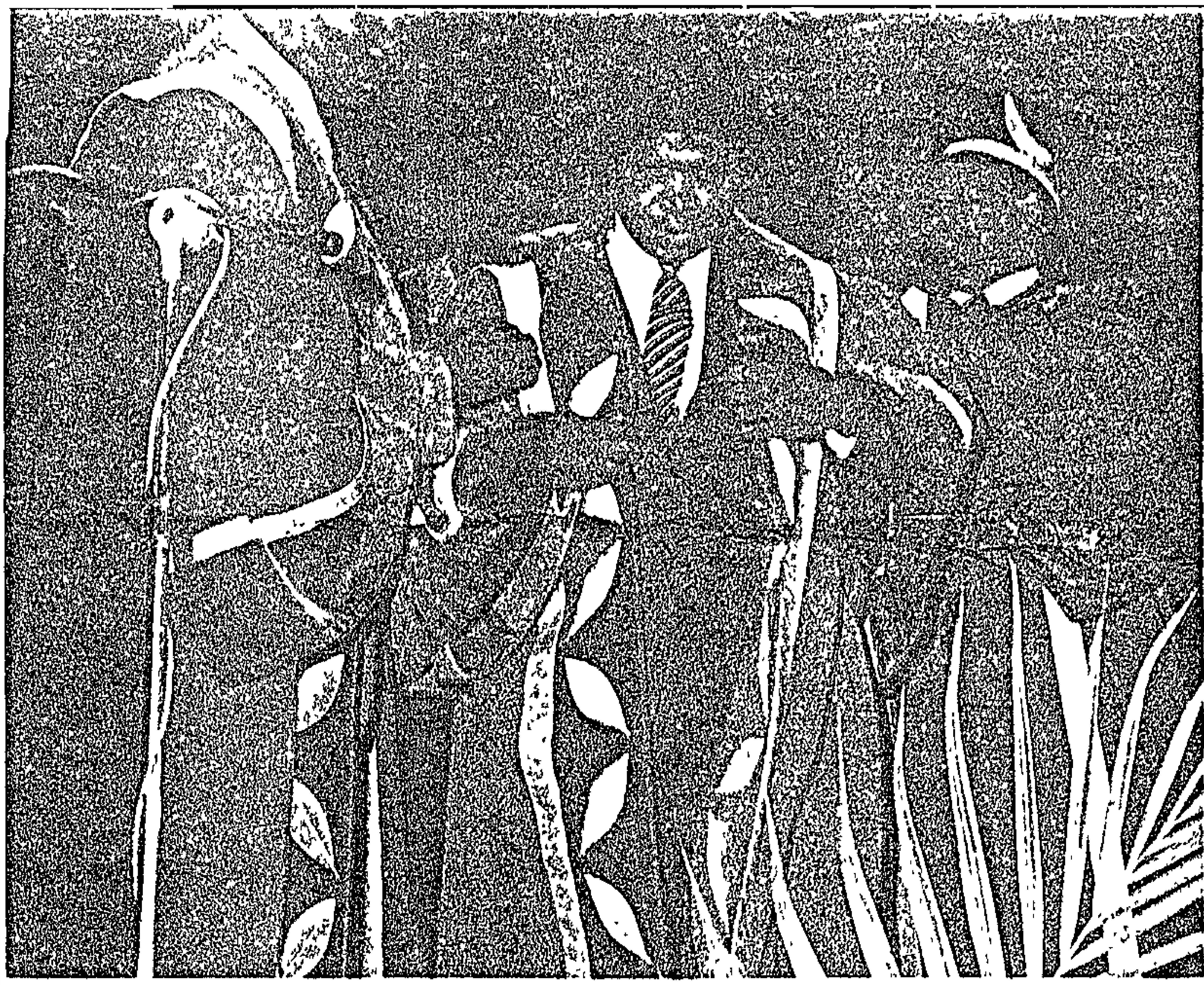

The new principal of the University of Transkei, Professor Wiseman Nkuhlu, is robed by the chancellor of the university, Paramount Chief Kaiser Matanzima, with the assistance of the chairman of the university council, Mr A. T. Sigcu.

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Sanctions hit T'kei — prof

DD 5/3/87

By LAWRENCE NGOZI

UMTATA — Non-acceptance by the international community remained a major stumbling block to the efforts of independent states including Transkei, the new principal of the University of Transkei, Professor Wiseman Nkuhlu, said yesterday.

Professor Nkuhlu said the legitimacy of a number of governments and institutions was still in question while Southern Africa ranked as one of the most troubled regions of the world.

He said while two African countries, Angola and Mozambique, had been embroiled in civil wars for more than 10 years, South Africa continued to experience political protests, boycotts and the undermining of its authority on an unprecedented scale

"The independent states of Transkei, Bophuthatswana, Venda and Ciskei have also not escaped unscathed

"In spite of courageous efforts by the governments of some of these countries to dissociate themselves from the repugnant apartheid system and to introduce progressive socio-political reforms, the perception that they are nothing but an extension of the RSA apartheid system persists internationally as well as to a certain extent in Southern Africa.

"The consequence of these perceptions is that the independent states including Transkei find themselves faced with the reality of economic sanctions and political isolation directed by the international community at the apartheid policies of the RSA Government as well as with the spill-over of political action by groups fighting for the dismantling of the system in that country.

"Non-acceptance by the international community remains a major stumbling block to the efforts of these states to evolve their identities independently of the RSA Government and in playing a mediating role in resolving conflict in the region, the professor said.

See also page 3

'Bargain' Cape farms snapped up as buyers exploit weak financial rand

Foreigners pour cash into SA

ARGUS 5/3/87

Staff Reporter

MILLIONS of rands are pouring into South Africa as an increasing number of foreign investors take advantage of the weak financial rand to buy property, listed securities and businesses.

In the Western Cape, historic farms are proving the big attraction and several near Paarl and Stellenbosch have been sold to foreign investors for R1-million and more.

These include Wilde Paardejacht in the Klein Drakenstein area, sold for R1-million to Mr Richard West, a Canadian living in Britain, and Dennegeur, which went to a Swiss buyer for R900 000.

Two years ago Mr Jannie Momberg, athletics administrator and campaign manager for Dr Denis Worrall, sold his historic Neethlingshof farm to German financier Mr Hans-Joachim Schreiber for about R8-million.

Attractive

Estate agents calculate that, with foreign buyers able to put up at least half the purchase price in financial rands, a R1-million property would cost about $ 320 000.

"The terms are very attractive because, having bought in at the financial rand rate, they are able to take out their profits in commercial rands," said one.

"These are very attractive terms to any investor."

Mr Johan Louw, managing director of Caprop, a Paarl estate agency, said South Africa was considered to be a bargain situation and his company had "a couple" of transactions pending for overseas buyers.

Buyers did not appear to be interested in the political situation, he said.

Job creation

"We have had German purchasers and several from Britain buying property in the R3-million range, but not many Americans showing interest," said Mr Gabriel le Roux, a partner in a Stellenbosch estate agency.

"If the buyer can show that he intends setting up some kind of labour intensive or job creation project he can negotiate for up to 100 percent of the purchase price to be in financial rands."

Commercial bank sources said it was not only farms that were attracting interest, but any business venture.

"They are not looking at capital growth but at return on their investment," said a spokesman for Boland Bank in Paarl.

"Considering the depressed property market and favourable exchange rates they are buying for nothing and the income generated on a good buy is phenomenal."

93 US firms have left SA

5 | Day (280) 5/3/87

ALAN SENDZUL

NINETY-THREE US companies have withdrawn from SA because of disinvestment pressure since the anti-apartheid lobby gained momentum in 1985.

According to the Washington-based Investor Responsibility Research Centre (IRRC), 40 US corporations withdrew in 1985, 48 in 1986 and five this year.

Larger US corporates that have signalled their intention to quit, but have not finalised buyouts, include Black & Decker, Dun & Bradstreet, IBM, McGraw Hill, Revlon, Tam Brands, Pepsico, Emhart and Bundy Corp.

Despite the number of US withdrawals, American Chamber of Commerce (Amcham) president Frank Lubke says there has been a net drop in Amcham membership of only one company.

He says 37 companies (18 with US parents) terminated membership last year, while 36 new companies joined. Amcham's books reflect 190 US companies out of total membership of 310.

The IRRC says it is not able to put a figure to the value of disinvestment since 1985. It is also difficult to quantify jobs lost from shut down US operations.

However, with the exception of Eastman Kodak, US companies that pulled out entirely have scarcely had an effect on employment. The biggest US employer in SA was GM, with a staff of 3 056 at the time of its withdrawal.

Inside South Africa magazine says Amcham is likely to run and administer the Sullivan principles if Rev Leon Sullivan cuts ties with SA later this year.

Sullivan has set May as a deadline to withdraw his code — established to improve blacks employees' working lives — if apartheid is not eliminated.

Amcham executive director Ken Mason was yesterday reluctant to discuss the matter but *Inside South Africa* says it has reliable information that Amcham will take over the running of the code.

Canadian nods to ANC

By BRIAN OSTROFF in Montreal

CANADA is set on a course which makes the severance of diplomatic and economic ties with South Africa and recognition of the ANC appear inevitable.

This emerged at a major conference in Montreal last weekend, when 500 delegates representing 150 anti-apartheid, church and union groups from across Canada met with officials from the Canadian and Frontline state governments under the theme "Taking sides in Southern Africa".

Although external affairs minister Joe Clark told the conference his government would continue its policy of imposing sanctions gradually, he reaffirmed Canada's willingness — first set out in a speech by Prime Minister Brian Mulroney to the United Nations General Assembly in 1985 — to break relations and impose total sanctions if there continues to be no movement towards fundamental change in South Africa.

Canada, which was instrumental in South Africa leaving the Commonwealth in 1961, has radically stepped up measures against the Republic and assistance to victims of apartheid since the Progressive Conservative Party took power in 1984.

While such measures were praised by the Rev Allan Boesak, UDF patron and president of the World Alliance of Reformed Churches, and Thabo Mbeki, director of the ANC's department of information — two of the keynote speakers at the conference — they joined with the rest of the delegates in urging comprehensive, mandatory sanctions and a downgrading of diplomatic ties immediately.

Since Canada is hosting the next conference of Commonwealth leaders, as well as of the Francophone nations, later this year, further sanctions can in any case be expected in coming months.

The three-day conference also heard an endorsement by foreign aid organisations and representatives of major Canadian churches, including the president of the Canadian Catholic Bishops' Conference, of the use of violence to end white rule.

The most concrete sign of action is likely to be increased aid and investment from Canada to the Frontline states, particularly Mozambique.

Although Clark ruled out the possibility of military aid, negotiations are understood to be underway to supply Tanzania with spare parts for Canadian-made Buffalo aircraft, which would allow that country's troops to be stationed along the Beira corridor.

Key organiser of the event, held under the auspices of the Canadian Council for international cooperation, was author Dan O'Meara, a former South African academic, now research director of a Montreal-based information centre on Mozamhique and South Africa.

"There is no possibility of reforming this apartheid monster," he said. "Sanctions are not a moral issue. They are not about sending messages to Mr Botha. They are about making Mr Botha an offer he can't refuse."

W Mail 6-12/3/87

'No sanctions' senators are targets

Ads mark new anti-apartheid tactic in US

6/3/87

By Neil Lurssen, The Star Bureau

Washington

Anti-apartheid activists in Washington have introduced a new tactic in their efforts to pressure the United States Congress into even tougher action against South Africa.

They are placing full-page advertisements in newspapers in the home districts of congressmen who voted against sanctions, associating them with repression in South Africa.

Their first two targets are Senator Robert Dole of Kansas and Senator Jesse Helms of North Carolina — both key allies of President Reagan in his unsuccessful bid last year to veto the sanctions Bill that is now part of the law.

The ads, which began appearing this week, show the senators against the background of a black funeral in South Africa.

The one depicting Senator Dole says: "Robert Dole is one of the faces behind apartheid. It's time to hold him accountable."

The man behind the campaign is Mr Randall Robinson, head of the Transafrica lobby and its offshoot, the Free South Africa Movement.

Mr Robinson said in Washington that both senators had greatly endangered lives in South Africa by opposing sanctions.

Senator Dole said yesterday that black leaders were aware of his record on civil rights in the US.

"Transafrica can do what it likes," he added, "but they are being short-sighted. They may need my help on some other Bill in the future."

Senator Helms said that South Africa's apartheid laws, which he had never supported, were being dismantled.

'Executions'

The real issue, however, was that black and white South Africans faced having to live under the dictatorship of the African National Congress, a communist-supported organisation responsible for brutal necklace executions of blacks.

Michael Morris, of The Star Bureau in London, reports that appeals for a "constructive, moderate" approach to South Africa's political future will form the basis of a new anti-apartheid campaign to be launched in Britain soon.

The International Society for Human Rights (ISHR) — presently running a campaign to free 100 people being detained by Swapo in camps in Zambia and Angola — will launch its new campaign in about a fortnight to "extend as much support as we can, both materially and politically, to groups who are in the centrist, pro-democracy mould".

Cape Times 6/3/87

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Artists boycott: ANC to speak soon

By ANDREW DONALDSON

THE African National Congress is expected to release a major statement in London next week on South Africa's cultural and academic boycott, which may reverse the "double apartheid" stranglehold on local culture.

This is believed to be the organization's first detailed statement on the matter.

This follows the ban this week of Guguletu percussion group Amampondo from two major arts festivals in Scotland and the debate surrounding the recent Paul Simon "Gracelands" album and world tour with South African musicians.

The "Gracelands" venture has left local musicians with hope of going overseas in the next two years — although dampened somewhat by the Amampondo banning.

The group postponed a six-month tour after a ruling by the ANC that it should be subject to the United Nations Committee on Apartheid boycott.

It is understood that since the ruling, following approaches to the ANC by the organizers of Glasgow's May-fest and the Edinburgh Festival, the band have had discussions with the ANC in the hope of reversing the decision.

While their manager, Mr Martino Zini, could not be approached by the Cape Times for comment, it was learnt from a band member that a decision about the tour going ahead as planned might be available by next week.

No other comment from the band, which is currently in Johannesburg, was available.

Meanwhile, a steering committee member of the South African Musicians' Alliance, Johnny Clegg, said this week that the alliance would soon enter the boycott debate and would form its own policy on the issue.

The former Juluka star is on tour in Cape Town with his band Savuka. They leave for Europe on March 22 for the first of three international tours.

Clegg said it was time local artists had some effective control in the matter and he was puzzled by the Amampondo banning "mainly because there have been so few facts reported about it".

He did, however, speculate that it was possible that the group had been "naughty". "They did, for example, tour Taiwan at a time when they (Taiwan) were issuing all sorts of extraordinary anti-ANC statements They can't pretend to be that naive"

Explaining the background to the boycott campaign, he said the three major players were the UN, the international anti-apartheid movements — particularly Britain's AAM — and the ANC.

While the UN were active about international artists visiting South Africa, the AAM was particularly steadfast in its calls for a blanket boycott

"I've always felt a bit resentful after visiting Britain. It's as if because we're not throwing bombs, then, according to the AAM, we — as musicians — have no role to play. We have no voice," he said.

The ANC, on the other hand, appeared to have no clear policy on the cultural boycott — possibly because they were not keen to "alienate their friends" in the UN and the AAM, he added.

"Because SAMA have been recognized by both the United Democratic Front and the Azanian Peoples Organization, we feel that whatever statement or policy we come up with, will be taken note of or considered by the outside players."

Chance to own Coke

By LEN MASEKO

COKE customers in South Africa are to be offered shares formerly held by the Coca-Cola Export Corporation, which has disinvested.

The multinational company's 30 percent stake in Amalgamated Beverage Industries (ABI) has been sold, and thousands of Coke customers and ABI staff will be offered some of the shares.

The 30 million, two-phase deal was announced yesterday by the SA Breweries, Cadbury Schweppes and National Beverage Services — a local company formed last year to service local Coca-Cola bottlers.

The deal means that SAB will now own 70 percent ABI shares, Cadbury (19 percent) and the remaining 11 percent will be offered to customers and staff. A total of R10 million of the 11 percent stake will be offered to about 8 000 small ABI customers while R1 million will be offered to about 3 500 ABI employees.

Details of the share scheme are still to be worked out and will be announced later.

Mr Fred Meyer, former head of Coca-Cola's South African operations, said most ABI customers were black small traders who could now own the company.

ABI bottles and distributes more than 40 million cases of soft drinks a year, worth about R440 million. It employs more than 3 000 people.

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6/3/87 Sowetan

RAND WATER
BOARD
PUBLIC ANNOUNCE
WATER TARIFFS

Cosatu did not back SA pullout call says official

London Bureau

LONDON — The Congress of Trade Unions (Cosatu) had never called for companies to pull out of South Africa, the vice-president, Mr Chris Dlamini, told a BBC Newsnight programme this week

Mr Dlamini was interviewed along with other disgruntled South African workers on a programme which showed increasing black disenchantment with disinvestment.

He said companies and people were confusing divestment and disinvestment. "We have never called for companies to pull out but we do support sanctions."

If companies were coming under increasing pressure to pull out they should sit down and discuss the matter with Cosatu and arrive at a solution, he said.

Mr Dlamini, who was interviewed at his place of employment with the US multi-national Kelloggs, said the company was doing something to offset apartheid by challenging detentions and providing blacks with education bursaries.

However, that in itself was not enough. Employers, he said, should stop paying taxes.

Kelloggs' managing-director, Mr John Johnson, said this was a short-sighted approach which would result in companies going out of business.

The president of the World Alliance of Reformed Churches, Dr Allan Boesak, said on the programme that disinvestment was part of the package he and others had been calling for but was fairly low on the list of priorities.

"What we asked for was sanctions that would hit hard and impact on the South African economy so that the government would have no choice but to change."

Disinvestment, Dr Boesak said, should be seen as a last resort.

A situation where companies were withdrawing from South Africa resulting in job losses was not something he and his supporters wanted.

"What we want is quick sanctions," he said.

7/3/87

DISINVESTMENT 280

FM 6/3/87

Bouncing baby blue

Free of the restraints of former US parent IBM, the new Information Management Services (ISM) is taking an aggressive stance

Plans to gain market share include participation in the local electronics industry, sales of non-IBM products and entry into the second-user market The company will also review its support and education services with an eye to turning them into profit makers

One of the most important developments for the all-South African company is the end of the restriction on selling non-IBM products. Indeed, ISM's first outside deal, concluded this week, was to tie up exclusive local rights to software from the UK's Hogan Systems.

Hogan, the leading supplier of integrated application software to the banking and financial services industry, already has a base with several institutions in SA.

Another major area of immediate endeavour is likely to be the manufacture and marketing of personal computers.

When IBM announced its pull-out last October, microcomputer retailers predicted the new local company would seek gains in this area (*Business* October 31). It had already rationalised its dealer network and made it plain it would seek big new clients itself, even if it meant competing directly with dealers.

Like its former US parent, the local company lost out heavily to clones from the Far East and to retailers with local manufacturing contracts. It seems clear that ISM itself must look at the local manufacture of micro hardware, even if only to supply its dealers at competitive prices Although ISM is the sole supplier of IBM products in SA it is free, as MD Jack Clarke points out, to market other products.

In addition, market operations director Tony Dry says ISM is examining the possibility of "participating in the local electronics industry, which is fully tooled up for the manufacture of terminals and workstations."

The effect on the R250m-a-year micro sector would be enormous As one dealer has it: "If ISM put its financial muscle behind the development of a local micro and sold it at a price to compete with Taiwanese machines, it would wipe out much of the competition. And even if it was more expensive, buyers would still have the feeling that it came with an IBM pedigree."

It is also widely held that ISM is looking at developing and manufacturing telecommunications equipment locally. Certainly, the sector is open As Postmaster General William Ridgard recently warned, an inadequate telecommunications infrastructure could be a major obstacle to progress in SA.

On support and education services, Dry says: "There's nothing to prevent us from marketing our skills and resources in these areas, and no reason why we should not profit more directly from them." This means the traditional added-value for which IBM buyers paid a premium will be further exploited, possibly by developing separate training and maintenance facilities.

Meanwhile, ISM has the task of rebuilding customer confidence which was, despite denials, severely shaken by IBM's decision to go. Clarke has made much of supply and spares guarantees obtained from IBM, and has also quashed rumours of his impending resignation by revealing that he has given IBM a guarantee to stay with the new company for at least three years. In addition, ISM staff will still have access to all IBM educational facilities.

One of the most important demonstrations to assuage customer doubts may be ISM's entry into the second-user market. Buyers of this equipment would then be assured of the maintenance "pedigree" with which all IBM systems come. What's more, Clarke says ISM will not necessarily honour maintenance contracts concluded between third-party sellers and their customers which were previously honoured by IBM in SA — a move which will put further pressure on competitors.

For now, ISM is already trading profitably on sales of R600m-R700m a year. Its debt to the former parent remains undisclosed, but Clarke is confident it can be repaid in 10 years or less. And a listing? It's something to be considered but, wisely, Clarke says the new company will first have to be bedded down. ■

Rumour of MWU split is denied

B/Day 9/3/87

ALAN FINE

THE president of the whites-only Mineworkers' Union (MWU) Cor de Jager has denied talk of a split in the union's ranks precipitated by the general election contest in the Carletonville constituency.

Speculation of problems in the MWU leadership arose when De Jager addressed an election meeting in support of HNP candidate Joseph Chiole last week. Chiole is opposing MWU general secretary and CP candidate Arrie Paulus.

Carletonville is predominantly a mining constituency and Paulus's personal popularity appears to make him a powerful contender. But his appeal could be severely undercut by De Jager's stand.

De Jager predicts that the right will win Carletonville only if the CP and HNP come to an electoral arrangement.

But he denies any ill-feeling between him and Paulus.

"We are still friends. And the fact that we can support different parties only proves that we have a democratic union where every man is entitled to his own views," he adds.

He appealed for unity between the right wing parties, saying the priority was for as many people as possible representing the views of the white worker to be elected.

The white worker, he says, has been deserted by government as evidenced by the implementation of the findings of the Wiehahn Commission, and the pending abolition of job reservation in the mining industry.

Blacks disenchanted with pullouts

Cosatu denies its support of disinvestment

B/Day 9/3/87

MIKE ROBERTSON

LONDON — The Congress of South Afridan Trade Unions (Cosatu) had never called for companies to pull out of SA, its vice-president Chris Dlamini said on a BBC "Newsnight" programme this week.

Dlamini was among other disgruntled SA workers interviewed on a programme highlighting increasing black disenchantment with disinvestment.

He said there was confusion about divestment and disinvestment.

"We have never called for companies to pull out, but we do support sanctions," he added.

If companies were under pressure to pull out, they should discuss the matter with Cosatu and arrive at a solution, he said.

Dlamini, interviewed at his place of employment with the US multinational Kellogg's, said the company was doing something to offset apartheid by challenging detentions and providing blacks with education bursaries.

But that was not enough. Employers should stop paying taxes, he said.

The president of the World Alliance of Reformed Churches, the Rev Allan Boesak, said disinvestment was part of the package he and others had been calling for but was fairly low on the list of priorities.

"What we asked for were sanctions that would hit hard and impact on the South African economy so that the government would have no choice but to change," he said.

Disinvestment should be seen as a last resort, Boesak said.

A situation where companies were withdrawing from SA resulting in job losses was not something he and his supporters wanted.

"What we want is quick sanctions. We want to see if we can't get the international community to move on sanctions to minimise disinvestment," he said.

Duracell back on the shelves

ALAN SENDZUL

DURACELL batteries are once more freely available in SA as their distribution has been taken over by Manel Distributors.

The shortage on retailer shelves recently was a result of the closure of the South African agency — then owned by Duracell UK — in October for economic reasons.

But Manel GM Milton Strydom says an advertising campaign has been launched to reassure the wholesale trade as well as consumers.

Importation of the batteries from Britain and Belgium will continue.

Fears that supply-lines will be cut

Swedish firms in SA say sanctions will have no bite

B/Day 9/3/87 (280)

HAMISH McINDOE

SWEDISH companies operating in SA believe Stockholm's proposed trade ban will have a negligible effect.

Banning bilateral trade is unlikely to start a corporate run from SA and it will probably ricochet onto Sweden's steel industry, which uses SA minerals.

What Swedish companies fear is a widening of the ban to stop the foreign subsidiaries of parent companies from supplying their SA holdings.

On paper, they would be paralysed and about 2 000 jobs could be lost unless local buyouts or a switch to 100% local content can be arranged.

Some of the six Swedish industrial companies operating in SA are already heavily sourcing from foreign subsidiaries. Diversified engineering firm Alfa Laval imports most of its equipment used in SA's dairy, beverage and food industries from its parent's subsidiaries in several European countries and Japan. It will divest only if its foreign supply network is cut. MD Haydn Thomson said: "We'll stay here as long as we are legally able to do so."

Some Swedish companies — including Alfa Laval — are openly sceptical that Stockholm could legally — or effectively — break this supply network.

Not so Swedish government officials in SA, who say companies are oblivious to the political realities in Stockholm.

First Secretary at the Swedish Legation in Pretoria, Bengt Herrström, said: "I have not heard that clamps on the foreign subsidiaries of Swedish multinationals are actually being written into measures."

The possibility that Swedish firms will not be allowed to repatriate their profits is not seriously being entertained by companies at this stage and Herrström does not believe such a proposal is being considered in Stockholm.

Latest trade figures show the level of SA's exports to Sweden slumped by 70% to R33m in the nine months to last October against the same period in 1985, while SA imports from Sweden fell by 29% to R187m in this period.

Most visible casualty from bringing trade levels down to zero is Transatlantic Shipping Agency's (TSA) 83-year-old dedicated sailing schedule to Sweden. TSA will not comment on the ban until its contents are known, possibly by July 1.

Tougher Swedish sanctions follow the failed attempt in the UN Security Council to impose binding anti-SA measures on its members. This would automatically have stopped most foreign subsidiaries of Swedish parent companies from supplying their SA holdings.

Heunis appeal to rebel academics

Own Correspondent

NATIONAL PARTY Cape leader Chris Heunis has urged the 28 rebel Stellenbosch University academics who issued a statement at the weekend sharply criticising the cornerstones of apartheid to talk to government again.

The academics criticised the way the government was running the country and said it "ought to adopt a style of rhetoric and action which will alleviate the tensions of polarisation of our country".

They said the Group Areas Act, arbitrary race classification and the Separate Amenities Act — all laws introduced by the NP — would have to go.

They said the Group Areas Act was "the symbol of injustice" and the Separ-

Page 2

Talk to us, Heunis tells rebels

ate Amenities Act was "discriminatory".

They also said the tricameral Parliament could not survive indefinitely and would have to be replaced "by a central Parliament in which all South Africans, including blacks, are effectively represented".

The academics were critical of the

From Page 1

way the government was handling the state of emergency and said security must "under all circumstances, including a state of emergency, be submitted to legal control by the courts".

Report by Barry Street, St George's Street, Cape Town

Sowetan 10/3/87

Zim puts sanctions on hold

Sowetan Africa News Service

ZAMBIA and Zimbabwe have decided to indefinitely postpone implementing sanctions against South Africa, says Mr Sam Kongwa, a researcher with the Pretoria-based Africa Institute.

In an article published by the institute's *Africa Bulletin,* Mr Kongwa said the decision to postpone the implementation of sanctions was taken at a meeting between President Kenneth Kaunda of Zambia and Prime Minister Robert Mugabe of Zimbabwe at Kariba on December 31 last year.

"Contingency plans had already been made to cut off air links by December 31, 1986," said Mr Kongwa who added: "A reliable source has indicated that the postponement was initiated by President Kaunda who could not afford the domestic consequences of the sanctions".

In his article Mr Kongwa said that because of Zambia's internal situation, where widespread riots erupted in December, it would appear that "the Zambian Government would now be more amenable to overtures from the South African Government for a political dialogue in Southern Africa".

President Kaunda will not, however, abandon the threat of sanctions because the rhetoric against South Africa is the most potent weapon available to the Government in its efforts to unite the people in the face of a perceived foreign threat, he said.

Frontline states

"As the leader of the frontline states, President Kaunda would, at the same time, not like to be seen as abandoning the sanctions issue which he so ardently promoted at the Commonwealth and Non-Aligned Movement conferences. Such a move would affect his credibility and honour".

Mr Kongwa said that when riots erupted in December the ordinary Zambian felt that Government policies had only benefitted the ruling elite, favoured by a patronage system, which had not been adversely affected by inflation and other shortcomings of the Zambian economy.

"The overall result of the Government's economic policy and political system has been the steady erosion of the legitimacy of the ruling elite, in the eyes of the ordinary Zambian," he said.

Mr Kongwa said that the December roits, sparked by the abolition of government subsidies on maize meal, had a clear message to the Zambian Government.

"The message to the ruling elite was that the present policies must be changed to bring them in line with the needs and interest of the nation — that too much emphasis has been placed on foreign policy, especially the confrontation with South Africa and support for the liberation movements in Southern Africa as a whole — that the present political setup in the form of a one party political system should be changed and replaced by a democratic set-up which would be more responsive to the needs of the nation and be able to accommodate other views and ideas about nation-building," he said.

R4bn is on offer from CEF

B/Dey

Pullout firms spurn Mossel Bay tenders

10/3/87

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DAVID FURLONGER
Industrial Editor

DISINVESTING chemical engineering companies are turning down the chance to profit from the next stage of the Mossel Bay offshore oil development.

Industry sources say at least three foreign companies have turned down offers from the Central Energy Fund (CEF) to apply for future tenders.

If final go-ahead for the project is given, the CEF is expected to provide about R4bn over the next four years for the first stage.

There has been speculation that with 70% local content the remaining 30% does not make it profitable enough for foreign companies.

One company, however, says that having joined the disinvestment bandwagon, foreign firms cannot be seen becoming involved again in SA.

Foster Wheeler, a British affiliate of the American chemical engineering firm, announced last month it had sold its SA operation to a local management consortium.

The company recently completed a study commissioned by the CEF while Foster Wheeler was still foreign-owned.

Tim Evans, company secretary of Foster Wheeler in the UK, said yesterday: "We recently received a telex asking us if we were interested in future work in connection with the Mossel Bay project.

"As part of the requirement, we were expected to form a joint venture with a South African operating company. Since we've just left the country, it was hardly the time to do so.

"The 70% local content requirement didn't come into it."

Two American companies, Bechtel and Kellogg, are also understood to have turned down work at Mossel Bay. Officials of the two companies could not be reached for comment.

Meanwhile, Engineering Management Offshore Services (EMSO) MD Steve Hrabar insisted yesterday that 70% local content was achievable.

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E Post 19/3/87

Thornton is back after UK banning

By KIN BENTLEY

TERRY THORNTON, the former Port Elizabeth schoolboy and long-distance athlete who went to England nearly four months ago, has been barred from running in Britain and has returned home.

Thornton, who arrived back in South Africa on Friday, told the Evening Post today the ban was due to his having competed in South African athletics events.

The 19-year-old runner, who is a British citizen, left PE on November 19 hoping to embark on an international athletics career with the British national side.

But, he said today, although he competed for the English cross-country side in Spain on December 21, he was in fact not supposed to have done so.

He said he apparently contravened the International Amateur Athletics Federation (IAAF) rules by competing as a British citizen in South Africa last year.

And, ironically, it was a report about his fine run in Stellenbosch 10 days before he left SA, where he came a close second behind Matthews Temane who broke the SA 5 000 metres record, which drew attention to his having run in this country.

On his return to the UK on February 19 — after a month's trip to the United States — he was told by the British Amateur Athletics Association (AAA) that he could not compete in the National Championships on February 21

He said the AAA met on Friday night to discuss whether he could be reinstated domestically, but it failed to take a decision.

Thornton said he now felt committed to studying marketing at a university in San Diego, California.

He would stay with his coach Alec Riddle.

TERRY THORNTON — the Port Elizabeth athlete who returned from Britain last week — with his sisters, DIANNE (left), nine, LORNA, 12, and his brother, DARRYL, eight, at the Parsons Hill Primary School athletics day today.

aged

two

Cape Times 10/3/87

Leutwiler: 'Botha let me down on reform'

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Own Correspondent

LONDON. — South Africa's debt mediator Mr Fritz Leutwiler says President P W Botha let him down by not pushing ahead with promised reforms.

In an interview with the London Financial Times (FT), Mr Leutwiler said that while he was strongly opposed to apartheid, he was less than happy about the policy of Western countries to Pretoria.

Mr Leutwiler told the FT that sanctions, to the extent that they take effect, hurt the wrong people, blacks, coloureds and "also the banks".

While Western countries have sought greater contact with the ANC, Mr Leutwiler told the FT he believed the ANC should be shunned because "it has a communist face".

Mr Leutwiler, chairman of electrical engineering group Brown Boveri, insists it will not pull out of SA.

Nor, he told the FT, would it be an honest approach to sell its factories to local interests.

Commenting on his role as debt mediator, Mr Leutwiler said the banks needed some pressure to accept the 15-month interim settlement.

In effect he had to give them a take-it-or-leave-it ultimatum.

Mr Leutwiler said Dr Chris Stals had come to Switzerland in January to consult him, but with the banks talking directly to Pretoria he no longer had a direct role to play in the debt negotiations.

Star 10/3/87 (280)

Sanctions postponed indefinitely — researcher

The Star's Africa News Service

Zambia and Zimbabwe have decided to postpone indefinitely implementing sanctions against South Africa, says Mr Sam Kongwa, a researcher with the Pretoria-based Africa Institute.

In an article published in the institute's *Africa Bulletin*, Mr Kongwa wrote that the decision to postpone the implementation of sanctions was taken at a meeting between President Kenneth Kaunda of Zambia and Prime Minister Robert Mugabe of Zimbabwe at Kariba on December 31 last year.

"Contingency plans had already been made to cut off air links by December 31 1986.

"A reliable source has indicated that the postponement was initiated by President Kaunda who could not afford the domestic consequences of the sanctions . . ."

In his article Mr Kongwa said because of Zambia's internal situation, where widespread riots erupted in December, it would appear "the Zambian Government would now be more amenable to overtures from the South African Government for a political dialogue in Southern Africa".

"As the leader of the Front line states, President Kaunda would, at the same time, not like to be seen as abandoning the sanctions issue which he so ardently promoted at the Commonwealth and Non-Aligned Movement conferences. Such a move would affect his credibility and honour," wrote Mr Kongwa.

He said when riots erupted in December the ordinary Zambian felt government policies had only benefited the ruling elite, favoured by a patronage system which had not been adversely affected by inflation.

"The overall result of the Government's economic policy and political system has been the steady erosion of the legitimacy of the ruling elite in the eyes of the ordinary Zambian."

Mr Kongwa said the December riots, sparked by the abolition of government subsidies on maize meal, had a clear message for the Zambian Government.

"The message to the ruling elite was that the present policies must be changed to bring them in line with the needs and interest of the nation; that too much emphasis has been placed on foreign policy, especially the confrontation with South Africa and support for the liberation movements in Southern Africa as a whole.

He added that "the present political setup in the form of a one-party political system should be changed and replaced by a democratic set-up which would be more responsive to the needs of the nation and be able to accommodate other views and ideas about nation-building".

The Star Tuesda

B/Day 11/3/87

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Sanlam 'leading buy-out boom'

SA institutions 'encouraging disinvestment'

MIKE ROBERTSON

LONDON — The British newspaper *Today* has claimed South African institutions are actively encouraging foreign firms to pull out of the country.

The national morning newspaper says in an article on its business pages that Sanlam, headed by Fred du Plessis, is at the forefront of moves to buy foreign investments on the cheap and aggrandise itself in the process.

The article says a number of British companies with South African subsidiaries have confirmed they have been approached by South Africans who are keen to buy.

British Industry Committee on South Africa (Bicsa) director-general Nick Mitchell says the article reminds him of conversations he has had in SA, particularly with the Afrikaanse Handelsinstituut (AHI).

"It does link up with the idea of minimising the likely impact of disinvestment and sanctions being pushed by the AHI and one or two others."

Mitchell has just returned to Britain from a visit to SA.

"It would appear to be a deliberate attempt to say there is a positive side to disinvestment — acquiring assets at knock-down prices."

However, Mitchell says, this view is not widely held.

On the contrary, most people he has spoken to, including government, have expressed a need for massive injections of foreign capital to finance expansion and enable the country to cope with its growing population.

Mitchell says Bicsa's viewpoint, while not wishing to embarrass the British government by ignoring calls for voluntary restraint on investment in SA, is that the interests of SA as a whole would be served best by increased foreign investment.

'Folly to weaken SA's economy'

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EPost 11/3/87

DURBAN — It was the height of folly for the West to weaken South Africa's economy in any way, the president of the South Africa Foundation, Dr Fred du Plessis, said today.

Addressing the annual meeting of the foundation, Dr Du Plessis said it should be the foundation's single-minded objective to persuade Western leaders that mutual interest dictated that SA should be re-absorbed into the Western system.

"If they have a 10-year vision of Southern Africa as they would like to see it, one would presume that it would in essence be the same as our own — a region already consisting of some 100 million people that will have developed economically on the Western pattern to the stage of at least being able to feed all its people and to have become firmly committed to the free world camp in the process," he said.

"This desirable situation can come about only if economic growth in the region consistently stays ahead of the population increase and it is hard to see that happening in any of our eight neighbouring states without the economic engine that only SA can provide.

"Fortunately there are already signs in official circles abroad of second thoughts 'about the wisdom of sanctions."

If the objective of sanctions was to nudge the SA Government closer to power-sharing with blacks, then sanctions have had the reverse effect, he said

"To use an economic weapon as a means of politically persuading the SA Government was always ill-informed.

"The Government has traditionally thought in political and social terms rather than in ecomomic ones. Sanctions have therefore had predictable consequences. — Sapa

S[illegible] 11/3/87

Kodak to stop slide processing in SA

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By Pat Devereaux

Kodak slide film will not be processed in South Africa from the end of this month.

This was disclosed by company employees and notices to this effect are being displayed at film outlets.

Although some outlets have stopped accepting Kodak colour slide film, they still develop colour prints.

Mr Richard Krohn, credit manager at Kodak, confirmed this. He said only Kodachrome would not be processed in South Africa but other film processing would continue as normal.

He said Kodachrome could not be processed in South Africa because one plant was closing. He would not give more details, and said an official statement would be released soon.

Another Kodak employee said colour slides would now be processed in Europe.

Last month nine Kodak colour laboratories in major centres were taken over by Trimark Agencies.

Cape Times 11/3/87 (280)

Sanctions: Tutu hopes for change in UK govt

DURHAM, England. — Archbishop Desmond Tutu said yesterday that he hoped for political changes to a socialist government in Britain and a Democratic president in the United States as the best chance of getting tough sanctions against South Africa.

The black anti-apartheid activist gave his comments on the American and British political scenes to reporters before a ceremony in which Durham conferred its freedom on him, making him an honoured citizen of this city in north-east England

Speaking of British Prime Minister Mrs Margaret Thatcher, the Nobel Peace Prize-winner said: "I am on the verge of giving up on her."

Archbishop Tutu, 55, likened his country's white rulers to the nazis, and said the British Labour Party "cares more for the kind of things we care about".

He added: "And we want a Democratic president in the White House, as we want a Democratic Congress."

The US Congress last year imposed limited sanctions against South Africa despite opposition from Republican President Ronald Reagan.

Durham's city council, which is controlled by the socialist Labour Party, voted last year to honour Archbishop Tutu as part of a programme it has adopted against apartheid.

Left-wing local authorities like Durham's are highly critical of Mrs Thatcher's argument that sanctions against South Africa will hurt the black majority most and will increase white resistance to change, as well as being widely circumvented.

Durham has an ancient university, a magnificent cathedral on a site occupied since the 8th Century, and leftist policies reflecting the political leanings of its strongly unionized coal-mining surroundings. Its freedom is among the most prestigious of foreign awards showered on the archbishop since his 1984 Nobel Peace Prize.

In practical terms, the benefits of a city's freedom are scant — but include being allowed to set up a stall in the market without paying a licence fee. "I could sell bananas," the archbishop joked. — Sapa-AP

Archbishop Desmond Tutu is introduced to Queen Elizabeth at a Commonwealth day reception in London yesterday. In the middle is the secretary-general of the Commonwealth, Sir Sonny Ramphal. Archbishop Tutu becomes a freeman of the city of Durham today. Picture: REUTERS

Hoechst sells Cassella-Med

B/Day 12/3/87

DAVID FURLONGER

GERMAN-CONTROLLED chemicals group Hoechst SA has sold its Cassella-Med pharmaceuticals operation to a South African company for an undisclosed sum.

East London-based Pharmador has bought rights to all Cassella-Med's products and brand names. These include such well-known brands as Fibre Trim, Yogurtrim, Histalix, Cold Stop, Tensolve, Cough Med, Vita Fiber and Fat Off.

Hoechst SA stressed yesterday the sale should not be seen as a disinvestment. Director Volker Schmidt said the group simply wanted to concentrate on developing its traditional business, such as plastics, synthetic fibres, chemicals, plant protection and ethical pharmaceuticals.

Pharmador MD Pierre Greyvensteyn said: "We are delighted with the acquisition. Cassella-Med's products will complement our own range. The acquisition makes very good business sense to us."

B/DAY 12/3/87 (280)

Ridding ourselves of US sanctions

THERE is a sure way for SA to get rid of US sanctions — accept the conditions the US has imposed for their removal. This is an extract from a speech by Washington director of the SA Foundation John Chettle to the foundation's AGM in Durban yesterday.

● CHETTLE

US POLICY towards SA does not exist in a vacuum.

There is even an element of frivolousness about US policy towards SA at the moment, a self-indulgence as it applies sanctions not because the situation is intolerable or getting worse — at least it was not when sanctions were initiated — but because reform was not, in their opinion, going fast enough.

So these are the elements with which we have to deal. The whole process is complicated, uncertain and frustrating. And yet, it seems to me that there is no cause for despair.

What we need to do is to carry on trying to solve our problems in SA, and to continue to apply careful, sustained and intelligent action to protecting our interests abroad.

The essentials of the situation haven't changed. Neither has the need for resolute action on both, and I repeat both, fronts.

But none of this advice, however worthwhile I may hope it is, answers your most crucial question: What should we do?

We can't just rely on the US to change its policies again or wait for some new international crisis to shift attention away from us. We must keep flexible, seize opportunities, try to regain the initiative.

Far-fetched

Let me give an example of something which we could at least consider when the present election is out of the way.

It may sound a far-fetched thought, and yet in many respects it merely encapsulates much enlightened thinking in SA. In doing so, we would take advantage of one fundamental mistake made by those proposing sanctions.

We could, in fact, get rid of all the sanctions at one stroke. Dramatically. Just like that.

And we could do so by taking the initiative to make reforms which we know are necessary if we are ever to build a peaceful, just and prosperous society.

The mistake our opponents made was to lay down the conditions which would end sanctions. For the first time, they put the goal posts in place, and they did so without giving themselves any wriggle-room.

They said sanctions would be scrapped if we did five things:

- ☐ Repealed the state of emergency;
- ☐ Released ANC leader Nelson Mandela and other political detainees;
- ☐ Scrapped the Group Areas Act and the Population Registration Act;
- ☐ Unbanned the African National Congress and other political parties;
- ☐ Began good-faith negotiations with black leaders for a new constitution.

Most of this is old hat. South Africans have thought more deeply and profoundly about these points than anyone else, and most would agree these steps are important.

Indeed, if you examine those requirements item by item, you may well be struck by how many of them are agreed on even by senior members of government.

President P W Botha himself has on one occasion ended the state of emergency and has said it is his objective to end it altogether.

Botha has indicated a willingness to release Mandela, on one occasion if he were prepared to renounce violence, and on another occasion in exchange for the release of (Soviet dissidents) Andrei Sakharov, Anatoly Scharansky and (SA prisoner of war in Angola) Wynand du Toit.

A substantial number of Cabinet Ministers probably support Mandela's release.

A committee of the President's Council has recommended at least a partial scrapping of the Group Areas Act, and we all know areas in SA where it has ceased to operate.

Important government members believe that, until the ANC is unbanned, it will be impossible to bring about a breach between the nationalists and communist elements.

And who, in this audience, does not believe that good-faith negotiations with black leaders about a new constitution are imperative?

Note: we are not talking about majority rule; we are talking about good-faith negotiations. We are not talking about a constitution which we are obliged to accept: at all times we will retain, as we have now, the power to object to unacceptable proposals.

There is absolutely nothing in this programme we cannot do. Nothing, indeed, that is not already supported, often at a high level.

And what is attractive about this line of action is that the removal of sanctions is automatic. The action, in terms of the (US) Comprehensive Anti-apartheid Act of 1986, triggers the release.

There may be some latitude which now accompanies the term "good-faith negotiations", but it is President Ronald Reagan's administration, which desperately wanted to avoid sanctions in the first place, which will judge the term.

Provided the negotiations are genuinely in good faith — and who of us would want them to be other than in good faith? — even the crippled Reagan Administration would get rid of the sanctions tomorrow.

It is hard to give you a sense of what the reaction to that move would be. We South Africans have become so accustomed to bad news we find it difficult to imagine the good.

But, I believe there would be so great and so spontaneous an explosion of relief and joy, not only in SA itself but around the world, as would amaze mankind.

It would immediately enable SA to regain nearly R2bn in exports to the US alone. The EC and Japan would almost certainly follow suit.

We would carry the attack into the camp of our enemies. We would provide so important a sign of our good faith that it would be almost impossible politically for our opponents to set new goal posts.

We could, indeed, do these things unequivocally, but with the proviso that, if sanctions were not repealed, we reserved the right to take whatever action necessary to maintain a peaceful and orderly society.

Now, I do not want to pretend this is the only thing we could do, but it is an example of flexible thinking.

Crucial importance

And I believe that the efforts of the private sector are likely to be of crucial importance.

Don't be overawed by the situation elsewhere. Pursue your interests in the US just like the Americans do.

The South African lobster industry was reported to be still exporting to the US, quite legally, by using a legal provision which says, in effect, the nationality of a fish is the nationality of the ship which catches it — whether that ship be registered in Panama or Liberia or Paraguay.

I know that this may sound self-serving, but I believe it may be the best advice I can give you.

And nothing would give me more satisfaction than to see a dozen good, well-informed, vigorous and motivated law firms representing South African interests in Washington.

We could then begin to have a formidable lobby.

Canadian nods towards ANC

By BRIAN OSTROFF in Montreal

CANADA is set on a course which makes the severance of diplomatic and economic ties with South Africa and recognition of the ANC appear inevitable.

This emerged at a major conference in Montreal last weekend, when 500 delegates representing 150 anti-apartheid, church and union groups from across Canada met with officials from the Canadian and Frontline state governments under the theme "Taking sides in Southern Africa".

Although external affairs minister Joe Clark told the conference his government would continue its policy of imposing sanctions gradually, he reaffirmed Canada's willingness — first set out in a speech by Prime Minister Brian Mulroney to the United Nations General Assembly in 1985 — to break relations and impose total sanctions if there continues to be no movement towards fundamental change in South Africa.

Canada, which was instrumental in South Africa leaving the Common wealth in 1961, has radically stepped up measures against the Republic and assistance to victims of apartheid since the Progressive Conservative Party took power in 1984.

Since Canada is hosting the next conference of Commonwealth leaders, as well as of the Francophone nations, later this year, further sanctions can in any case be expected in coming months.

The three-day conference also heard an endorsement by foreign aid organisations and representatives of major Canadian churches, including the president of the Canadian Catholic Bishops' Conference, of the use of violence to end white rule.

W | Mail 6-12/3/87

Disinvestment hurting blacks, says Buthelezi

12/3/87 280

NM

ULUNDI—The Kwazulu Chief Minister, Chief Mangosuthu Buthelezi, said in a statement yesterday that disinvestment was hurting blacks who were losing their jobs 'in droves'.

'Black workers who were politically duped into supporting a tactic they barely understood, are now facing the brunt of another failed ANC strategy,' he said.

'Now we all are being faced with the facts of what was obvious to me a long time ago: disinvestment is hurting black workers. Black workers are losing their jobs and their homes. It is the families of black workers who are now starving.

'Yet the very people who travelled the world campaigning for disinvestment and sanctions still have their jobs.'

He accused leaders such as Dr Allan Boesak, president of the World Alliance of Reformed Churches, of turning their backs on the 'ripples' of disinvestment.

'In the past week I have been amazed at the hypocritical manner in which vociferous proponents of disinvestment have been attempting to disassociate themselves from something which, clearly, is turning sour on them,' he said.

'It is sickening to read the statements of people like Dr Boesak and Mr Chris Dlamini (vice-president of the Congress of South African Trade Unions) who seem to be trying to squirm out of their former stances.' — (Sapa)

12/3/87

SA companies succeed in appeals against banning in US

Five beat sanctions hit-list

By Neil Lurssen, The Star Bureau

Washington

Five more South African companies have succeeded in getting themselves removed from the United States sanctions "hit-list" — that of parastatal corporations whose exports to America are totally banned.

The successful applicants are KWV, the South African Sugar Association, Andromeda Electronic Systems, Transvaal Copper Rod Company, and Thames Wire and Cable.

But five other corporations had their appeals against listing turned down. They were the South West Africa Broadcasting Corporation, Wool Board, Bophuthatswana National Development Corporation, CSIR and Rand Water Board.

This means that there are now 155 South Africa corporations still on the hit-list from the original 166. Six earlier appeals have already succeeded.

Removal from the list does not mean the successful applicants can automatically start exporting to the US again. Some of them, such as the Sugar Association, are covered by other clauses in last year's congressional sanctions Bill, which called for the list.

South Africa lost its American sugar quota in the sanctions Bill, and a ban on all South African agricultural products remains in effect — which means the Sugar Association has survived only one of the three knock-out blows aimed by Congress at its exports to the US.

Advantages

But sources in Washington say there are advantages in getting off the list. One is that other countries may use the US hit-list if they decide to impose similar sanctions on South Africa.

According to the sources, the KWV should not have been on the list in the first place, and was included only because of a gamble by the South African Department of Agriculture.

When the sanctions Bill was first drafted, there was an indication that parastatal companies exporting agricultural products to the US would get a 12-month exemption.

So the Department of Agriculture submitted a list of parastatals, in the hopes they would get the exemption. The KWV was on it.

The Wool Board's appeal was rejected because the South African Government has veto power over its decisions.

US officials say that the Bophuthatswana Development Corporation's appeal was futile because the US does not recognise homelands governments, and views the corporation as being under the control of the South African Government.

The CSIR applied for removal on the grounds that it was moving toward privatisation. But US officials noted that CSIR representatives are accredited to South African diplomatic missions abroad as science attaches.

Tell-tale SA company's accusations are ignored

The Star Bureau

WASHINGTON — A South African company, angered by its inability to get off the United States sanctions "hit list", has told the US Government that several other South African companies should be on the list as well.

The list consists of 155 South African companies or corporations who are either controlled by, or more than 50 percent owned by, the South African Government.

Their exports to the US are banned totally under the economic sanctions Bill imposed on Pretoria by Congress last year.

Sixteen of the companies have appealed to the US Government against their listing — and 11 have succeeded in getting their names removed.

One that failed was so fed up that it sent the US information about other companies it felt should be listed too.

Sources in the Reagan Administration decline to name the company but said the effect of its message to Washington was: "If we cannot get off your list, then the hell with you. But you should know that companies X, Y and Z are in the same position as us."

The sources said that US officials paid little attention to it because they considered the information unscientific.

One company has made three unsuccessful applications to get off the list. An official said the applications were based on the same arguments each time but the language in the appeals became "sterner" with each rejection.

It is understood that, in future, appeals will probably not be considered more than once.

In many cases, appeals by listed companies appear to be attempts to distance themselves from the South African Government for internal political reasons.

Hong Kong close $408,80 ($407,35)

Disinvestment seen as 'economic timebomb'

380 SMR 12/3/87

Magnus Heystek, Finance Editor

The South African business community should not become complacent about the effects sanctions and disinvestment will ultimately have on the economy, warn several businessmen and economists.

They were reacting to recent reports that disinvestment and sanctions have had only minimal effect on local growth prospects.

An American business magazine, *Forbes*, recently published a report that disinvestment was achieving very little and that local management was buying up assets at a great discount to their true worth. "All that is happening is that local managers are becoming rich," the article was quoted as saying

Understandably, Nationalist politicians argue that sanctions will lead to greater import-substition and a lesser reliance on imported goods, and even businessmen have been heard supporting this view.

"Disinvestment is an insidious process which eventually must affect the economy," says Mr Peter Grobbelaar, chairman of Conshu and Litecor, two companies coming to the Johannesburg Stock Exchange soon.

"Many people think that disinvestment is a new trend, but as far back as 1966 I was involved in what was one of the first disinvestment moves by a British company. I can recall a shareholder's meeting in London where the issue of continued participation in South Africa was discussed.

"The South African economy needs links with the rest of the world. There is a limit to the amount of capital the country can generate internally to finance growth. Also, the economy needs the technological links with the rest of the industrialised world. Without these links, the economy will very soon lose much of it's competitiveness," he said.

His views are supported by many economists, including the Econometrix team of Dr Azar Jammine and Mr Tony Twine. "A clear distinction must be drawn between sanctions and disinvestment. If ever sanctions are instituted on a large scale — which they haven't — they could actually stand to benefit certain industries. But ultimately, the net effect on the economy as a whole is difficult to predict."

"The effect of disinvestment, on the other hand, tends to filter through the economy with a cancerous gradualism. The sale of assets by foreigners is in itself not immediately harmful to the economy It merely transfers those assets from foreign to local owners, often at bargain prices. The real adverse effects are far more indirect and work their way through the economy over time."

Econometrix sees disinvestment taking the following course:

- As foreigners repatriate the proceeds of the sale of assets, the financial rand rate tends to fall.
- The psychological impact of this tends to depress the commercial rand rate as well
- By raising the cost of imports, the fall in the commercial rand rate contributes towards raising the inflation rate.
- This in turn further impairs confidence in the economy.
- Over time, a vicious circle of falling exchange rates, higher inflation and increased unemployment ensues.

However, the loss of access to the foreign technology of the multinational parent companies would be the most harmful result.

While in the short term this problem can be overcome, in the longer term it can lead to a gradual erosion in the quality of goods manufactured locally and the economy is likely to assume increasingly antiquated Third World characteristics.

tates in coming weeks, reflecting the likely to strengthen, the report concludes. — Sapa

CAPE TIMES 12/3/87 280

Five SA firms off US 'hit list'

Own Correspondent

JOHANNESBURG. — Five more SA companies were yesterday removed from Washington's "hit list" which prohibits local firms trading with the United States.

The original list of 166 "parastatals" said to have ties with government is now believed to have been whittled down to 156 with more appeals still to be heard by the US State Department.

One of the companies, Vereeniging-based Thames Wire and Cable (TWC), was informed yesterday of the US decision.

A spokesman for the US Information Service (USIS) in Pretoria confirmed that TWC had been removed from the blacklist and said four more companies, as yet unnamed, also had their US trading rights restored.

The USIS spokesman said the companies involved had appealed to the State Department.

"The State Department reviewed the material which was supplied by the companies as evidence and rescinded its earlier decision."

The original 166 companies were banned from trading with the US under the Comprehensive Anti-Apartheid Act, which was enacted by Congress in November last year as part of its sanctions legislation.

Any company was presumed to be government-subsidized if it was receiving any financial assistance in preferential terms from the SA government, other than that generally available to the public.

At the time US export/import agencies were warned to ascertain whether or not the SA organizations with which they were dealing were not classified as parastatals by the State Department.

Schwarz appeals to Israel on sanctions

STAR 280 12/3/87

Mr Harry Schwarz, the Progressive Federal Party's spokesman on finance, appealed yesterday to the Israeli Government not to impose sanctions on or disinvest from South Africa.

Mr Schwarz said in a statement that the pressure on Israel appeared likely to come to a head on April 1 when a report was to be submitted to the US Congress on the supply of military equipment to South Africa by countries other than the United States.

The United States can cut its arms and economic supplies to countries found supplying arms to South Africa in terms of the "Comprehensive Anti-Apartheid Act of 1986".

Press reports on the arms embargo indicated Israel would be mentioned in the Congress report, Mr Schwarz said.

Israel would find itself unable to repel other international threats if its financial and military aid from the US were cut off.

Although Israel functioned sovereignly and independently formulated foreign policy, the factor to be borne in mind, Mr Schwarz said, was that it was the West's only Middle East ally.

Considering that Israel had itself been the victim of santions and boycotts it was reasonable to expect it would be reluctant to indulge in such actions against others.

Sanctions and boycotts caused hardships for people who could least afford them, assisted the process of violence and were counter-productive to achieving a Western-type democracy or economy.

Mr Schwarz said he opposed apartheid, sanctions and disinvestment because they posed threats to peaceful change and created oppressive systems.

He said Israel's government should make its own decisions as an independent sovereign State and, rather than impose sanctions on South Africa, it should help create employment and economic development to assist peaceful change. — Sapa.

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ARGUS 12/3/87

NATIONAL/INTERNATIONAL

KWV, four other firms off US sanctions 'hit list'

From NEIL LURSSEN
The Argus Foreign Service

WASHINGTON. — The KWV and four other South African companies have got themselves off the United States sanctions "hit list" — the list of SA parastatal corporations whose exports to the US are banned.

The other successful applicants are the South African Sugar Association, Andromeda Electronic Systems, Transvaal Copper Rod Company and Thames Wire and Cable.

But five other corporations had their appeals turned down. They are the SWA Broadcasting Corporation, the South African Wool Board, the Bophuthatswana National Development Corporation, the CSIR and the Rand Water Board.

Decisions on the appeals were made in Washington this week by Dr Chester Crocker, Assistant Secretary of State for Africa, on recommendations made by a four-member inter-agency group in the US Government.

Remain

It means that 155 South African corporations remain on the hit list from the original 166. Six appeals succeeded earlier.

Removal from the list does not mean the successful applicants can automatically start exporting to the US again. Some, such as the Sugar Association, are covered by other clauses in last year's congressional sanctions Bill which called for the list.

The KWV appealed against its listing on the grounds that it was a private farmers' co-operative.

But the Wool Board's similar appeal was rejected because the South African Government has veto power over its decisions.

US officials said the Bophuthatswana Development Corporation's appeal was futile because the US does not recognise homelands governments and views the corporation as being under the control of the South African Government.

Similarly, the SWABC was left on the list because SWA/Namibia is fully covered by the sanctions measures in the Bill which are aimed at Pretoria

Andromeda Electronics and Transvaal Copper and Rod were removed because they proved that 50 percent or more of their control was in private hands, with the rest owned by Union Steel, which continues to be on the hit list.

The CSIR (Council for Scientific and Industrial Research) applied for removal on the grounds that it was moving toward privatisation. But officials here said that CSIR representatives were accredited to SA diplomatic missions as science attachés

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oksburg,

Buthelezi slams disinvestment

Pull-out hurting black workers

DD 12/3/87


CHIEF BUTHELEZI

ULUNDI — The KwaZulu Chief Minister, Chief Mangosuthu Buthelezi, said yesterday disinvestment was hurting blacks who were losing their jobs "in droves".

"Black workers, who were politically duped into supporting a tactic they barely understood, are now facing the brunt of yet another failed ANC (African National Congress) strategy," Chief Buthelezi said in a statement.

"Now we are all being faced with the facts of what was obvious to me a long time ago: disinvestment is hurting black workers. Black workers are losing their jobs. Black workers are losing their homes. It is the families of black workers who are now starving.

"The very people who travelled the world campaigning for disinvestment and sanctions still have their jobs, while the victims of disinvestment and sanctions are losing theirs in droves."

He accused leaders such as the president of the World Alliance of Reformed Churches, Dr Allan Boesak, of turning their backs on the "ripples" of disinvestment.

"In the past week I have been amazed at the hypocritical manner in which vociferous proponents of disinvestment have been attempting to disassociate themselves from something which, clearly, is turning sour on them," the Inkhata leader said.

"It is truly sickening to read the statements of people like Dr Boesak and Mr Chris Dlamini (vice-president of Congress of South African Trade Unions) who now appear to be trying to squirm out of their former stances."

Chief Buthelezi, who has persistently opposed economic pressure against South Africa, reiterated his stand, saying:

"I oppose disinvestment and sanctions as vehemently as I oppose the South African Government. I despise apartheid and all that the racist government stands for, but in all conscience I cannot call for tactics and strategies which will further economically enslave my people.

"I have been pilloried over many years for opposing sanctions and disinvestment." — Sapa

Joy hits a sour note

13/3/87 SOWETAN 284

THE Central Transvaal branch of the Azanian Peoples' Organisation yesterday condemned American opera singer Joy Simpson for her "sanctions-busting tour" of the country.

The singer arrived in South Africa on March 3 with a leading United States symphony orchestra and will tour Johannesburg, Cape Town, Pretoria and Atteridgeville. Her message on arrival was "to promote love, goodwill and peace".

Mr Oupa Mpe, Azapo's branch publicity secretary, said in a statement that "in so casually" dismissing the United Nations blacklist, Ms Simpson has undone much of the good that has been achieved by the campaign to culturally isolate South Africa in the international arena".

Bitter

He said that the field of classical music in the country has had a long and bitter history of discrimination with black pupils being discriminated against the pretext that it was not part of their culture.

He said those who have managed to fulfill ambitions or potentialities in that area have done so at a great cost to their families and without aid from Government departments.

Mr Mpe added that the organisation viewed it as "a grave insult" that the soloist has offered to donate a portion of her "fat takings" to an Atteridgeville charity organisation.

He said people would not be flattered by donations but that Ms Simpson's presence in South Africa is undermining one of the few effective weapons left in the hands of the black people to redress their situation.

Sweden slaps ban on all trade with South Africa

The Star's Foreign News Service

STAR 3/6/87

STOCKHOLM — Sweden is to impose a total boycott on trade with South Africa in a move that marks a unique departure from its traditional policies.

Swedish neutrality has previously ruled out the country's participation in any trade sanctions except those agreed by the UN Security Council.

Following the failure of the Security Council last month to agree on binding sanctions in the face of vetoes from the US and the UK, Sweden has decided to take unilateral action.

The decision came even though Mr Sten Andersson, Swedish Foreign Minister, accepted that the boycott was a breach of the international trade law embodied in the General Agreement on Tariffs and Trade. The embargo will come into force in October.

The Swedish Foreign Ministry said yesterday that the government had decided to act because of the "unique" circumstances in South Africa.

VIOLATION

In no other country was the "systematic violation of a majority people's fundamental rights constitutionally entrenched as in South Africa".

Initially, the embargo covers goods and not services, and the government is for the moment not taking any direct action to force Swedish companies with subsidiaries in South Africa to dispose of their local operations, although continuing links will now be circumscribed.

Under previous measures, it is already forbidden for Swedish companies to invest in South Africa.

Mrs Anita Gradin, Sweden's Foreign Trade Minister, admitted yesterday that any moves to force Swedish companies to pull out of South Africa would raise considerable legal problems and could give rise to substantial damages claims from Swedish corporations.

South Africa accounts for some 0,3 percent of Sweden's total exports, which have comprised chiefly machinery, pulp and paper, vehicles and office equipment.

TANNING, FOOTWEAR AND ALLIED WORKERS UNION

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TEA AND COFFEE WORKERS U

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Phone: (031) 32-9933

General Secretary: A.G.

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5 more firms taken off US blacklist

280

Dispatch Correspondent

13/3/87

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JOHANNESBURG — Five more South African companies have been removed from the Washington "hit list" that prohibits local firms trading with the US.

The original list of 166 "parastatals" said to have ties with government is now believed to have been whittled down to 156 with more appeals still to be heard by the US State Department.

One of the companies, Veereeniging-based Thames Wire and Cable (TWC), said it had been informed on Wednesday of the US decision.

A spokesman for the US Information Service in Pretoria confirmed that TWC had been removed from the blacklist and said four more companies, as yet unnamed, also had their US trading rights restored.

The spokesman said the companies involved had appealed to the State Department.

"The State Department reviewed the material which was supplied by the companies as evidence and rescinded its earlier decision."

The original 166 companies were banned from trading with the US under the Comprehensive Anti-Apartheid Act, which was enacted by Congress in November last year as part of its sanctions legislation.

Any company was presumed to be government-subsidised if it was receiving any financial assistance in preferential terms from the SA Government, other than that generally available to the public.

At the time US export—import agencies were warned to ascertain whether or not the South African organisations with which they were dealing were not classified as parastatals by the State Department

Chamber warns on sanctions sell-outs

Exporters and importers must 'pull together'

By Chris Moerdyk

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The Star's October 13 story warning of sanctions "sell outs".

Sell-out firm ignored Chamber's warning

By Chris Moerdyk

A warning six months ago by the Johannesburg Chamber of Commerce that one of the more serious problems of sanctions was "local businesses selling each other out", has gone unheeded by at least one South African company.

According to reports from Washington yesterday, a South African company, angered by its inability to get off the US sanctions "hit list", has told the US Government that several other South African companies should also be on the list.

In October last year, The Star quoted Mr Pat Corbin, president of the JCC, as saying "sanctions spawn self-interest and competing exporters could resort to leaking information on competitors".

Mr Corbin told The Star yesterday: "It is a pity businesses tend to look at their own interests rather than those of their country.

"This particular company has obviously reacted to its inclusion on the US list by saying 'it's not fair' and refuses to stand by while its competitors have an unfair advantage."

He added that businesses could also be expected to "sell out" their competitors for no other reason than their own private gain.

"This kind of thing is most unfortunate, but moral or strategic issues aside, the bottom line is human nature."

Cape Times 13/3/87

280

Sweden imposes sanctions on SA

Own Correspondent

JOHANNESBURG. — Total sanctions imposed by Stockholm yesterday may force some Swedish companies to pull out of SA.

The first secretary at the Swedish Legation in Pretoria, Bengt Herrström, says Stockholm has decided to activate a 1971 sanctions law that will cut bilateral trade and stop the foreign subsidiaries of parent companies supplying their SA holdings.

The ban excludes publications and goods that might be needed on humanitarian or medical grounds. A full report, 'Sweden may soon ban all SA trade', on page 4.

The ban takes effect from July 1 but Herrström says companies will have until October 1 to "fulfill their obligations".

The 1971 law — "Concerning Certain International Sanctions" — was used to boycott Rhodesia.

The law means unless the six Swedish companies operating in SA can switch to 100% local content they may have to withdraw. Ball bearing manufacturer SKF has indicated it could do this — "at a push" — so has Atlas Copco.

Engineering group Alfa Laval imports most of its equipment — used in the dairy and food industries — but mines supplier Skega imports nothing.

Some companies were openly sceptical that Swedish sanctions legislation would cover the international supply network of their parent subsidiaries.

It is estimated that a total Swedish corporate pullout would cost about 2 000 jobs

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Affiliations: South African Confederation of Labour aturday March 14 1987 17

STAR 14/3/87

Sanctions dilemma for Highveld

280

Teigue Payne

Sanctions imposed on South African steel products by the European Economic Community and the United States late last year are apparently an important factor in the expectation of Mr Leslie Boyd of Highveld Steel and Vanadium that group earnings in 1987 will be lower than the record levels achieved in 1986.

Boyd says in his chairman's statement that the loss of these important markets "presents a challenge to management to place the steel in other areas".

In the year ending December 31, earnings per share increased 46 percent to 85 cents (58 cents in 1985). Group turnover was a record R816 million, and attributable profit was R50 million after providing for finance chanrges of R35,4 million, depreciation of R34,9 million and deferred tax of R33 million.

Mr Boyd says world steel consumption is expected to remain constant this year, with increase in consumption of developing and communist countries being offset by decrease in consumption of Western industrialised countries - a trend expected to continue for the foreseeable future.

There was a slackening in demand for vanadium in the second half, he says. Prices for ferrosilicon declined in the second half, but sales volumes were reasonable. Demand for silicomanganese was firm, but prices weakened towards the end of the year.

Mr Boyd says calls for sanctions are shortsighted and extremely harmful to the South African economy in the immediate and long term. The actions result in unemployment and suffering.

Markets lost will be difficult to recover when the situation is normalised; the companies which disinvest are unlikely to return and their contribution will be lost forever, and the reform process is apparently retarded by the actions.

FINANCE

S Africa can 'l-afford ignore vatisation

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16 The Star Johannesburg Saturday March 14 1987

Disinvestment in SA will ultimately hurt competitiveness

By Magnus Heystek, Finance Editor

The South African business community should not become complacent about the effects sanctions and disinvestment will ultimately have on the economy, warn several businessmen and economists.

They were reacting to recent reports that disinvestment and sanctions have had only minimal effect on local growth prospects.

An American business magazine, *Forbes*, recently published a report that disinvestment was achieving very little and that local management was buying up assets at a great discount to their true worth. "All that is happening is that local managers are becoming rich," the article was quoted as saying.

Understandably, Nationalist politicians argue that sanctions will lead to greater import-substition and a lesser reliance on imported goods, and even businessmen have been heard supporting this view.

"Disinvestment is an insidious process which eventually must affect the economy," says Mr Peter Grobbelaar, chairman of Conshu and Litecor, two companies coming to the Johannesburg Stock Exchange soon.

"Many people think that disinvestment is a new trend, but as far back as 1966 I was involved in what was one of the first disinvestment moves by a British company. I can recall a shareholder's meeting in London where the issue of continued participation in South Africa was discussed.

"The South African economy needs links with the rest of the world. There is a limit to the amount of capital the country can generate internally to finance growth. Also, the economy needs the technological links with the rest of the industrialised world. Without these links, the economy will very soon lose much of it's competitiveness," he said.

His views are supported by many economists, including the Econometrix team of Dr Azar Jammine and Mr Tony Twine: "A clear distinction must be drawn between sanctions and disinvestment. If ever sanctions are instituted on a large scale — which they haven't — they could actually stand to benefit certain industries. But ultimately, the net effect on the economy as a whole is difficult to predict."

"The effect of disinvestment, on the other hand, tends to filter through the economy with a cancerous gradualism. The sale of assets by foreigners is in itself not immediately harmful to the economy. It merely transfers those assets from foreign to local owners, often at bargain prices. The real adverse effects are far more indirect and work their way through the economy over time."

Econometrix sees disinvestment taking the following course:

- As foreigners repatriate the proceeds of the sale of assets, the financial rand rate tends to fall.
- The psychological impact of this tends to depress the commercial rand rate as well.
- By raising the cost of imports, the fall in the commercial rand rate contributes towards raising the inflation rate.
- This in turn further impairs confidence in the economy.
- Over time, a vicious circle of falling exchange rates, higher inflation and increased unemployment ensues.

However, the loss of access to the foreign technology of the multinational parent companies would be the most harmful result.

While in the short term this problem can be overcome, in the longer term it can lead to a gradual erosion in the quality of goods manufactured locally and the economy is likely to assume increasingly antiquated Third World characteristics.

And without these multinationals pumping money into their South African subsidiaries a major source of foreign loans would be closed off.

South Africa's inability to gain access to overseas finance is one of the primary bottlenecks to any sustained economic recovery.

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Star 14/3/87

Five companies beat sanctions hit list

By Neil Lurssen, The Star Bureau

WASHINGTON — Five more South African companies have succeeded in getting themselves removed from the United States sanctions "hit-list" — that of parastatal corporations whose exports to America are totally banned.

The successful applicants are KWV, the South African Sugar Association, Andromeda Electronic Systems, Transvaal Copper Rod Company, and Thames Wire and Cable.

But five other corporations had their appeals against listing turned down. They were the South West Africa Broadcasting Corporation, Wool Board, Bophuthatswana National Development Corporation, CSIR and Rand Water Board.

This means that there are now 155 South Africa corporations still on the hit-list from the original 166. Six earlier appeals have already succeeded.

Removal from the list does not mean the successful applicants can automatically start exporting to the US again. Some of them, such as the Sugar Association, are covered by other clauses in last year's congressional sanctions Bill, which called for the list.

South Africa lost its American sugar quota in the sanctions Bill, and a ban on all South African agricultural products remains in effect — which means the Sugar Association has survived only one of the three knock-out blows aimed by Congress at its exports to the US.

But sources in Washington say there are advantages in getting off the list. One is that other countries may use the US hit-list if they decide to impose similar sanctions on South Africa.

According to the sources, the KWV should not have been on the list in the first place, and was included only because of a gamble by the South African Department of Agriculture.

When the sanctions Bill was first drafted, there was an indication that parastatal companies exporting agricultural products to the US would get a 12-month exemption.

So the Department of Agriculture submitted a list of parastatals, in the hopes they would get the exemption. The KWV was on it.

The Wool Board's appeal was rejected because the South African Government has veto power over its decisions.

Sweden slaps a total trade boycott on SA

STAR 14/3/87

The Star's Foreign News Service

280

STOCKHOLM — Sweden is to impose a total boycott on trade with South Africa in a move that marks a unique departure from its traditional policies.

Swedish neutrality has previously ruled out the country's participation in any trade sanctions except those agreed to by the UN Security Council.

But following the failure of the Security Council last month to agree on binding sanctions in the face of vetoes from the US and the UK, Sweden has decided to take unilateral action.

The decision came even though Mr Sten Andersson, Swedish Foreign Minister, accepted that the boycott was a breach of the international trade law embodied in the General Agreement on Tariffs and Trade.

The embargo will come into force in October.

The Swedish Foreign Ministry said this week that the government had decided to act because of the "unique" circumstances in South Africa.

In no other country was the "systematic violation of a majority people's fundamental rights constitutionally entrenched as in South Africa".

Initially, the embargo covers goods and not services.

The government is for the moment not taking any direct action to force Swedish companies with subsidiaries in South Africa to dispose of their local operations, although continuing links will now be circumscribed.

Under previous measures, it is already forbidden for Swedish companies to invest in South Africa.

Cape Times 14/3/87 (280)

Manuals 'for SA': US man charged

LOS ANGELES. — The owner of an aircraft parts store has been charged with breaking the Anti-Apartheid Act, which bans the export of military-related items to South Africa.

Mr George MacArthur Posey, 38, is thought to be the first person in the US to be charged under the law.

He also faces two counts of breaking the Arms Export Control Act, which requires a licence to export military-related material.

Mr Posey claims all necessary licences were obtained for sales he arranged.

The charge sheet alleges he took orders for manuals from several people, including Captain Nicolas Vorster, a naval attache at SA's embassy in Washington.

Captain Vorster, as a foreign diplomat, is immune from prosecution.

Mr Posey was arrested on February 20 and freed on bail the next day.

His arrest came about two weeks after investigators at Los Angeles International Airport seized more than 200 aircraft manuals and arrested Mr Edward James Bush, 51.

Mr Bush, who was preparing to leave for Argentina, said Mr Posey paid for his ticket to Argentina and then SA, the charge sheet said. It added that Mr Bush was to deliver manuals for Mr Posey.

Mr Bush has agreed to plead guilty to a single charge involving the attempted export of material to SA and co-operate with investigators.

□ In Pretoria SA Naval Headquarters yesterday dismissed reports in Washington that said Captain Vorster had been recalled to SA. — Sapa-AP

Sweden's parties criticise SA ban

STOCKHOLM — Sweden's proposed trade ban on South Africa was criticised by the left yesterday as having too many loopholes and by the right as risking Swedish unemployment.

The conservative Svenska Daagbladet, charged that internal party politics were behind the measures announced after a cabinet meeting on Thursday. It said the ban would do nothing to help end apartheid.

"Seldom before has Swedish foreign policy been as hollow and badly motivated," the paper said.

"If anyone is getting hurt it will be the Swedish worker," it said, warning that as many as 800 Swedish jobs could be lost.

The ban takes effect on July 1 and imposes an October 1 deadline for Swedish companies to stop trading goods with South Africa, said the Trade Minister, Mrs Anita Gradin.

But the measures leave room for the continuation of services and stop short of disinvestment, which Mrs Gradin said would involve costly compensation payments.

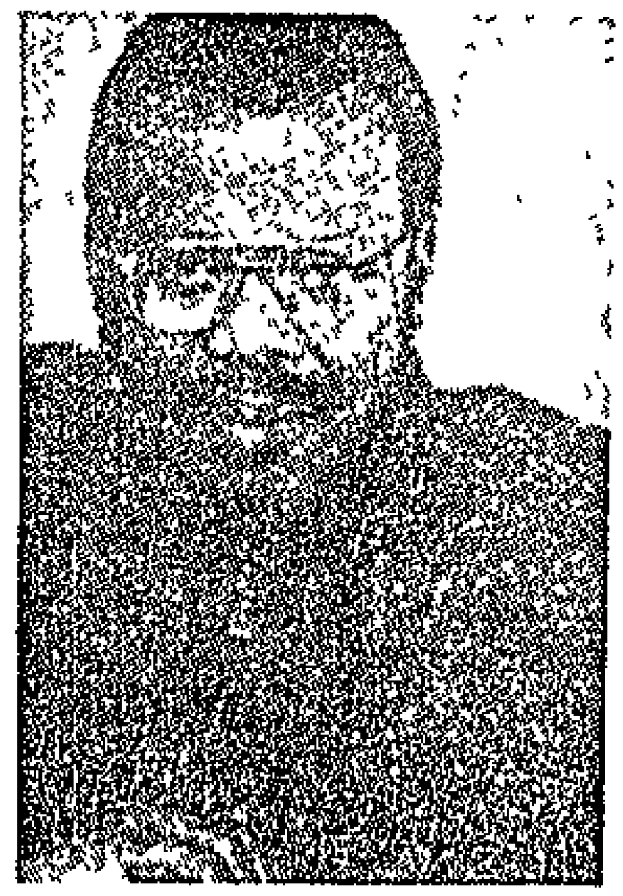
The ban goes beyond the limited sanctions endorsed by the European Economic Community, and brings Sweden in line with the harsher measures adopted by Denmark and those being studied in Norway.

The liberal daily, Dagens Nyheter, welcomed the trade ban but cautioned that the government had allowed so many exceptions that it may have trouble enforcing the boycott. The bill says companies may apply for exemptions.

● Meanwhile in Kentucky Archbishop Desmond Tutu has praised Sweden's promise of a trade ban with South Africa and said the world was now realising pressure was the last chance for a non-violent solution to his country's ills. — Sapa-RNS

280) City Press 15/3/87

'Disinvestment enslaves'



Mangosuthu Buthelezi

KWAZULU Chief Minister Mangosuthu Buthelezi said this week disinvestment was hurting blacks who were losing their jobs "in droves"

"Now we all are being faced with the facts of what was obvious to me a long time ago – disinvestment is hurting black workers. Blacks workers are losing their jobs Black workers are losing their homes. It is the families of black workers who are now starving," he said.

He accused leaders such as Dr Allan Boesak, president of the World Alliance of Reformed Churches, of turning their backs on the "ripples" of disinvestment

"It is sickening to read the statements of people like Dr Boesak and Chris Dlamini (vice-president of Cosatu) who now appear to be tryng to squirm out of their former stances"

Buthelezi, who has persistently opposed economic pressure against South Africa, reiterated his stand, saying.

"I despise apartheid and all that the racist government stands for, but in all conscience, I cannot call for tactics and strategies which will further economically enslave my people" – Sapa

Swedes may bar Frank Sinatra

STOCKHOLM — An entertainment arena was considering cancellation of a Frank Sinatra concert as a protest against South Africa's apartheid system, officials said on Saturday.

The Scandinavium Arena in the west coast town of Goteborg, where the American singer was scheduled to perform on June 9, was checking reports of Sinatra being on a United Nations "black list" of artists who have performed in South Africa.

"If Sinatra is on such a list . . . he should not come here," Gunnar Larsson, board chairman of the sports and entertainment arena, told the national news agency Tidningarnas Telegrambyra.

Sweden last Thursday pledged one of the harshest packages of sanctions ever imposed by an industrialised nation against South Africa's white-ruled government. — Sapa-AP.

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Sowetan 16/3/87

US to reappraise 'parastatal' list

SIMON BARBER

WASHINGTON — The US State Department is reappraising the transport sector of its list of "parastatals" whose products are embargoed under the Comprehensive Anti-Apartheid Act to determine whether additional firms should be listed.

This follows Putco's anger at the department's refusal to remove it from the list. It demanded that other SA transport companies receive the same treatment as it had.

Department officials said Putco had already lodged three "increasingly strident" appeals against its inclusion on the "spurious" grounds that while its passengers were subsidised by government, it was not.

Putco did not name any companies but said: "If we're going to be on the list, then every bus company in SA should be on it too".

Loss of exports does not explain Putco's wrath. Like most of the companies listed, it has no trade with the US.

The department, meanwhile, has finished work on 10 appeals, granting five of them. Six other firms, including Sasol, have already been removed, bringing the total still embargoed to 156.

The latest batch of successful appellants are: Andromeda Electronics Systems, Transvaal Copper Rod, Thames Wire & Cable, KWV and the SA Sugar Association.

Rejected were: the South West African Broadcasting Corporation (SWABC), the SA Wool Board, the Bophuthatswana National Development Corp (BNDC), the Council for Scientific and Industrial Research and the Rand Water Board.

The rejections were explained as follows:

- ☐ SWABC and BNDC claimed they were not directly owned or controlled by SA. But the Act makes no distinction between Namibia and SA, and the US officially regards homeland administrations as organs of SA;
- ☐ The Rand Water Board is appointed directly by the President's office and its decisions may be vetoed by the relevant ministry;
- ☐ The CSIR is becoming more independent but its top executives are appointed by President Botha and its officials are frequently seconded into government service;
- ☐ The SA Wool Board is subject to veto by the Ministry of Agriculture.

(280) B/Day 16/3/87

AAM signs ad agency for SA campaign

Own Correspondent

LONDON — The Anti-Apartheid Movement (AAM) here, after years of "making do" with mainly unqualified voluntary help, has hired a London advertising agency to handle its launch into "big-time" anti-SA advertising campaigns.

The firm is T Richard Johnson of Bond Street, and it predicts it will make the AAM's "Boycott SA" campaign 10 times more effective.

Initially, the aim will be to raise funds and increase the 23 000 membership. After that, it plans to concentrate on promoting the banning of SA products.

Agency chairman Terry Johnson said yesterday he realised he had taken on a controversial account.

But, he said, there was considerable interest in SA and the agency intended to see that was harnessed to further the boycott campaign.

Johnson said the agency did not expect immediate results but was nevertheless optimistic. The withdrawal of Barclays had taken 17 years of pressure, but AAM intended to speed up the process with other companies operating in SA.

As well as trying to spur individuals and organisations into supporting AAM boycott plans, the agency also intends to talk to opinion leaders and corporation heads, to see if they too "would question their investment in SA".

Authorities say this could lend the AAM sharp new professional teeth, and bring it to a far wider audience than the committed activists who have mainly made up its membership in the past.

Johnson said the AAM was aiming to have a dramatic effect on the SA economy. It wanted to stop people buying the large number of SA products coming into the UK.

Asked how its existing clients felt about this new account, Johnson said none of his agency clients had links with SA. Had they done so, the firm could not have taken on the AAM account.

Housewives will be the first target of the new campaign. But, the AAM has already run into a stumbling block.

Women's magazines approached by it to take the "Ban SA" advertisement would not do so. The publishers, National Magazines and IPC, refused to accept it saying they did not take political advertisements.

AIRLINE MOVEMENTS

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By Don Robertson

Coke is it for those who sell it

IN A deal reminiscent of Louis Luyt's wooing of farmers by allowing them to buy a stake in his fertiliser company, Amalgamated Beverage Industries (ABI) will offer thousands of cafe owners a share of its Coca-Cola bottling operation

The deal became possible after the acquisition by National Beverage Services (NBS) of the 30% interest of America's Coca-Cola Export Corporation in ABI for R30-million Coca-Cola has quit South Africa

The deal puts an effective value on ABI of R100-million

Turnover

Of this 30%, South African Breweries will acquire an additional 15% to take its stake in ABI to 70% and Cadbury-Schweppes SA will add 4% to its interest, giving it 19%.

Of the 11% balance worth R11-million, shares costing R10-million will be offered to 8 000 cafe owners and wholesalers A total of R1-million will be offered to the 3 500 staff members of ABI

ABI has an annual turnover of R440-million in a R1-billion soft-drink market It operates on the Reef where it has five bottling plants and in Durban where it has one and a second under construction

ABI managing director Alex Reid says the issue of shares to traders and wholesalers will "present a communications challenge"

"Potential shareholders will include traders who have a turnover ranging from R15 000 to R50 000 a month, some of whom have small shops with only one till

"Of the R10-million worth of shares, between 55% and 60% will be offered to non-whites who operate in the poorer areas and who probably have little knowledge of investments of this sort"

About 80% of Cokes sold in ABI's operating area are consumed by this sector

Mr Reid says the possibility of an ABI listing on the Johannesburg Stock Exchange is being considered, but will not take place this year

Widespread

It is expected that the communication programme will take about six months to complete, at which stage a prospectus will be issued However, ABI will arrange a buy-back deal for those who wish to sell their shares before the listing

Mr Reid indicates that the issue price will be kept as low as possible to enable a wide spread of shareholders

Boycott dilemma for TWC

HAMISH McINDOE

VEREENIGING-based Thames Wire and Cable (TWC) faced a boycott from US companies operating in SA unless it was taken off Washington's "parastatal" blacklist of companies barred from exporting to the US.

"These companies said they shouldn't be dealing with us because we were on the US sanctions list," said a TWC spokesman.

He would not disclose which US companies had threatened to boycott TWC, which makes copper wire and cabling.

TWC is 49,99% owned by Iscor subsidiary Union Steel Corporation and scraped off the list by a 0,01% margin — companies 50% owned by SA government agencies were deemed parastatals under the Comprehensive Anti-Apartheid Act.

It was among five successful appellants taken off the list late last week, leaving 156 embargoed companies from an original 166.

TWC's turnover is about R20m/year.

B/Day 17/3/87

Israeli coal ban won't hurt SA

(28D) 17/3/87

ALAN SENDZUL

A TOTAL ban on Israeli coal imports would affect only 2% of SA's exports, an industry spokesman said last night.

Reacting to reports that Israel would allow its coal contracts with SA suppliers to run out, the spokesman said Israeli merchants had not notified their SA suppliers they would drop their one-million ton annual contracts.

It was reported yesterday that Israeli Foreign Minister Shimon Peres had told American Zionist fund-raisers that alternative coal suppliers such as China and Australia were possibilities.

Peres was reported as saying Israel was not bound to SA as a coal source.

The spokesman would not dismiss outright speculation that Israel would not renew imports.

He said the industry was treating the speculation cautiously. It was not overly concerned because reports had been confined to politicians and no contact with SA suppliers had been made by Israeli coal buyers.

Israel faces mounting pressure to sever its links with SA before April 1, when it will report to the US Congress on its supply of military equipment to SA.

Lobby tries deceit over SA issue

17/3/87
B Day
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SIMON BARBER

WASHINGTON — Anti-apartheid leaders tried to trick a major US trade union into publicly backing a ban on all SA uranium imports, even though the ban could put hundreds of the union's members out of work.

But outraged officials of the 100 000-member Oil, Chemical and Atomic Workers union (OCAW) refused to be taken in by the manoeuvre and have embarrassed the sanctions lobby instead.

Last February a coalition including TransAfrica lobbying group director Randall Robinson, Congressman Ron

To Page 2

US union nearly tricked over SA ban issue

B Day
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From Page 1

Dellums and House Africa sub-committee chairman Howard Wolpe, petitioned the US Nuclear Regulatory Commission to revoke all existing import licences involving SA uranium.

This was to pre-empt a Treasury Department decision on the Comprehensive Anti-Apartheid Act's SA uranium and uranium oxide ban, since made formal, which states third countries may provisionally continue importing SA uranium under bond for processing in the US and immediate re-export.

This represents more than 60% of the SA material entering the US.

OCAW was included in the petition, giving it a weight it would otherwise not have had. However, the union neither saw nor approved the final document and promptly demanded that its name be removed.

Attorneys who drafted the petition, including Gay McDougall of the Lawyers' Committee for Civil Rights Under Law, certified under oath they had "consulted with petitioners".

OCAW has more than 7 000 members in the nuclear industry, which is highly dependent on contracts to enrich uranium for overseas customers.

There are fears those customers could take their business — worth an estimated $500m/year — elsewhere if the US unilaterally restricts where they may buy uranium feedstock.

Dutch get tough on investments in SA

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The Star's Foreign News Service

STAR 17/3/87

THE HAGUE — Holland is planning tougher measures to discourage Dutch companies from investing in South Africa.

This has emerged after a weekend meeting between Foreign Minister Mr Hans van den Broek and a Dutch parliamentary foreign affairs committee.

Mr van den Broek is understood to have announced confidentially that he was considering bypassing the "legal puzzle" that would confront Parliament if it attemped to legislate against investment in South Africa.

The Foreign Minister plans to issue a decree to discourage Dutch companies from investing in SA and he also intends to table proposals to impose Ministerial sanctions on Dutch firms which fail to meet the EC Code of Conduct.

Under this code, European companies are obliged to account for the treatment of the employees of their South African subsidiaries. The code is meant to improve the working and living conditions of black workers.

Mr van den Broek has also criticised left-wing municipalities for pursuing a foreign policy of their own by staging boycotts against South African-linked companies.

The Foreign Minister is believed to have told MPs that the embassy fugitive Mr Klaas de Jonge had hampered negotiations over his future by writing to Dutch newspapers complaining about the way he was being treated by Dutch diplomats in Pretoria.

Mr van den Broek said he had issued stricter instructions to limit Mr de Jonge's overseas telephone calls. Two of his friends, both women — one in Zimbabwe and the other in Brazil — were being denied telephone access to him.

Sanctions flashback hits anti-SA trade lobby

CMG Times 17/3/87

Washington Letter
by SIMON BARBER

980

THE word of the day in Washington is "competitiveness". It is being used by everyone, from the most liberal Democrat to the most unreconstructed Republican. It has magical powers to justify almost any policy you can imagine, however contradictory.

Protectionism, free trade, increased foreign aid, less even arms control and stepped-up military spending. The only context in which it has not been heard is South African sanctions. Nobody has said that the Comprehensive Anti-Apartheid Act (CAAA) will enable America to "compete again" in world markets

This is likely only a temporary oversight At some point, the connection will be made between attempting to destroy Africa's strongest economy, thus removing a "competitor", and helping restore America's economic might.

Sanctions will be dubbed a "competitive" policy So far we have happily been spared such speciousness, though speciousness has nothing to do with our being spared.

The truth, an *ipso facto* irrelevance in what passes for political debate here, is that the CAAA is hurting Americans more than it is hurting the white South African establishment at which it was aimed It is difficult to evince much damage to the target economy.

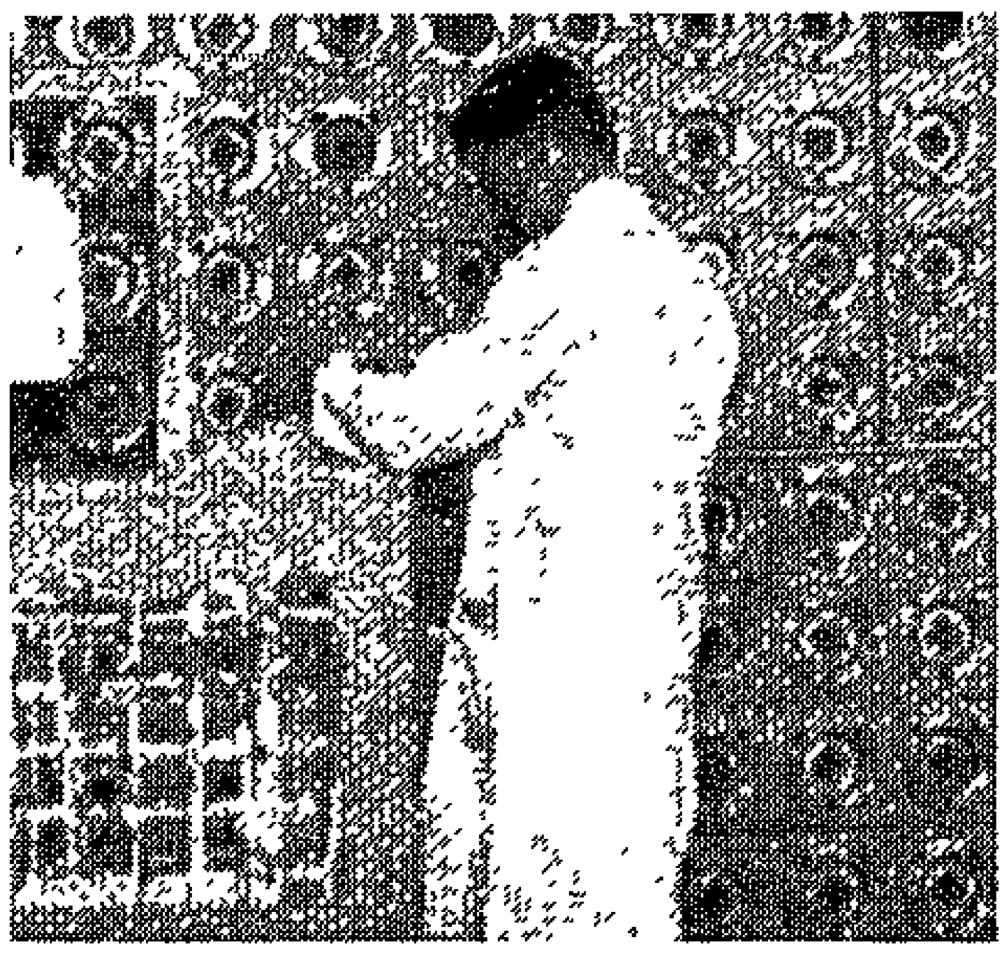
Trade and investment are up, the rand has strengthened. The act's restrictions, as such restrictions often do, appear to have spurred rather than dampened the victim's economic activity and resourcefulness. The US, on the other hand, has denied itself yet another market and narrowed the range of choices available to the producers upon whom its "competitiveness" rests.

The self-inflicted wound is nowhere more evident than in the US nuclear processing industry, already weakened by excessive government intervention. Politicization, gratuitously Byzantine regulation and unrealistic pricing policies have combined to reduce America's share of uranium enrichment services from a free world monopoly in the early seventies to just 46% today. Since 1974, customers have terminated contracts worth $5 billion. If implemented as its sponsors angrily insist it must be, the CAAA's ban on South African uranium and uranium oxide will ram yet another nail into the coffin.

The ban's supporters, chiefly Senator Edward Kennedy and Congressman Ron Dellums, have exploited the issue's complexity — and the fact that anything nuclear turns many otherwise rational minds to mush — by arguing that there are plentiful alternative supplies to feed the Department of Energy's (DoE) enrichment plants and that buying South African not only bolsters apartheid but also contributes to the manufacture of an "apartheid bomb".

The logic in the last point is indecipherable, the second is dubious because the US is not the only purchaser and the first, accidentally or deliberately, plain misses the point.

Between 1981 and 1986, 64% of the South African uranium imported into the US was owned by third parties (electric utilities in Japan, Taiwan and Spain, for example) who sent it here to be converted



Nuclear rods ... the uranium to make them has American lobbyists on the horns of a dilemma.

into uranium hexafluoride, enriched and fabricated into fuel rods. According to the Oil, Chemical and Atomic Workers Union (OCAW), processing for foreign clients has been earning the US about $500 million a year

The Nuclear Regulatory Commission (NRC), which oversees US nuclear commerce, reports that last year DoE's enrichment contracts involving South African uranium were valued at $200 million

The foreign customers presumably have good economic reasons for buying from South Africa. Increasingly, however, economics are not what keeps them coming to the US for processing. Were it not for contractual obligations, and heavy breach of contract penalties, they would almost certainly turn elsewhere.

As assistant Secretary of Energy David Rossin told a Senate panel last week "High operating, power, demand, research and construction costs, and the strength of the US dollar, have combined to make the Department of Energy the world's highest-priced supplier of enrichment services"

Whether unilateral restrictions on where a customer may obtain his uranium constitute a breach of contract is a question for the courts. Following passage of the Nuclear Non-Proliferation Act in 1979, Escom still had to fulfil its side of its DoE enrichment contract even though it was barred from receiving the product Japan and the rest could now be caught in a similar bind. break their enrichment contracts and get sued by the DoE or break their supply contracts and get sued by their South African suppliers

This is a disastrous way to treat clients, as, in slightly more diplomatic terms, DoE's Rossin explains. "Our customers have expressed concern that they can no longer depend upon US as a stable, reliable supplier of enrichment services The majority would like to see institutional changes that would insulate the enrichment business from non-business factors. Their uncertainty will have a major impact on the estimated $5 billion worth of uncommitted sales opportunities through the end of the century These are now being aggressively pursued by our foreign competitors who are structured more flexibly to capture this market."

If there is any good news, it is that the ban has yet to go into full effect. The Treasury Department, which is charged with drawing up the implementing rules, is allowing foreign-owned South African uranium to be processed here at least until July 1 pending further Congressional "clarification" of the law.

The department's formal explanation notes· "Foreign electric utilities might divert their South African-origin uranium ore and oxide to other countries, including the Soviet Union, for processing. Uranium processing is normally done under long-term contract, so that trade lost due to an erroneous interpretation of the act might be foreclosed to the domestic industry well into the future"

The ban's proponents, who have lately been joined by the anti-nuclear lobby, seem undeterred, however, and are seeking to end run the treasury by appealing to the NRC. The commission has already required that all South African uranium imports be specifically licensed — a change from the earlier of granting general licences — and has warned that applications are likely to be rejected. It is now being petitioned to revoke existing licences and reject several that are pending.

The petitioners, who include Dellums, house Africa Sub-committee chairman Howard Wolpe and Transafrica's Randall Robinson, are contemptuous of warnings that their persistence could put hundreds, if not thousands of workers on the street — contemptuous to the point of mendacity.

In their formal application to the NRC, they claimed they were being joined by OCAW, which represents employees at DoE's Paducah, Kentucky, and Portsmouth, Ohio, enrichment plants. This added a certain punch to their plea, except for one small detail. The union had never seen the petition, much less signed off on it. OCAW promptly ordered its name withdrawn.

Its place has been taken by Henry Isaacs, an exiled member of the PAC.

According to the amended petition, he seeks the NRC's "intervention to protect his interest in effecting changes in South Africa that would permit him to return home". There is a certain short circuit in the logic here and it remains to be seen whether the NRC accepts it If it does, or is compelled to do so by Congress, it will round out a perfect case history of why the US is uncompetitive

Cape Times 17/3/87 280

'One stroke' could rid SA of all sanctions

By ROGER WILLIAMS
Chief Reporter

THE four overseas directors of the South Africa Foundation said at Stellenbosch yesterday that attitudes abroad towards this country could change almost overnight with "really impressive and imaginative" steps to reform.

Mr John Chettle, outgoing Washington director, said SA could immediately regain nearly R2 billion in exports to the US alone by aiming at the "goal-posts" the Americans had, for the first time, put in place.

He was speaking at the directors' annual report-back meeting to Cape trustees of the foundation. It was attended by the new president of the organization, Mr Len Abrahamse, and the recently appointed director-general, Mr Kurt von Schirnding, SA's former ambassador to the United Nations.

Mr Chettle, who is leaving the SA Foundation at the end of this month to join a law firm in Washington, said: "We could take advantage of one fundamental mistake made by those proposing sanctions. In fact, we could get rid of all the sanctions dramatically — at one stroke.

"And we could do so by taking the initiative to make reforms which we know are necessary if we are ever to build a peaceful, just and prosperous society

"The mistake our opponents made was to lay down the conditions which would end sanctions For the first time, they have the goal-posts in place

"They said sanctions could be totally scrapped if we did five things

- "Repeal the state of emergency
- "Release Mr Nelson Mandela and other political detainees.
- "Scrap the Group Areas Act and the Population Registration Act.
- "Unban the ANC and other political parties.
- "Begin good-faith negotiations with black leaders, for a new contitution."

Mr Chettle said "Now most of this is old hat South Africans have thought more deeply about these points than anyone else, and most would agree that these steps are necessary.

"If you examine those requirements item by item, you may well be struck by how many of them are agreed on — even by senior members of the government.

"The State President himself has on one occasion ended the state of emergency, and has said it is his objective to end it altogether."

Mr Chettle said "a substantial number" of cabinet ministers probably supported Mr Mandela's release, and a President's Council committee had recommended major changes to the Group Areas Act.

"There is absolutely nothing in this programme which we cannot do — nothing indeed that is not already supported, often at a high level."

Mr Chettle added that by meeting these five requirements "we would provide so important a sign of our goodwill that it would be almost impossible for our opponents to set new goal-posts".

EVENING POST, WEDNESDAY, MARCH 18, 1987

It's 'business as usual' for Kodak items

Post Reporter

THE full range of products and services supplied by Eastman Kodak before the company divested its South African interests recently, will continue to be available in South Africa, SA Druggists announced today.

Mr Sid Hurwitz, head of the Wholesale Division of SAD, said his company had bought the entire stock of Kodak consumer and professional films, printing papers and chemicals and had set up a new photographic department to handle Kodak business in future.

"In spite of the American company's decision to withdraw totally from the South African market, all these products will continue to be freely available in South Africa," Mr Hurwitz said.

"Although Eastman Kodak in the United States will not supply South Africa, we are completely confident that with our world-wide connections we will continue to obtain all the Kodak products South Africa needs, as well as the latest technological developments."

SA Druggists would also be able to supply Kodak materials to all the mini-labs currently processing film, Mr Hurwitz said. "In fact, it will be very much business as usual".

The only film that cannot be processed in South Africa is Kodachrome, a market which is rapidly being overtaken by Kodak's Ektachrome, which can be processed here, he pointed out.

A Kodak team of 12 has joined the SA Druggists photographic department, which will be managed by former senior Kodak executive Mr Oscar Abramovitz.

He will be assisted by marketing manager Mr Tim Sanders, formerly Kodak's national sales manager.

"We fully expect that Kodak will gain an even bigger market share in this country, since the SA Druggists wholesale division's national infrastructure has 10 outlets as opposed to Kodak's two.

"This obviously will enable us to give a much faster and a broader countrywide service to customers," Mr Hurwitz said.

The continuing availability of Kodak solved a potential supply problem for SA.

"We were having to face the problem of pressure from the Japanese manufacturers on the supply of film to this country and without Kodak, there could have been on-going shortages."

SA Druggists is a member of the Federale Volksbeleggings group.

Zambia halts copper exports through SA

18/3/87 (280) (360) N/M

Mercury Correspondent

JOHANNESBURG—Zambia has stopped railing its strategic copper exports to South Africa's harbours and is diverting them along alternative routes in an attempt to reduce the country's reliance on South Africa for exports

The move has aroused fears that poor facilities and bottlenecks at front-line states harbours could disrupt the international copper market.

No Zambian copper has been railed to South Africa since last November, when a 925-ton load was sent to East London for export.

This was confirmed by a South African Transport Services spokesman yesterday, who said the railways' 'doors would still be open to Zambia if it wanted to use South Africa again'.

Zaire is still using South Africa for its copper exports.

Zambia yesterday confirmed that it had ended copper shipments through South Africa and announced that its State-run mining company had closed down its liaison office in South Africa

Minister of Mines Patrick Chitambala told, the official Times of Zambia newspaper in an interview that the Government was diverting all mineral exports along rail routes to Dar-es-Salaam in Tanzania and Beira in Mozambique instead.

Mr Chitambala declined to say what volume of copper and other minerals were being shipped through these two ports, but he said there had not been any problem with the new arrangements.

'So far our copper has been reaching its destinations without hindrance,' he told the Times.

The newspaper quoted unnamed sources as saying Zambia exported 100 000 tons of copper through Dar-es-Salaam and 17 000 tons through Beira in the last quarter of 1986

Altogether, Zambia produced 463 000 tons of copper last year — about 7,5% of the world's supply

Mr Chitambala said Zambia's decision to stop shipping copper along the southern route 'is just our way of reducing dependency on South Africa'

Opinion

WE believe that increasing numbers of whites are coming to realise that lasting security lies outside Nationalism's chamber of horrors in a South Africa where black and white share, neither making unreasonable demands on the other.

— *See Page 10*

Soldier killed

PRETORIA—Rfn Craig Douglas Wetton, 20, was killed in action in northern South West Africa yesterday. He is survived by his parents, Mr and Mrs L B Wetton, who live in Margate. — (Sapa)

Rank Xerox set to pull out

STAR 18/3/87 (280) (6)

By Gareth Costa

Rank Xerox, under pressure from disinvestment lobbies in the United States, looks poised to be the 16th US company to sell its South African interests this year, and the 87th since the exodus started in January 1985.

An announcement is expected within the next few days.

The asking price is believed to be about R75 million.

Fintech, part of the Altech electronic empire, is rumoured to be negotiating the take-over, to supplement the group's aggressive advances into the high technology arena.

Rumours of the pull-out have been circulating for several weeks.

● See Page 18.

Fintech poised to buy Rank Xerox

By Gareth Costa

Rank Xerox appears set to join the growing number of US companies being pressurised to sell their South African interests, with Fintech, the investment arm of electronic group Altech, poised to buy the photo-copier and facsimile machine manufacturer

Speculation that the deal was on has been around for a number of weeks, and the London *Financial Times* confirmed this in a story this week.

Sources report that the deal has not yet been finalised, but it is expected that negotiations should come to a head in favour of Altech before next week.

It is believed that Fintech will pay about R75 million for Rank Xerox. The *Financial Times* values the deal at around R80 million.

Rank Xerox MD, Mr David English was reported in February as saying that the company would meet its commitments here for "at least the next five years", but he could not guarantee that "Team Xerox will be here forever."

He was not available this morning for comment.

Share price rise

The acquisition of the multi-million rand company will result in a meaningful injection of profits into Fintech and should more than vindicate the meteoric rise in the company's share price from around R12 at the beginning of the year to the current R22.

Bill Venter . . . a strong social conscience

At the current level, Fintech is one of the most highly rated shares on the Johannesburg Stock Exchange, since it was earmarked as the base from which the group would diverrsify into the computer industry.

On the product side, Altech has recently developed its own facsimile machine, but is strongly diversifying into all aspects of high technology electronic equipment and computers.

Rank Xerox is regarded as one of leading "affirmative action groups" in the US and it should fit in well with the rest of the Altech stable which has a strong social responsibility programme, such as the Bill Venter Black Management Foundation which trains black managers.

As a company with a strong moral conscience, it was natural that Rank Xerox should seek a liaison with Bill Venter, executive chairman and majority shareholder of Altech who has committed R2 million for the training of black workers and personally funded the building of a school for the dispossessed Bushmen of Angola.

Concern over US aid cuts

Israel to talk on anti-SA sanctions

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280
14/3/87
STAR

The Star's Foreign News Service

Tel Aviv

Israel's top Cabinet Ministers are meeting in a special session today to discuss possible sanctions against South Africa.

Reports in Tel Aviv say Israel is expected to impose at least limited sanctions, in line with European countries.

One report said Foreign Minister Mr Shimon Peres would ask for such sanctions to be decided upon as soon as possible — perhaps within a week But another source said they would be implemented only after the South African general election.

The "Inner Cabinet", which is meeting today, is a forum of the top 10 Ministers, who make most of the real government decisions

The main issue which has brought Israel into the firing line is its military contacts with South Africa

A law enacted last year authorises the US Congress to cut aid to countries violating the international arms embargo on South Africa

Israel currently receives nearly R6 000 million annually from the US, and this year R3 60[illegible]llion of this is in military aid

Some Israeli officials appear to be using the possibility of US aid cuts to promote sanctions against South Africa

Almost daily there are newspaper headlines on how much the "Israel-South Africa arms axis" might eventually cost Jerusalem in hard cash and US support

But not all reports coming from Washington are pessimistic

Some say the US State Department has been trying to play down the importance of a presidential report on military co-operation with South Africa by countries receiving US military aid It is due to be submitted to Congress on April 1

An Israeli newspaper yesterday quoted a State Department source as saying the report is unlikely to have significant results

The source added that the US Administration's policy on the matter was much more lenient than that of Congress

Breaking off military and other contacts with South Africa would be a hard economic blow to Israeli industries, especially the defence-related ones

Anti-SA drive for UK shops

18/3/87 STAR

The Star Bureau

LONDON — South African fruit, vegetable and clothing exports to Britain, which have fallen by millions of rands in the past year, will come under further pressure this weekend when an intensified anti-apartheid campaign begins in stores and supermarkets.

Anti-Apartheid Movement activists have made March a "month of action for people's sanctions".

Trade statistics show the value of fruit and vegetable exports to the United Kingdom from 1985 to 1986 dropped from about R399 million to R366 million.

Demand in S America for goods

CAPE TIMES 18/3/87 280

SA's export trade thriving

By AUDREY D'ANGELO
Financial Editor

SOUTH AFRICA'S export trade is still thriving, and new markets are opening up for locally-produced goods.

This emerged at a seminar attended by executives from 30 city firms and organized by the Cape Town Chamber of Commerce. At the seminar representatives from a South American country explained its advantages as a trading partner.

A chamber official said an increasing number of local manufacturers were exporting to the Far East and to countries in South and Central America.

"There used to be comparatively little demand for our manufactured goods in Far Eastern countries but the situation is changing. We are sending quite a lot now and one market which used to be difficult is opening up."

The SA Foreign Trade Organization (Safto), which has an office in Cape Town where export education programmes are run, plans to stimulate overseas trade further still by running a new diploma course in export management.

University courses

It has already registered a SA Institute of Export which, as well as running the course, hopes to have export subjects included in some university courses.

The current issue of its bulletin, Safto Exporter, urges local manufacturers to take part in the Hanover industrial fair next month and says additional space has been reserved for SA firms at the Chicago hardware show this year.

It says experience at the Chicago Fair last year "confirmed that international sanctions and adverse media coverage has not affected buyers at grassroots level".

"The buyer's principle objective of obtaining the right product at the right price still remains his prime concern.

"Safto therefore encourages SA companies who manufacture hardware products to participate in the largest and most important hardware exhibition in North America."

As well as giving basic information about other overseas markets, it announces the start of a Latin American trade consultancy and recommends participating in a major international trade exhibition in Chile later this year.

Few political obstacles

Listing the advantages of trading with Latin America, it says there are few political obstacles and new trade sanctions are unlikely.

"All export to Latin America is in US dollars, hence our prices should be very acceptable.

"Shipping opportunities cover the whole region, with the exception of a few Caribbean islands, and range from good to adequate.

"Similar socio-economic circumstances to our own enable us to understand the needs of the market better than do highly industrialized countries.

"Many of our engineering products, adapted from European and US technology, are suitable to Third World conditions like ours and those prevailing in Latin America."

Xerox sold for R85m

B/Day 19/3/87 (28)

KAY TURVEY

ALTRON group's Fintec is to buy out Rank Xerox SA's equity for about R85m in a straight purchase deal to be confirmed at the weekend.

It is understood from industry sources abroad that Xerox will meet long-term commitments for customer services and spares. There will be no change in product name and no retrenchments are envisaged.

Speculation on Rank Xerox's disinvestment has been rife for weeks, but the official announcement will be made on Saturday after approval is received from the JSE and Reserve Bank.

It is believed Fintec, with its strong commitment to minority advancement, was seen as an attractive local buyer by Xerox, which has ongoing social responsibility programmes in SA.

Rank Xerox SA is a wholly owned subsidiary of Britain's Rank Xerox which, in turn, is 51%-owned by the US-based Xerox Corporation. Rank Xerox SA reported taxed profit of R8m last year after foreign exchange losses in 1984 and 1985.

A source says: "After dramatic profit turnaround, it would be unwise for Fintec to now retrench staff."

The pullout of the R130m-turnover Rank Xerox, seen as one of the largest disinvestment moves yet in the computer and electronics sector, follows increasing pressure from disinvestment lobbies in the US.

In Febuary this year, Rank Xerox SA MD David English was reported as saying the office automation group would meet its commitment in SA for the next five years, but would not give an unconditional guarantee it would be here forever.

However, in the light of the pending deal, sources say Xerox has a long-term commitment to support its customer base through Fintec. The source says: "There is no way the Altron group, through its subsidiary Fintec, would be prepared to jeopardise its annual turnover of R1,4bn through lack of backup."

MD Jacques Moolman of Nashua, Xerox's major competitor, has criticised Xerox for its tardiness in making a decision to either remain in SA or quit.

Rank Xerox SA MD David English was unavailable for comment yesterday. Fintec executive chairman Bill Venter said any comment would be premature.

Squeeze on Israelis to cut S A links

JERUSALEM—Israel was under mounting pressure yesterday to cut its trading links with South Africa to avoid causing a further rift in its relations with the United States.

Mercury Correspondent

Israel's powerful 10-man 'inner Cabinet' for the first time yesterday seriously discussed imposing sanctions in an attempt to pre-empt publication of an American presidential report to Congress into countries maintaining military ties with Pretoria which is due out on April 1.

Israel condemns apartheid as racist but is reluctant to take steps that could provoke a backlash against South Africa's estimated 115 000 Jews or cause South Africa to cancel an arrangement that allows South African Jews to invest in Israel.

Israel is likely to be singled out as one of South Africa's main arms suppliers in the U S report and, under a law passed last October, Congress is threatening to cut off American military assistance to countries that violate the United Nations arms embargo against South Africa.

Contracts

State Television reported late yesterday that the inner Cabinet had decided that Israel would not sign any new military contracts with South Africa.

The Cabinet also agreed to appoint a special committee to determine ways of downgrading relations in non-military areas.

However, there was no official announcement from the Cabinet indicating what steps it planned to take against South Africa

Among the measures discussed by the 'inner Cabinet' were a series of proposals for reducing Israel's official arms contacts with South Africa which amount to several million rand a year.

In spite of Jerusalem's constant denouncements of apartheid, Israel and South Africa have built up a complex and secretive relationship of mutual assistance over a period of many years

Israeli ministers have been lobbied intensively by American Congressmen friendly to Israel and leaders of the Jewish community not to ignore the threat of a cut in U S military aid. There have already been intensive behind-the-scenes diplomatic moves to prepare the ground for sanctions.

Speaking in Israel last week Mr Yitsak Rabin, a former Labour prime minister, said it would be 'unthinkable' for Israel to do anything which might jeopardise its American military aid budget

Israel is to receive $1,8 billion (about R4 billion) of military aid from Washington this year and another $1,2 billion (about R2,7 billion) in civilian aid

Defence minister Yitzhak Rabin told the Cabinet he was deeply concerned that an end to military ties with South Africa would harm Israel's arms industry and increase unemployment, State radio reported.

Armscor had no comment last night. — (Sapa-Reuter)

Zimbabwe whites urged to take a stand

STAR 19/3/87

HARARE — The white community in Zimbabwe has been challenged to stand up and be counted over the issue of sanctions on South Africa.

The Leader of the Senate and Deputy Minister of Education, Senator Joseph Culverwell, told the Upper House yesterday that Mr Ian Smith and members of his Conservative Alliance of Zimbabwe party were still living in colonial Rhodesia and were acting as "apologists" for South Africa, reports Ziana, Zimbabwe's semi-official news agency.

The Senator urged the Government to detain Mr Smith for questioning "for at least a year" for his recent remarks in South Africa, saying they amounted to consorting "with the enemy".

"Why should we leave this man alone?" the Senator asked. He introduced a motion asking the Senate to "strongly deplore the pro-apartheid position" taken by Mr Smith in advocating opposition to sanctions on South Africa by the international community.

PRO-APARTHEID VIEWS

Senator Culverwell said there were some whites in Zimbabwe and in the Senate who subscribed to the views expressed by Mr Smith, which could only be construed as pro-apartheid.

"I wonder why they are still here," he said. "Stand up and be counted. Tell us if you oppose apartheid."

Senator Culverwell was supported by the Governor of Manicaland, Bishop Joshua Dhube, who said a person of Mr Smith's political stature should be made to see that he could not go around the world saying things that were contrary to the aspirations of the people.

"Why cannot the Government take him in for a little bit of questioning and put him in a cell for a few days while they find out what he is up to?" said the Bishop. — Sapa.

Israel to cut SA arms links

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CAPE TIMES 19/3/87

JERUSALEM. — Israel's "inner cabinet" decided yesterday that the Jewish state would not sign any new military contracts with South Africa in response to mounting United States pressure to reduce ties with Pretoria, the state television said.

In a day-long session, the 10-member cabinet also agreed to appoint a special committee to determine ways of downgrading relations in non-military areas, the report said.

Israeli officials have insisted for months that Israel is not signing new military contracts with South Africa, but they do not deny it is supplying Pretoria with arms technology under existing agreements.

Israel is anxious not further to strain relations with Washington over South Africa at a time when tension with the United States is already high over the role of Israelis in the Jonathan Pollard spy scandal and the Iran-Contras affair.

Pollard, 32, an American Jew and former US Navy intelligence analyst, was arrested in Washington in November 1985 and charged with selling US secrets to Israel. He confessed and was sentenced to life imprisonment on March 4 His wife Anne received a five-year sentence as his accomplice.

The Israeli Prime Minister, Mr Yitzhak Shamir, has apologized to the United States for the episode, which Israel maintains was a "rogue operation" undertaken without the knowledge of its political leaders.

Despite Jerusalem's constant denouncements of apartheid, Israel and South Africa have built up a complex and secretive relationship of mutual assistance over many years.

Israel condemns apartheid as racist, but is reluctant to take steps that could provoke a backlash against South Africa's estimated 115 000 Jews or cause Pretoria to cancel an arrangement that allows South African Jews to invest in Israel.

Israeli ministers have been lobbied intensively by US congressmen friendly to Israel and leaders of the Jewish community not to ignore the threat of a cut in US military aid and there have already been intensive behind-the-scenes diplomatic moves to prepare the ground for sanctions. Israel is to receive $1,8 billion of military aid from Washington this year and another $1,2 billion in civilian aid.

Defence Minister Mr Yitzhak Rabin told the cabinet he was deeply concerned that an end to military ties with South Africa would harm Israel's arms industry and increase unemployment, state radio reported. — Sapa-Reuter, UPI and Own Correspondent

Israeli no to SA arms contracts

19/2/87 DD 280

JERUSALEM — Israel's inner cabinet decided yesterday that the Jewish state would not sign any new military contracts with South Africa in response to mounting US pressure to reduce ties with Pretoria, State Television said.

In a day-long session, the 10-member cabinet also agreed to appoint a special committee to determine ways of "downgrading" relations in non-military areas.

A government spokesman said earlier that the Foreign Minister, Mr Shimon Peres, would tell parliament today of cabinet decisions on sanctions against South Africa.

There was no official announcement from the cabinet indicating what steps it planned to take against Pretoria over its policy of racial segregation.

Israeli officials have insisted for months that Israel is not signing new military contracts with South Africa, but they have not denied it is supplying Pretoria with arms technology under existing agreements.

Israel is concerned it could lose military aid from Washington over a US State Department report to be submitted to Congress by April 1 that is expected to castigate Israel for violating an international arms embargo on South Africa.

A US law enacted last year authorises Congress to cut military aid to countries listed by the State Department as maintaining military ties with Pretoria.

"We have to take into account the voice of the West and various acts of legislation. We're discussing ways to handle this (State Department) report," the Israeli Prime Minister, Mr Yitshak Shamir, was quoted by American Jewish leaders as telling them in a close-door session.

Israel is to receive $1,-8 billion of military aid from Washington this year. — Sapa-RNS

Kodak confirms sale

(280) 81 Day

MICK COLLINS 20/3/87

EASTMAN KODAK in the US has confirmed the sale of part of its inventory to SA Druggists (SAD), but insists no Kodak product will be shipped to SA after April 30.

However, SAD executive director Sid Hurwitz was equally insistent that Kodak products would be on sale and "it will be business as usual".

In a statement late last night from the Eastman Kodak headquarters in Rochester, the company said Kodak SA MD Clayt Liljequist was its official spokesman and authorised him to make the announcement to *Business Day*.

"There appears to be some misunderstanding of the recent transaction between Kodak and SAD and we want to offer clarification.

"Consistent with its policy of total withdrawal from SA, Kodak has sold part of its inventory to SAD — consumer, professional and photo-finisher products are involved.

"Similar transactions are under way with other businesses to reduce or eliminate, inventory in other product areas. These inventory transactions are part of the process of winding down Kodak's business in an orderly manner.

"As previously stated, Kodak will ship no product to SA after April 30, 1987, and the company will totally withdraw as of June 30, 1987.

"The company has not made, nor will it make, any arrangement to supply or facilitate the supply of products to SAD

● To Page 2

Kodak to halt all sales to SA

20/3/87

● From Page 1

or any other entity in SA after April 30."

In a SAPA report released earlier yesterday, Kodak SA denied reports of a row with SA Druggists (SAD). In its denial, it said the two companies had reached agreement worth "many millions" for the purchase by SAD of Kodak's entire stock of consumer, professional and other stocks.

However, senior executive Rob Courtney told *Business Day* the previous day the deal had not been finalised. The SAPA report quoted Liljequist as saying any impression given that Kodak spokesmen had denied the deal with SAD was incorrect.

Liljequist was quoted as saying: "Of course this is not so. SAD already holds a large portion of our assets in the form of stock, but the assets represented by the laboratories is going to the Premier group's Trimark Agencies."

In a telephone interview yesterday, Courtney said the deal with Trimark had not been finalised.

SAD's Hurwitz said the companies' relationship had grown to the stage where "in effect, we are simply replacing Kodak with Kodak".

THE ECONOMY

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Sanctions are great (if they don't hurt)

The bottom line to this week's Scandinavian decisions to intensify sanctions is that boycotts are fine as long as they don't hurt too much at home. DUNCAN INNES reports

THE recent Swedish and Norwegian government decisions to intensify sanctions against South Africa seemed to indicate an escalation in the international campaign to pressurise Pretoria to change

In a bold move, the Swedish government announced it was cutting bilateral trade with South Africa and was to stop Swedish companies from supplying their South African subsidiaries. Although publications and goods that might be needed on humanitarian or medical grounds were not affected, imported technical goods and equipment were expected to be hit.

If this were indeed the case it would put significant pressure on the six Swedish companies operating in South Africa, which would be forced either to draw their equipment from alternative sources, including local manufacturers, or close down.

The Swedish-owned engineering group, Alfa Laval, was likely to be particularly hard hit since most of its equipment used in the dairy and food industries is imported.

However, before President PW Botha had an opportunity to accuse the Swedish government of siding with the Soviet Union against us, Alfa Laval received the following telex from its Stockholm headquarters: "The new legislation, although stopping us from exporting goods or services directly or via third countries, does not stop the supply of goods manufactured or purchased by non-Swedish Alfa Laval subsidiaries. Such goods are not regarded as being of Swedish origin, nor does it force us to disinvest from SA."

So what will happen is that the parent company's non-Swedish subsidiaries will now supply Alfa Laval — either with goods they themselves manufacture or by adding value to goods manufactured in Sweden (adding value to a product may be something as trifling as a coat of paint).

For the six Swedish companies in South Africa, then, it looks like business as usual.

And what of the Norwegian government's sanctions proposals?

In terms of these, Norwegian companies have been given until late September to cut trade links with South Africa. These measures have in fact been expected for some time and Norway's two-way trade with South Africa has already fallen by over 30 percent over the past eight months.

However, there are two interesting qualifications to the government's proposal. The first is that, although the proposal bans crude oil shipments to South Africa in Norwegian-owned tankers, it does not affect those ships whose final destination is decided while at sea. In other words, the Norwegian tanker puts to sea destined for Luanda and while en route is told the cargo has been resold and must be offloaded in Cape Town. As critics of the proposals have argued, this leaves the door wide open for continued oil shipments to this country.

The second qualification is that the government has reserved the right to review the effects of the ban on Norwegian industry after two years. At issue here is the fact that most of Norway's imports from this country are high grade ores which are used in the ferro-alloys and light metals industries.

The Norwegian government is apparently concerned that some 2 000 jobs could be lost in Norway if these imports are cut off and, consequently, the legislation might be changed if Norwegian industry is hurt by these restrictions.

This latter point seems to be a common feature of the sanctions campaign as it is currently being conducted abroad. The policy seems to be that so long as it doesn't hurt too much, we will go along with it. This has been the thinking behind the many loopholes and exceptions which have been introduced to tone down the Comprehensive Anti-Apartheid Act in the United States.

It also seems to be the thinking behind those foreign countries which focus their sanctions campaigns against a few of our agricultural and industrial goods while leaving our major exports — gold and other precious metals, which comprise around 60 percent of our total export value — intact.

Despite the fact that sanctions against our main export commodities would deal a body blow to our economy, our trading partners don't contemplate it because of the disruptive effect it would have on their economies. So what price their commitment to the overthrow of apartheid?

With the spate of loopholes and exceptions being created in current sanctions measures against this country, it is small wonder that the South African government is presently unperturbed by these developments. The related issue of disinvestment recently developed into near farce when a British newspaper reported that Sanlam and the Afrikaanse Handelsinstituut (AHI) were actively encouraging the withdrawal of foreign firms from South Africa because they provided cheap buying opportunities.

Although — naturally — both Sanlam and the AHI formally denied the accuracy of the report, Derek Hunt-Davis, general manager of Sanlam's holding company, did say: "We buy companies or make investments on a merit basis as and when they become available."

To put it bluntly, many local companies are currently benefitting from the spate of disinvestments which have occurred.

However, while local companies are benefitting, the same cannot be said of the local work force. Where South African industries lose their export markets and alternatives are not found the effect will be loss of jobs. Furthermore, some companies threatened by sanctions are already arguing that, because their profits are being hit, they cannot afford significant wage increases.

It was Paul Simon who said, in relation to the cultural boycott, that there must be something wrong with a policy which hurts people who are already being hurt by apartheid.

Without wishing to deny the importance of putting pressure on the government in the struggle to scrap apartheid, it does seem as if there are serious problems in the way both sanctions and disinvestment are currently being implemented.

'Immoral apartheid' is Israel's enemy

JERUSALEM—Foreign Minister Shimon Peres said yesterday that Israel had decided to sign no new defence contracts with South Africa and to reduce ties with Pretoria because of its policy of racial discrimination.

He announced the decision of the 10-man inner Cabinet to Parliament, saying Israel had to take into account the opinion of the United States, its chief supplier of military aid.

A new U S law authorises Congress to cut military aid to countries that maintain military ties with South Africa.

'Israel is not fighting the whites or blacks,' Mr Peres told Parliament. 'Israel fights discrimination. Our enemy is not people. Our enemy is an immoral policy called apartheid.'

He said the inner Cabinet decision yesterday called for reduced ties with South Africa, a halt to new military contracts and creation of a small team of officials who would submit further recommendations within two months.

It was unclear whether the decision would have an impact on the existing military relationship, since Foreign Ministry officials have said previously that Israel had signed no new military contracts since 1977.

Mr Peres refused to answer questions on how long current contracts would continue. — (Sapa-Reuter)

● See Editorial Opinion

Now Dutch bank cuts S A ties

20/2/87 (280) NM

AMSTERDAM—The prominent Dutch investment bank of Pierson, Heldring and Pierson has halted its dealings with South African concerns because it fears terrorist action against its own offices, says a company spokesman.

The spokesman emphasised yesterday that Pierson was not withdrawing from South Africa because it felt its dealings in the white-ruled nation were wrong, but only because of fear of violence against Pierson offices in the Netherlands.

The Amsterdam-Rotterdam Bank, one of the nation's largest and Pierson's parent company, halted its South African operations last year, citing opposition to the South African Government's apartheid policy.

It was not announced when Pierson had officially halted its dealings with South African clients, and the spokesman asked not to be named.

Pierson is the third major Dutch firm to pull out of South Africa in two months.

On January 19, the SHV trading multinational announced it would halt its South African operations because of a series of firebomb attacks against its Makro supermarkets in the Netherlands.

Three days later a major Dutch floor covering company, Forbo Krommenie, announced that it was cutting all business ties with a former subsidary in South Africa, Krommenie Limited, in order to guarantee the safety of the Dutch firm's 700 employees. — (Sapa-AP)

Sanctions cost 400 jobs at coal mine

NM 20/3/87

African Affairs Correspondent

ULUNDI—The Welgedacht Colliery at Utrecht in Northern Natal has been forced to cut its labour force by 400 immediately, as a result of sanctions.

This information is contained in a telex sent to Chief Mangosuthu Buthelezi, Chief Minister of KwaZulu, by Mr David Morgan, group labour consultant of Rand Mines.

Chief Buthelezi told members of the KwaZulu Legislative Assembly yesterday that the group was trying to re-employ the workers in other spheres.

Full retrenchment benefits would be paid to those affected, he said.

Chief Buthelezi said the chickens had come home to roost as far as those advocating disinvestment and sanctions were concerned.

Those who had recommended that overseas countries should not buy South African coal should be happy that the evangelical campaign was now bearing fruit.

Chief Buthelezi said such people were in possession of a lot of money. He hoped they would now share their largesse with those who had lost their jobs.

RANK XEROX

Suitors sniffing

280 F/M 20/3/87

In one of the largest disinvestment moves yet seen in the computer and electronics sector, the R120m-turnover Rank Xerox may soon announce a deal with a local buyer. Sources say that within a few days the Altron group's Fintec will announce that it has bought all — or almost all — of the British-owned group.

Fintec is one of a number of local firms which have been cited as suitors to Rank Xerox. Others that have been mentioned include Mathieson and Ashley, the Eureka group's Computermatic, and Barlow Rand's Reunert. Reunert MD Richard Savage states categorically "we are not looking at them at all," and the *FM* understands that, though C-Matic is interested, it was a late starter. Mathieson and Ashley MD Lionel Jossel says he knows nothing about Rank Xerox.

The option of a direct sale to a South African company was probably chosen after other alternatives were considered and rejected. Rank Xerox SA is a wholly-owned subsidiary of the British Rank Xerox, which is 51%-owned by the US-based Xerox Corporation. MD of Rank Xerox SA, David English, confirms that, in response to US pressure, the company has looked at a range of options to enable effective disinvestment by its British parent.

"The Kodak option has been categorically dismissed and a management buy-out has been discarded," he says. "We don't believe that such arrangements would enable us to protect our social responsibility programmes, as it is very difficult for management intent upon making a profit to make a large commitment to social responsibility as well."

Fintec's Venter . . . will he strike a deal?

A break-up of the company has also been rejected. According to English, "we did think about this, but we consider that the group is a more attractive operation as one company. We are in the business of managing documents and each division forms part of this."

Fintec, however, meets the three criteria that Xerox has established. These relate to: its obligations to its employees; that Xerox should fit strategically into the operation and not be added to totally unrelated existing operations; and, thirdly, that the two groups should be culturally compatible, including attitudes to social responsibility.

English emphasises that "we are a very professional, ethical company with a high regard for staff, taking into account every aspect of the employee's life. Rank Xerox has always been a pioneer and a leader in social responsibility programmes and these programmes must be maintained. This is the single most important criterion."

The Altron group has long been involved in social programmes, has an integrated workforce and is a supporter of black management advancement. With Fintec designated as Altron's vehicle in high technology, particularly computers and data communications, and with some investments already made in mail handling and computers, this should be a logical fit.

Rank Xerox will cost, industry sources guess, about R100m. Here, too, Altron seems to have an edge, with considerable borrowing powers available and R100m cash in the group balance sheets at end-September.

What would Fintec be getting? Rank Xerox's turnover is about R120m and taxed profits were about R8m. Its markets cover copiers, laser printing, micro-computers, typewriters, facsimiles, desk-top publishing, and network communications products. The largest seller is copiers, which accounts for about two-thirds of turnover. Assets are estimated at about R70m at book value.

Fintec's price has soared from 450c to 2 400c in less than a year, but investors' faith must now be vindicated. Roneo Alcatel has been bought, plus a 50% interest in South Continental Devices and the Punchline investment has increased four-fold, making a book profit of around R12m.

Present market capitalisation of Fintec is R98m, so this deal more than doubles its size. Based on the estimated R8m profit, EPS for Fintec, excluding profits from recent acquisitions, will rise from 23c to 213c. This doesn't take financing costs into account, but these could be offset by earnings from other investments. At the current price Fintec would be on a dividend yield of 9% — extremely high for a hi-tech stock. So there is still steam in Fintec if this deal comes through — as it probably will.

Pat Kenney

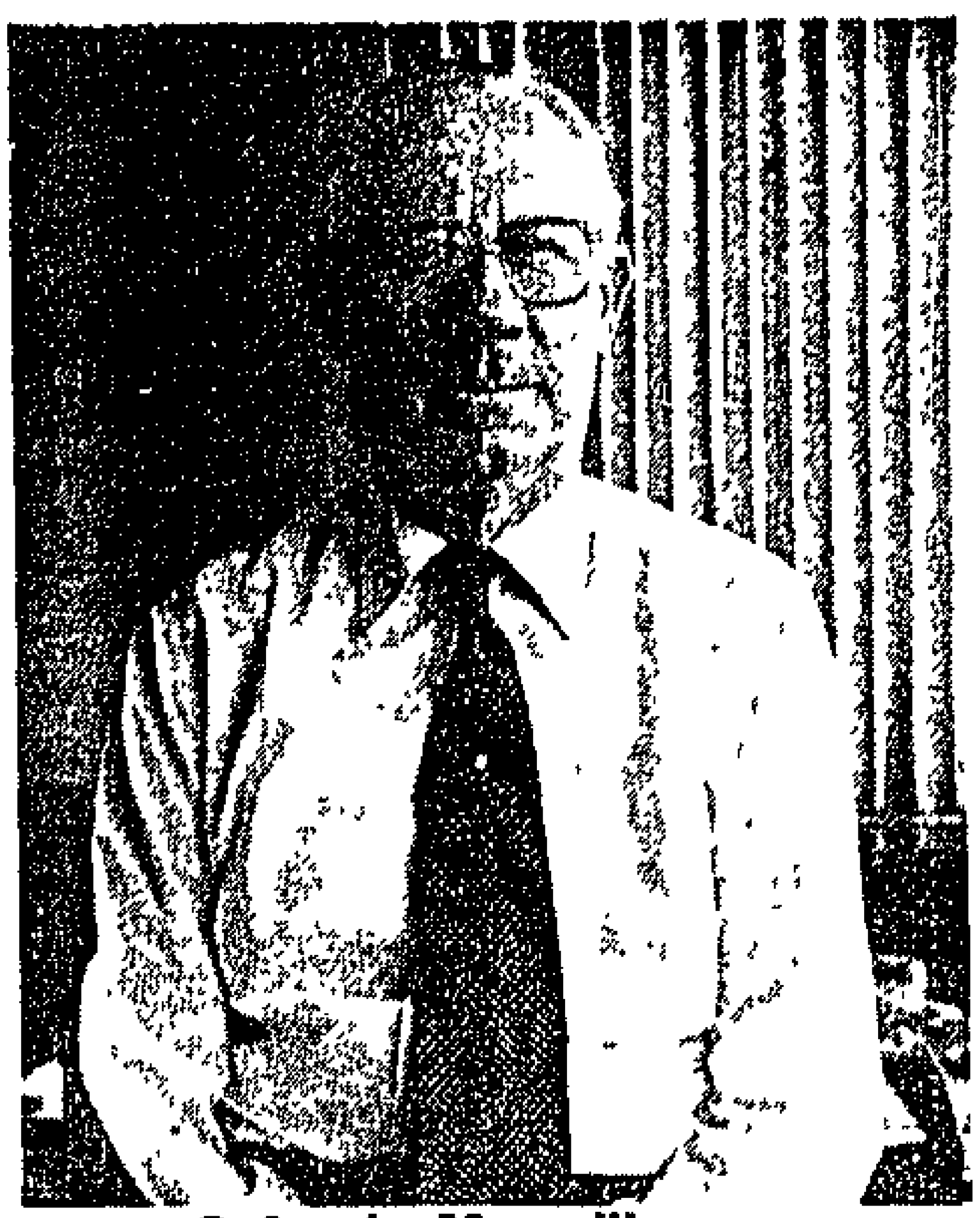
SAFREN F/M 20/3/87

Full steam

After uncertain beginnings since the 1984 merger of Rennies and Safmarine, Safren is firing on all cylinders. The group has followed the 88% surge in its attributable income for the 1986 financial year with a 60% advance in the six months to end-December.

Although the growth rate has slowed, Safren looks structurally stronger than was the case when the accounts were published last October. Among the main factors behind the rise in attributable income are: better margins and efficiencies were achieved in all of the operating divisions, both Renfreight and the diversified interests showed good growth after their profits had fallen in the 1986 year, and net interest payable was slashed by 57,6%.

Reflecting the widening margins, group operating profit grew by 18% on an increase of only 6% in turnover (excluding associated companies.)



Safren's Macmillan . . . expansion going ahead

The most consistent growth since the merger has come from 78%-held Kersaf, which has again provided about 40% of total operating profits after lifting its own contribution by 23%. Shipping group Safmarine

S A in protest at Israeli sanctions

280

JERUSALEM—South Africa has formally protested to Israel over its decision to impose limited sanctions on Pretoria, a Foreign Ministry official said yesterday.

The official, who spoke on condition of anonymity, said South African Embassy Charge d'Affaires Johann Kilian delivered the letter of protest to Foreign Minister Shimon Peres on Thursday. He refused to comment on the letter's contents.

The Israeli decision to impose sanctions, announced on Thursday by Mr Peres, followed pressure from the United States to end military trade with the South African Government because of its policy of apartheid.

Ormande Pollok reports from Cape Town that Foreign Minister Pik Botha has blamed America for Israel's decision to reduce links with South Africa and end military involvement.

The Israeli Inner Cabinet's decision still has to be ratified tomorrow but there appears to be little chance of the measure not going through.

Measure of understanding

The two countries have had strong links since 1976 when the then Prime Minister, Mr John Vorster, visited Israel but there appears to be a measure of understanding in the S A Government for the Israeli position.

Mr Botha said: 'The decision is clearly a direct result of pressure by the United States.

'However, the measures do not go further than those adopted by the European Community.'

A Defence spokesman in Pretoria said the department did not comment on sanctions or boycotts or threats thereof.

Israel has come under pressure to take some action against South Africa because America is its largest supplier of military aid which amounted to R1,8 billion last year.

In terms of America's own sanctions laws, a report on countries still co-operating on a military level with South Africa is to be submitted to the Senate.

Mr Botha's low-key reaction and blaming America is being interpreted as indicating a measure of understanding for Israel's predicament.

Our London Bureau reports that military analysts believe the Israeli arms sanctions could result in South Africa being denied access to sophisticated electronic equipment used in avionics and by naval strike craft.

An analyst at the Institute for Strategic Studies said that because of the extreme secrecy surrounding military operations in both countries it was difficult to assess the implications of the new ban.

Contingency plans

South Africa, he said, produced just about all its military hardware and should not be severely affected.

However, an area that would be affected was the sophisticated computer-based equipment used in advanced avionics.

He pointed out that it would be some months before the ban was implemented so there was enough time for South Africa to make contingency plans.

Another military analyst agreed South Africa could lose access to this kind of sophisticated equipment, but argued that the country did not need it for the kind of war it was fighting.

'The air force and navy will argue that they do, but I don't agree.

'Sanctions don't work and South Africa could buy the night sights, intrusion alarm devices and infantry radar equipment that is of most use to their forces quite easily.'

Meanwhile, London's Financial Times reported yesterday that explanations of the arms ban and reassurances were being given to President Botha by Abraham Burg, an adviser to Mr Peres.

Israel forced into 'heads we win, tails you lose' over SA

22/3/87

S/T

(280)

IT WAS the Washington spy scandal, in which an American Jew was convicted of supplying secrets to Israel, that almost certainly shaped the changing character of Israeli-South African relations.

BENNY MAURICE, the diplomatic correspondent of the JERUSALEM POST, analyses the background to the Israeli sanctions against SA

The spy incident gave the US a strong lever to exert in influencing Israel's hitherto pro-South African stance

As a result, Israel's senior decision-making body, the Inner Cabinet, this week decided, "in the spirit of the policy (towards SA) adopted by the free world" on a course of "graduated" sanctions against Pretoria

The senior Ministers, led by the ruling Troika of Prime Minister Yitzhak Shamir (Likud), Foreign Minister Shimon Peres and Defence Minister Yitzhak Rabin (both Labour), resolved to refrain from signing any new defence contracts with South Africa and, more generally — and vaguely — to minimise Israeli-South African ties

The three, all of whom over the past few years have consistantly opposed sanctions, were primarily motivated by anxiety about the future of the Israeli-American alliance, which is recognised by all parties in Jerusalem as the cornerstone of Israel's security and foreign policy.

Anger

Israel has this year received 4-billion dollars from the US in economic and military aid, and relies on American manufacturers for most of its major weaponry

The spy scandal erupted last year when the FBI swooped on US Naval Intelligence analyst Jonathan Jay Pollard and arrested him for spying for Israel.

He had sent to Israel's Defence Ministry thousands of US intelligence documents, including some dealing with Syrian and Iraqi chemical warfare capabilities

While denying that the affair had seriously damaged American-Israeli relations, American officials — especially in the defence establishment — were clearly angry

Israel's vulnerability, after being caught red-handed spying on her closest ally (although they have denied that the operation was officially sanctioned and claim it was being run as a "rogue operation") put the US Congress into a position to exert extraordinary pressure on the Israelis to impose sanctions against SA.

Earlier this month Pollard was jailed for life by a Washington court

His alleged controller, Israeli Air Force Colonel Aviem Sella, was promoted to a key job a fortnight ago by Mr Rabin.

The spy scandal brought matters to a head and cast a dark cloud over Israeli-American relations

Israeli leaders over the past fortnight have moved vigorously and sincerely to try to repair relations with the United States

They have in part been prompted by the outrage of leaders of American Jewry, under the banner of the Conference of Major Jewish Organisations which, fearful of the charges of the dual loyalty of US Jews, converged on Jerusalem last week demanding action — a show of public repentance and an apology to the US — from the Israeli government.

The problem of Israeli-South African relations unfortunately coincided with the Pollard affair.

A presidential report on nations maintaining military ties with Pretoria is due to be submitted to the American Congress on April 1.

Congress is expected to censure these countries and, say observers, possibly impose sanctions against them.

Mainstay

If Israel figures prominently in the April report, as sources believe will happen, then a new and potentially damaging area of Israeli-American congressional discord will emerge

Until now Congress has been the mainstay of American support for Jerusalem

Some observers have suggested that the sanctions now adopted are not particularly significant.

But this view fails to take into account the almost inevitable direction and momentum of events that could follow as the decision signals that Israel has now seriously embarked on a policy of sanctions, in tandem with those recently adopted by most of Western Europe

Sanctions may cause retrenchments — claim

Argus 23/3/87 280 /188

The Argus Correspondent

ULUNDI. — Four hundred workers at the Welgedacht Colliery, Utrecht, are in danger of being retrenched as a result of sanctions.

This was disclosed to the KwaZulu Legislative Assembly by the Chief Minister, Chief Mangosuthu Buthelezi.

He was reading a telex from the Rand Mines Group Labour Consultant, Mr David Morgan.

The telex read: "I regret to inform you that as a result of overseas sanctions, we have had to reduce our labour force at the Welgedacht Colliery in Utrecht by 400 employees with immediate effect."

It said efforts were being made by the mines for re-employment of workers in other spheres.

ARGUS 23/3/87 ~~337~~ 280

'SA sanctions not the answer'

Dateline WASHINGTON: Alan Dunn of the Argus Foreign Service

"SOUTH Africa is like a zebra," a Southern African politician once told the Reagan Administration's top policymaker for the continent, Dr Chester Crocker. "If you hit the white part, the black parts suffer too."

That stark and typical African simile impressed Dr Crocker, explaining one of his reasons for opposing economic sanctions against South Africa and trying to stop US companies heading for the exit.

Two points about that statement are striking: The first that a "distinguished leader" in the region would express such a thought, probably contradicting the stance of black Southern African leaders against Pretoria, the second, the Reagan Administration's open misgivings about sanctions and disinvestment.

Dr Crocker and his staff believe sanctions Congress imposed on October 2 were not the thing to do and have said so at every turn. Analysts are starting to agree with them publicly and it must be exercising Dr Crocker's restraint to refrain from harping "I told you so".

He stopped short recently in a radio interview at: "We do not believe that comprehensive, punitive and indiscriminate sanctions that hurt everybody are going to advance the goal of peace, of negotiation, of reconciliation or democracy in South Africa.

"We have already seen some evidence of the negative consequences of some of these measures."

Sanctions are in place, however, embedded in the Comprehensive Anti-Apartheid Act of 1986. By imposing those measures, Congress effectively swiped US foreign policy on South Africa from the Reagan Administration.

Disliked as they are at the State Department, sanctions are the law. The Reagan Administration is bound to apply that Act and is doing so "rigorously", according to Dr Crocker.

Since the Senate crushed President Reagan's attempt at vetoing that law, State Department officials have been immersed in applying those restrictions. They also seem to have been trying to fathom what the law has left them to work with — how much elbow room and say they have on future policy towards South Africa.

"The real question is what we are going to do for a policy," Dr Crocker told newsmen recently. "Sanctions are not a policy. They are a gesture. In our view, sanctions are a one-time event. Once you have imposed them, what do you do the next morning? That is the question we should be focusing our attention on."

The South African problem had still to be solved. The best way to do so was by remaining engaged there, being in touch with everybody.

So far, however, no new policy has popped into focus. The new Reagan ambassador to Pretoria, Mr Edward Perkins, has in his months there been busily cultivating black contacts, an area his predecessor was accused of neglecting.

Mr Perkins has been meeting figures across South Africa's vast political spectrum, labour leaders, church leaders, visiting townships and trying to win over estranged parties.

At the same time as consulting the United Democratic Front and other groups like it, his is the high-wire task of seeking to maintain a rapport with the South African government.

The State Department's watchword at this stage is negotiation.

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Shell filling stations damaged in demos

COPENHAGEN — Several Royal Dutch Shell filling stations in Copenhagen were damaged early on Saturday morning during protests against the Dutch-British-owned company's trade with South Africa, police said.

The demonstrations occurred on the 27th anniversary of a protest in Sharpeville in which 69 people were shot and killed by police while demonstrating against pass laws restricting blacks' freedom of movement.

At one Shell station in eastern Copenhagen, police were pelted with rocks as they intervened to stop a group of hooded activists attacking the buildings with stones and paint.

At the company's headquarters in the southern part of the city, windows were broken and paint was thrown at the walls.

There were no arrests.

Later during the day, about 200 people gathered for a peaceful demonstration outside the headquarters, handing out leaflets protesting at the company's South African connections

There were several similar demonstrations around the country, police said. — Sapa-AP.

No political pressure on airline to withdraw from SA - official

JOHANNESBURG — British Airways is not being pressed politically to withdraw from South Africa, airline officials say.

The new BA manager for Southern Africa, Mr Tim Stevens, said British Airways' Johannesburg-London route was economically viable and the airline intended flying to South Africa "as long as we can".

Commenting on the airline's decision to discontinue its flights between Zimbabwe and Durban, Mr Stevens said: "Traditionally, our Durban flight has flown via Harare to London.

"From March 31 it will be re-routed via Johannesburg, offering a more convenient service to Soufh African travellers."

The airline had wanted to increase the frequency of its flights to Zimbabwe to three a week, but Zimbabwean authorities would not permit this.

From next month, BA would introduce another non-stop flight from Johannesburg to London, leaving Jan Smuts at 6.40pm on Tuesdays, touching down 11 hours and 20 minutes later.

60 280 23/3/87
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(280) B/Day 24/3/87

Sanctions spark anti-Israeli threats

JERUSALEM — Swastikas have been drawn on mail from SA to Israel and the Israeli Embassy in Pretoria has received telephone threats after Israel's decision to impose limited sanctions.

The Nazi symbols were drawn on several airmail packages mailed via Israel's El Al airlines to private individuals and which reached Israel on Sunday, an Israeli official said yesterday.

Telephone callers have cursed, shouted anti-Israeli slogans and made threats to the embassy in Pretoria for the past few days.

The *Haaretz* daily said some of the callers claimed Israel had "betrayed its allies" by imposing the sanctions.

The Israeli March 19 decision effectively banned the signing of more military contracts with Pretoria and ordered a gradual reduction of trade and cultural ties with SA.

But the measures fall far short of a boycott and do not affect ongoing military contracts which are worth between $300m and $500m annually.

Israel, which has had ties with SA for 38 years, delayed imposing sanctions out of concern for the country's Jewish community of 120 000.

Israeli officials acknowledged the decision came mainly in anticipation of an April 1 report by the US government which was likely to censure Israel's military trade with Pretoria.

The US Congress has threatened to sever military aid to countries selling arms to SA. US military aid to Israel totals $1,8bn this year.

The Rabbinical Assembly of America says the sanctions put SA Jews in a "sensitive position". — Sapa-AP.

N/M (280) 24/3/87

Israel-S A arms deals 'still valid for years'

JERUSALEM—Israel's Government, which has vowed not to sign any new military contracts with Pretoria, will need several years at least to end its military relationship with South Africa, according to officials.

Prime Minister Yitzhak Shamir reported to the full 25-member Cabinet on a Government forum's decision last week to forego new military agreements and reduce cultural and trade links.

A communique said the Cabinet held the debate on South Africa as a ministerial defence committee whose deliberations are kept secret by law

The Cabinet put off a decision on the appointment of a committee to study how to carry out the cutbacks in cultural and trade ties.

Israel's trade with South Africa totalled $230 (R480 million) in 1985, excluding weapons sales

Israeli military dealings abroad are a tightly guarded secret, and the Government's pledge to ban new contracts left unclear how long existing agreements would maintain the relationship

But two officials who demanded anonymity said it could take several years for Israel to free itself from its military entanglement with Pretoria, largely because of ongoing contract agreements

According to reports cited by the Yediot Ahronot newspaper, Israel's military dealings with South Africa amounted to $300-$500 million (R625-R1 040 million) a year.

One Israeli source, who spoke on condition of anonymity, indicated some contracts were for as long as 15 years and had about five years left to run He declined to discuss specifics

A Government official said two proposals were being considered for the creation of a committee to look into reducing ties one composed of Cabinet members or one made up of senior civil servants and specialists

Yediot Ahronot said Israel signed longterm scientific and technological cooperation agreements in the mid-1970s As a result, it said, South Africa developed sea-to-sea missiles and 155 mm artillery modelled on those produced by Israel

Israel television broadcast a report indicating South Africa had bought a broad array of weapons from Israel as well as production rights for military hardware It showed a variety of items ranging from Galil rifles to Kfir jet fighters that had been copied by the South Africans — (Sapa-AP)

Swastikas drawn on mail

JERUSALEM—Mail from South Africa had swastikas drawn on it and the Israeli Embassy in Pretoria received telephone threats after Israel's decision to impose limited sanctions, an Israeli official said yesterday

The nazi symbols were drawn on several airmail packages which were posted to private individuals and which reached Israel on Sunday, the official said.

Callers had cursed, shouted anti-Israeli slogans and made threats during telephone calls to the embassy in Pretoria in the past four days, the official said — (Sapa-AP)

mini-skirts in cheery yellow and black. lection, always upbeat and colourful, (Sapa-Reuter) in dollar terms, its foreign debt was de-

To Page 2

changed.

Study shows SABC bias towards NP

BDay 26/3/87

PATRICK BULGER

IN THE run-up to the white election the National Party is receiving far more SABC television coverage than any other opposition party, indicates a study by the Rhodes University journalism department.

Senior students monitoring "Network" between March 16 and March 22 found that black opposition groups like the United Democratic Front received no coverage at all.

The study showed the NP received 1 500 seconds of TV time while government spokesmen were given 1 055 seconds. The PFP and the NRP combined were given 1 141 seconds and the CP and HNP featured for 1 012 seconds.

Independent candidates were on the air for 677 seconds.

Note was made of the "Goldilocks Effect" — a tendency for discussions to be concluded with NP comment, leaving viewers with the impression that the NP view was "just right".

(Report by Patrick Bulger, 11 Diagonal Street, Johannesburg)

US group begins low-key pull-out

BDay 25/3/87

SIMON BARBER

WASHINGTON — In a sure sign that Washington is losing interest in SA, the State Department is quietly shelving its SA Working Group (SAWG), an inter-agency body formed in 1985 as the sanctions debate moved into high gear.

The SAWG is down to 12 members from more than 20 last year, and according to one recently laid-off member, could be gone entirely by November.

Though its mandate was always fuzzy, its main mission was to demonstrate that the Reagan administration placed SA high in its foreign policy priorities.

Its chief, former White House domestic policy adviser Douglas Holladay, had hopes of using it to co-ordinate a series of bold private sector aid initiatives for black South Africans.

Mainly, however, it has been an information clearing-house, advising state and local governments on disinvestment and similar measures, lobbying Congress against sanctions and providing speakers.

Since its inception in July 1985 at least 13 states have passed new anti-apartheid laws and Congress has enacted the Comprehensive Anti-apartheid Act.

NBS tender offer strikes R3 minimum

25/3/87 BDay

LESLEY LAMBERT

A MINIMUM price of 300c has been struck in NBS Holdings' tender offer which was 41,8% oversubscribed.

Analysis of the applications indicates that about 7,9-million shares of the total 11,25-million on offer were subscribed for at prices above the 300c minimum striking price, while the remaining 8-million shares were subscribed for at 300c.

Applications at prices above 300c were allotted in full and applications at the striking price were allocated 41,4% of the number of shares applied for, rounded off to the nearest hundred.

The NBS was satisfied with the result which, it said, indicated that the underwriting price of 300c was "very finely pitched."

The NBS, the second building society to go for a listing, is scheduled to join the UBS on the JSE boards on April 18.

Goldstein. JSE assistant GM and head of the

South Africans clawing their way out of debt

BDay 26/3/87

GERALD REILLY

SOUTH AFRICANS seem slowly to be clawing their way out of massive debt that piled up during three years of recession.

Economists say this is a reasonable conclusion to draw from the latest debt figures released in Pretoria yesterday by Central Statistical Services.

They show that in the three months to end-January, the number of summonses for debt decreased by 12,4% to 189 304, compared with 216 075 for the November-January period in 1985-86.

Civil summonses for debt also declined — by 10,5% to 92 846, against 103 767 in the previous November-January period.

Amounts involved in civil default and consent judgments for debt on business enterprises and private persons in January this year decreased by R5,347m to R53,210m, compared with January last year.

Amounts involved in judgments on private persons decreased by R11,125m to R46,730m.

Sanctions attack

BDay 26/3

ULUNDI — KwaZulu leader Chief Mangosuthu Buthelezi yesterday criticised the UDF and the Congress of South African Trade Unions (Cosatu) over the sanctions issue.

He accused UDF patron Allan Boesak and Cosatu vice-president Chris Dlamini of first promoting disinvestment and then back-tracking when it became clear that most blacks were disenchanted with the policy.

Buthelezi said: "The victims of apartheid had never clamoured for disinvestment and it was tragic that they had to continue paying the price for it while time matured in their favour.

"Cosatu and the UDF knew this, but they had had the liberty of saying what they wanted to without referring to the people. They were basically affiliate organisations and were not dependent on endorsement by individual membership.

"Dlamini's political shallowness was revealed when he said Cosatu had never called for companies to pull out, but that it did support sanctions," said Buthelezi. — Sapa.

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CSIR gears up to counter isolation

Staff Reporter

SWEEPING changes in the structure of the Council for Scientific and Industrial Research (CSIR) are to be made to counter the economic effects of "a South Africa in greater isolation", CSIR president Dr C F Garbers has announced.

A "change of heart" in international industry supplying new technology to South Africa meant future demands would have to be met from within the country, he said.

Speaking at the University of Cape Town last night, Professor Garbers said challenges to the scientific and technological communities were "almost overwhelming" following deteriorating relations between South Africa and other countries.

"Export drives based on high technology products" were increasingly dominating world markets and South Africa had to be able to offer "extensive advantages either in price or quality".

All functions of the CSIR would be market-orientated to further enhance the full development of South Africa as an industrialised country.

"Generally, the present climate favours the use of funds for supporting practical, utilitarian development.

"Future basic research will be directed towards the acquisition of new know-how needed for directed research programmes."

The changes, to be formally instituted on April 1 next year, will see the CSIR divided into four groups — the research, development and implementation group (RDI), the foundation for research development (FRD), the corporate financial management group and the corporate services group.

Each management would be a largely independent authority with a high level of autonomy.

The posts of chairman of the council and president of the CSIR, formerly one appointment, would be separated and a non-executive chairman appointed.

The RDI group would investigate research demands from a broad range of market areas.

Among the tasks of the FRD would be the management of the main research support programmes for universities, museums and technikons.

PW admits sanctions are hurting S Africa

26/3/87 (280) STAR

By David Braun, Political Correspondent

LICHTENBURG — President Botha last night admitted sanctions were hurting South Africa by increasing black unemployment and fanning violence.

"It is a tragedy that the US, the leading power of the free world, under a president dedicated to resisting Soviet expansionism, should have declared economic war on South Africa," he told a National Party election rally in Lichtenburg.

Sanctions imposed on South Africa last year by the US Congress went further than the US had ever gone in restricting trade with any country, he said.

"America trades with Russia and with dictatorships in Africa and totalitarian regimes all over the world without compunction but restricts economic contact with South Africa."

FANNING VIOLENCE

Mr Botha said that the action taken by the US Congress in restricting trade between the US and South Africa had the direct result of fanning violence.

It certainly had not encouraged responsible and peaceful leaders to come forward to negotiate a new constitutional order.

Radical elements and politicians in America were not only blind to reality but would be satisfied with nothing less than total capitulation to revolutionary forces in South Africa "and we are not prepared to surrender", he said.

Mr Botha said British Prime Minister Mrs Margaret Thatcher had assured him that her government would not have anything to do with an organisation committed to violence.

"She agreed with me that people who do not want to relinquish violence cannot be in the group with which you should have discussions."

Mr Botha said the international sanctions campaign was a diabolically conceived strategy. It was hurting those it was intended to help. Rising black unemployment was proof of that.

He said he felt sorry for Israel which had no choice but also to impose sanctions on South Africa. Israel was being victimised.

(Report by D M Braun, 216 Vermeulen Street, Pretoria)

4 The Star Thursday March 26 1987

'Commonwealth no longer under threat'

The Star's Africa News Service

LUSAKA — Zambia's Dr Kenneth Kaunda has reported a "softening" in attitudes over the sanctions issue which last year was threatening the Commonwealth.

He said the threat had receded because the British public had made it clear that it did not support the view of the Thatcher Government on sanctions against South Africa.

"In view of what countries like Australia, Canada and New Zealand, the white Commonwealth, have done and, above all, what the people of Britain have been doing, that danger has receded," he said.

In Britain, as in the US, the labour movement, churches, and students had all clearly demonstrated their support for the black Commonwealth countries.

"I thank the British people who have made Barclays Bank withdraw from South Africa," President Kaunda said. "I hope many more are going to withdraw."

Dr Kaunda criticised the attitude of the British and US governments which, he said, in trying to postpone action against apartheid, risked a much more violent result when South Africa eventually exploded.

"They say: 'We want platinum and gold and we don't want to get this from the Soviet Union'. What short-sightedness. It's incredible that governments cannot see the danger of this aproach.

"I'm saying that we don't want to destroy the economy of South Africa. We want it. We need it. But it will not be there. Nothing will come out of South Africa if we allow this explosion to take place. If they do not move, they will live to regret their inaction," he said.

Gibson rejects poll

Political Reporter

The Progressive Federal Party's candidate in Bezuidenhout, Mr Douglas Gibson, has rejected an opinion poll commissioned by The Star, saying he is confident of victory.

A survey conducted by Marketing & Media Research showed that the National Party was likely to win in Bezuidenhout.

Mr Gibson, who is PFP leader in the Transvaal, said he expected to increase the PFP's majority.

His statement added: "The Star's figures directly contradict *Rapport's* Mark en Meningopnames poll.

"Having been a candidate on eight previous occasions, I am one of the most experienced politicians in South Africa. During this campaign, my workers and I have visited and spoken to thousands of voters in Bezuidenhout. We are convinced that the climate in the constituency is better for the PFP than it has ever been."

(By C Ryan, 47 Sauer Street, Johannesburg)

Workers pop the lid on Coke

THE fizz has gone out of Coca Cola's plans to disinvest.

Its employees are now demanding details of how it intends to leave, and intend approaching the international beverage workers' organisation for support.

Go-slow strikes — involving more than 2 500 Coke workers — were staged at five production and distribution plants in Pretoria and on the Reef a week ago in protest against the way Coke is disinvesting.

Management considers the dispute resolved. Company representative Gert Robertse said the strike ended on Tuesday, when the company agreed to give all workers a 13th cheque to celebrate its 100th anniversary.

However, Food and Allied Workers' Union (Fawu) representative George Nene said the matter was far from being resolved.

"There is a lot to be investigated as far as Coca Cola's pull-out is concerned," he said.

W/M 21/11/86

280

US set to name arms embargo violators

280

27/3/87

SIMON BARBER

WASHINGTON — The State Department does not plan to delay its potentially explosive report to Congress on countries that have violated the SA arms embargo, says a well-placed official.

Reports from Jerusalem had earlier indicated that the study, due to be delivered by next Wednesday, might be postponed to give Israel time to clarify its SA policy.

"We are still shooting for next week," says the official, who has been closely involved with the report's preparation.

The document will be classified secret. The Reagan administration is leaning towards releasing a sanitised public version, but a final decision has not been taken.

Early drafts of an unclassified version have run to no more than two pages and contain little more than a list of embargo violators.

Members of the Senate Foreign Relations Committee are understood to have told the administration they would not object to a delay.

B/Day

Having voted to require the report as part of the Comprehensive Anti-Apartheid Act, these Senators — most of whom are strongly pro-Israel — are now deeply troubled by what they may have unleashed in their enthusiasm to punish Pretoria.

March 27 1987

280 BDay 27/3/87

Computers 'hardest hit'

Exports survive sanctions

HAMISH McINDOE

SANCTIONS may erode US computer sales to SA but other export opportunities identified by a confidential US government report released before the Anti-Apartheid Act are virtually intact.

The report, compiled by the US Foreign Commercial Services (FCS) and published in Johannesburg last July, rates SA's export potential for US computer, telecom, medical and mining equipment.

A US government source says computer exports will be "cut away" by export licensing requirements under the Act and the effect of IBM's pullout. "But SA is still a good market for the other categories," he says.

AECI's computer processing division sources virtually all its imported content requirements from the US. It expects no supply disruptions.

Retailers of PC equipment have not experienced any supply shortages but there are strong signs of consumer resistance to US products.

Says Joffe Associates MD Joan Joffe: "More use is being made of Taiwan as a supplier — and there's no anti-SA feeling there."

To what extent corporate SA is putting a brave face on its prospects for an unbroken US supply-line for computers is hard to gauge.

The FCS report notes that in 1986 "important purchases were made and orders placed for large installations by previously loyal users of American computers. Hitachi was a particular beneficiary."

It says nearly half of SA's computer imports were sourced from the US in 1985, with IBM's turnover estimated at R300m.

Latest US sanctions are likely to affect US telecommunications exports only if they are deemed computer equipment.

It is understood that the Department of Post and Telecommunications has not altered its buying policy since US sanctions.

While there is no specific US embargo against mining equipment, most mining houses will not comment on their foreign purchases.

Merger means bright handtool future

BDay 27/3/87

MICK COLLINS

THE merging of Lasher and RW Tools into Lasher Tools has seen the emergence of the largest handtool manufacturer in SA.

New CE John Sherratt says the company is now a wholly-owned SA company as a division of Metkor Industries. Metkor bought out Lasher from its US parent to complement its own RW Tools.

He says: "The rationalisation brought about by the buy-out means that the Lasher factory in Germiston is moving its production activities to the RW plant in Vereeniging, while we have concentrated our sales and admin in Germiston. We have retained our Ladysmith factory."

He says being part of the giant Metkor group now gives Lasher access to the latest steel technology.

He says: "We intend staying ahead through research and development and by incorporating the latest technology into our products."

Sherratt feels the relatively small SA market is over-traded.

He says: "I feel strongly that we, as manufacturers, should share our facilities where possible. It doesn't make sense to start manufacturing a range already being produced locally, and with limited demand."

Pressure on Swiss banks

13 Day 280 27/3/87

MIKE ROBERTSON

LONDON — Pressure on banks to end loans to SA shifts to Switzerland today when a campaign will be launched against a Swiss bank with strong links to SA.

The London-based End Loans to SA's (ELTSA) secretary, David Haslam, has flown to Berne to give details of the campaign against the Union Bank of Switzerland (UBS).

UBS is one of three Swiss banks with strong links with SA, providing a considerable amount of the country's trade credit.

In return, they are believed to handle up to 80% of SA's gold sales.

Meanwhile, Standard Chartered Bank (Stancha) has come under fire for increasing sovereign loans to SA.

In its preliminary announcement of results for 1986, Stancha revealed sovereign lending to SA had increased from £60m in 1985 to £99m in 1986 — although total lending to SA fell from £831m to £744m.

Haslam said that tied in with rumours in December last year that Stancha had increased lending to Escom.

ELTSA members plan to raise the matter at the Stancha AGM at which the bank is expected to come under attack for its continued links with SA.

B|Day 17/3/87

280

Thomson Publications bought out

HAMISH McINDOE

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

But the Canadian multinational will not divest its majority shareholding in the highly successful Johannesburg company Mead & McGrouther, which publishes used-car values for motor dealers.

Observers believe Thomson Publication's financial problems, rather than political pressure on its parent, are the main reason for the pull-out.

A reliable source says IT's UK office has been funding its SA subsidiary at the rate of about R25 000 a month. "It's not a lot, but it has been causing raised eyebrows in Toronto."

Thomson Publications MD Joe Brady says IT's UK chairman Malcolm Gill flew to SA on Thursday to announce the withdrawal. Agreement in principle was reached quickly in the buy-out, Brady adds.

No figure has been set for the sale.

Brady says the pull-out is for the "usual reasons". "It was a question of weighing the importance of their SA subsidiary against their US business."

The source believes management will continue to run its successful daily tender service and gradually sell off its trade publications.

About 140 editorial and sales staff have been retrenched since 1984.

Mead & McGrouther MD Oscar Perouch says he has been assured that the company's parent Glass Guides Services — 51% owned by IT — will not withdraw from SA.

The company publishes used-car values, which are invaluable to the motor industry. Its turnover is said to be about R800 000 a year.

THE ECONOMY

Zim's sanctions footsie-footsie

By HOWARD BARRELL, Harare

ZIMBABWE and Zambia have been hit by a new bout of soul-searching over whether or not to impose a limited sanctions package against South Africa.

In the case of Zimbabwe — the economic kingpin of the Frontline states — the argument against sanctions is now being heard not only from relatively conservative businessmen and economists. Elements of the hard Zimbabwean left are also now voicing opposition.

Both Zimbabwean Prime Minister Robert Mugabe and Zambian President Kenneth Kaunda made commitments in the second half of last year to impose tough sanctions within a matter of months.

But three months into 1987, there is still no practical sign sanctions are imminent. Serious food riots in Zambia in December last year, and vigorous anti-sanctions arguments in Zimbabwe, have stimulated the hesitation.

"If South Africa retaliates on a fairly major scale, our economy could be reduced to rubble. That would not serve the intended cause," a leading Zimbabwean leftwinger remarked last week.

"For us, sanctions have never been a moral issue. Instead, they are a means to get the major Western powers to disengage their support for the apartheid government," he added.

The African National Congress is fullsome in its praise for Zambia and Zimbabwe's commitments to sanctions. But it recognises their limitations.

Whereas Zambia and Zimbabwe's ability to inflict punishment on South Africa is minimal, Pretoria has a veritable economic arsenal it can employ in retaliation.

Current banking estimates are that more than 80 percent of both Zimbabwe's imports and exports are passing through South African transport facilities, while 18 percent of imports and exports originate in South Africa.

The war-plagued Beira corridor, carrying a road, railway and fuel pipeline from Zimbabwe to the Mozambican coast, is capable of carrying only a fraction of Harare's foreign trade.

Plans to repair a second railway line to the Mozambican port of Maputo, inoperable because of Renamo guerrilla activity in Mozambique, have a long way to go.

Zambia's transport dependency on South Africa is less extreme.

But its dire economic problems, a worrying increase in social unrest since December last year, and a more acute assessment of the limited capacity of the Tazara railway line through Tanzania, have been cause for hesitation.

No doubt Zambia and Zimbabwe's banning of South African Airways' landing and overflight rights at some stage in the future would hurt Pretoria a bit. But so, too, would it hurt the two Frontline states and their financially troubled airlines.

South Africa's railways, harbours and industries would also lose a bit through the lost traffic and orders that would result from sanctions, but a far worse effect would fall on its two neighbours.

Zimbabwe and Zambia, like the majority of Frontline states, believe far-reaching Western economic sanctions offer the last hope of avoiding a regional conflagration of major proportions.

Behind their own commitment to a sanctions package has been a determination to explode one of the reasons given by the Western nations for not employing their economic muscle against Pretoria. That excuse has been that Western sanctions would engender South African retaliation.

So, Zambia and Zimbabwe have been trying to say to the Western powers: "We aren't scared. Why should you be?"

The boast looked a whole lot firmer eight months ago than it does now.

The soul-searching does not negate either country's demand for Western sanctions. There's just more doubt about whether they should themselves have to make a potentially enormously costly gesture to drive home their point. — Agenda Press.

Dutch call for tougher sanctions

27/3/87

AMSTERDAM — Former Dutch Prime Minister Mr Joop den Uyl urged the Dutch government yesterday to cut trade and investment links with South Africa, in line with Sweden.

Mr den Uyl, co-chairing a conference of West European socialist parties and the African National Congress (ANC), said the Netherlands was restricted by its membership of the European Community (EC).

GOLD COINS

The Netherlands has advocated sanctions broader than current EC measures, which include a ban on South African steel and gold coin imports.

Mr van den Uyl said this week's debt rescheduling agreement between South Africa and major Western banks was an infringement of EC and American bans. — Sapa-Reuter.

STAR 27/3/87

Swiss claim SAA beating air sanctions

The Star's Foreign News Service

ZURICH — Switzerland's South Africa Boycott Action group is claiming — and the authorities are denying — that an extra South African Airways flight to and from Zurich each week is a way of evading United States sanctions.

In April SAA will have four instead of three flights each week between Johannesburg and Zurich. Flights to Frankfurt will increase from four to five.

The anti-South Africa group chairman, Mr Mascha Madoerin, said Switzerland was openly helping South Africa to evade sanctions imposed by other countries, referring specifically to America and Scandinavia, which deny landing rights to SAA.

Mr Max Neuenschwander, head of the Swiss Civil Aviation Board, said agreements between Switzerland and South Africa permitted additional flights by both sides.

He said there was no reason to re-examine the agreements as long as the Swiss government rejected official sanctions.

Kenya offers to halt European flights to SA

28/3/87

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ADDIS ABABA — Kenya offered yesterday to stop planes landing in Nairobi on their way to and from South Africa if it could be sure other African countries would not step in to fill the gap.

A Foreign Ministry official made the offer at an Organisation of African Unity (OAU) foreign ministers' meeting here in response to Ghanaian accusations that Kenya had failed to implement OAU resolutions on landing rights.

"We are in favour of putting an end to these European planes going to and from South Africa... (but) there will be no desired result if a certain airport is closed to European flights only to see another airport not too far away welcoming those same flights," said a statement read by Mr Omar Fakih.

Mr Fakih, head of the Africa desk in the Foreign Ministry, read the statement on behalf of the head of the Kenyan delegation to the five-day OAU conference.

Seven airlines —KLM, El Al, Iberia, Olympic, Swissair, Lufthansa and British Airways.— run a total of 16 round trips a week to Johannesburg, stopping in Nairobi on the way and .bringing some 25 million dollars a year into Kenya's economy.

The Kenyan statement said the leaders of the states in Eastern and Central Africa had discussed the flights and agreed in principle that they should stop.

"But they decided that this should be done in the context of a global African effort if the desired results were to be obtained. This is the next stage," it added.

The statement also asked why other African states had not banned these same airlines from overflying their territory on the way to and from South Africa.

"Some countries think they can advance their internatioinal standing by casting doubt on others," it added, apparently in reference to Ghana, which brought up the subject yesterday.

The Ghanaian Foreign Minister Mr Obed Asamoah named Kenya along with Zaire, Malawi and the Comoros as four African countries which should clarify their positions on links with Pretoria. — Sapa-RNS

Sanctions 'hypocritical' — Yitzhak Unna

ARGUS 31/3/87

280

By PETER ALLEN-FROST
Argus Foreign Service
Dateline: TEL AVIV

ISRAEL'S former ambassador to Pretoria, Mr Yitzhak Unna, has strongly criticised his country's imposition of sanctions on South Africa as "hypocrisy and deception".

Sanctions would lead to an "international pageant of hypocrisy, double-talk, lip service and deception".

He said the only other result would that a "lot of people are going to get very rich setting up dummy companies in the States" to evade sanctions.

Mr Unna said Israel's decision, made under US pressure, "will do absolutely nothing towards solving South Africa's problems".

"My impression, talking to the man in the street (in Israel), is that he too regrets the moves by his government.

"After all, we ourselves were subjected to boycotts and embargoes by France, as a result of which we have now become more self-reliant. And I have no doubt this will be the effect on South Africa in the long run."

Commenting on the long-term political dimension, Mr Unna said he believed the South African government would realise the situation in which Israel had been placed.

"I know the South African government and the ministers involved and I think they will realise we had very little option. The United States threatened to withhold aid and that was something we could not afford to ignore.

"Obviously Israeli/South African relations are very important to us for a number of reasons, but I want to be frank about what a lot of people might not want to hear ... American/Israeli relations are even more important.

"I hope the government moves here won't in the long term have a detrimental effect on the very strong ties Israel has with South Africa."

Israel's giving in to pressure from Washington hurts Yitzhak Unna because it is indicative of a wider problem.

"You are touching on a painfull issue — the contraction of our independence because of our dependence on the United States in many spheres, not just in the case of South Africa.

"Obviously my answer must be that we have to work harder to make ourselves economically more self-sufficient and independent of outside advice, counsel or pressure."

Asked about threats received by the Israeli embassy in South Africa about reports of swastikas daubed on outgoing mail sent by El Al to Israel, Mr Unna recalled a similar experience some years ago when he was ambassador.

"When Israel donated a meagre sum of money to the OAU liberation fund we also got calls ... all sorts of crackpots telephoned us. I think it's a marginal, irrelevant reaction from unimportant fringe elements."

Frontline consensus on sanctions has crumbled

(280) STAR 1/4/87

Paul Vallely of The Times outlines the economic realities which have led to South Africa's neighbours having second thoughts.

Zambia's decision last August to stop exporting its copper through South Africa was not the start of sanctions: it was simply a sensible economic realignment, its Minister of Mines said recently.

South Africa's response to this, and to the sanctions package agreed at the same time by African leaders at the Commonwealth mini-summit in London, was to delay Zambia-bound traffic — but that was not retaliation, said Pretoria, merely the imposition of sensible customs regulations.

For all the rhetoric and posturing, South Africa's black neighbours seem decidedly reluctant to impose sanctions. It is now three months since the last of Robert Mugabe's deadlines expired. The only word from Harare is that sanctions will be implemented "very soon".

Hardliners insist that sanctions only await a strategy by the Frontline states. This will depend largely on the scheduled completion in May of the first phase of rehabilitating the railway to Beira, though only in 1990, at the end of the second phase, will it be able to handle the 3,5 million tons of Zimbabwe's annual trade.

Cold feet?

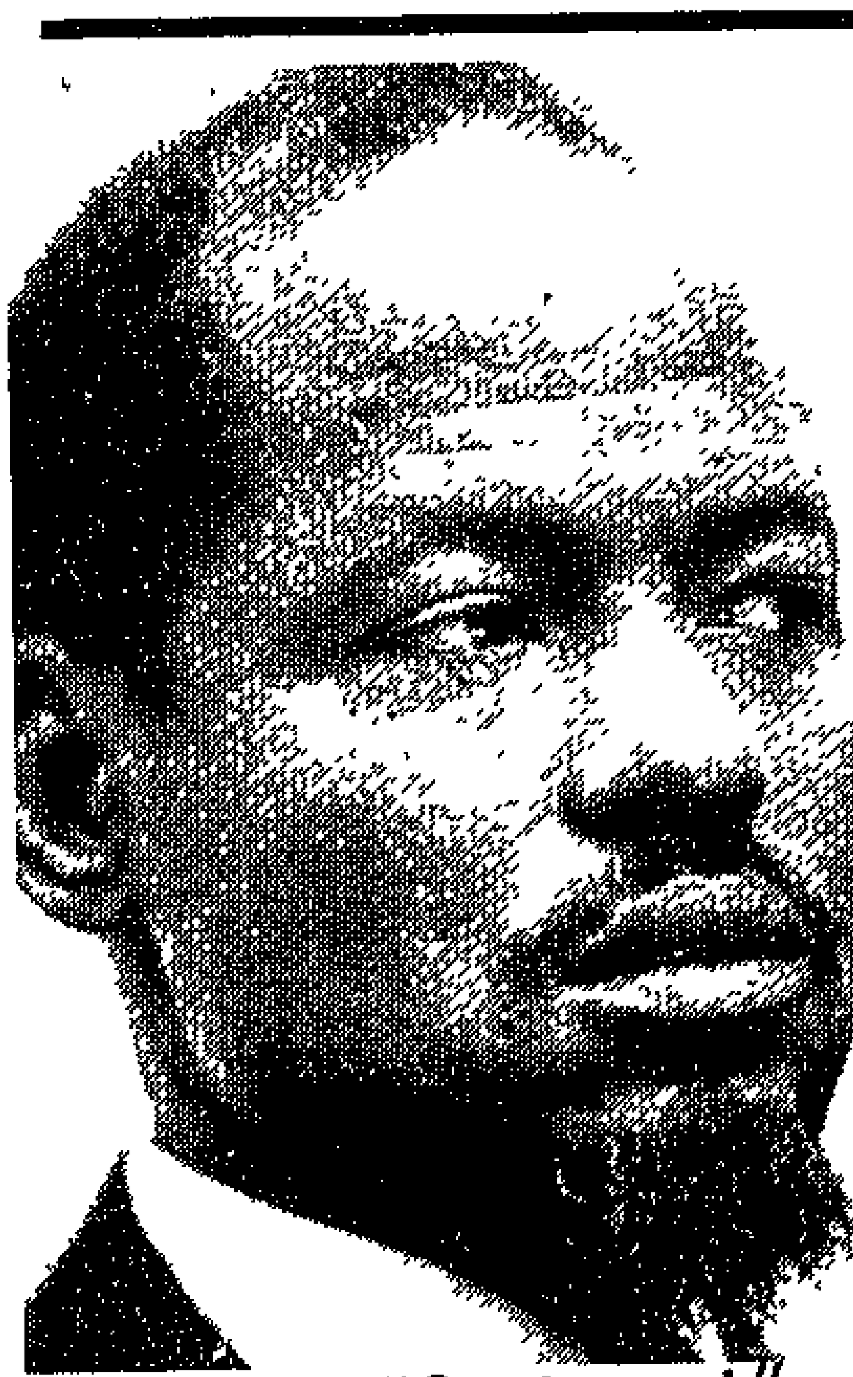
Other observers maintain that since the black nations worked out the actual cost of switching the freight that now goes through South Africa they have developed cold feet. What is certain is that the consensus on sanctions has crumbled.

On visits last month to Zambia and Zimbabwe, President Chissano of Mozambique told Kenneth Kaunda and Robert Mugabe that they could count Mozambique out of any sanctions plan. Botswana had long ago excused itself on the grounds that its economy was inextricably entwined with that of its immediate white neighbour.

Angola, at war with the South African and US-backed Unita rebels, had never been in a position to do much. Malawi, the only Frontline country to maintain full diplomatic relations with Pretoria, has long been written off as a client state. Swaziland and Lesotho, like Botswana, are economically dependent on South Africa.

That leaves only Zambia and Zimbabwe.

Despite the best endeavours of the



Chissano . . . "Count me out."

Southern African Development Coordination Conference (SADCC), which was set up to lessen the reliance of the black states on South Africa, four have recently increased electricity purchases. Since 1980 overall trade volumes have actually increased. In 1984 Zimbabwe sent only 51 percent of its foreign trade through South Africa; today the figure is nearer 90 percent.

"There is no doubt that the Frontline states have played the sanctions issue rather badly," said one European diplomat in Lusaka. "If they don't set an example they will lose face, but it seems unlikely now that they can."

It is generally accepted by Western observers in the region that at the Commonwealth summit in London most of the African leaders were unprepared for the decision which they sprang upon themselves.

A Harare-based diplomat said: "They just hadn't costed it. Civil servants here were horrified when they heard what Mugabe was saying. They knew that wider-ranging sanctions would reduce Zimbabwe to a subsistence economy."

The package of measures which the African leaders accepted at the conference was, in the event, less dramatic. Even so, the agreed boycott of South African iron, steel and coal and the severance of air links would cost the black states dear. The banned materials constitute about 17 percent of Zimbabwe's imports.

It would cost Zambia, in a relatively stronger position, an estimated R600 million more to buy elsewhere. Stopping the 120 flights which every week link seven of the SADCC countries to Johannesburg would lose the loss-making Zambia Airways, for example, about 30 percent of its revenue and its most profitable route.

More significant than the immediate problems is the uncertainty over the possible South African response. "Contingency plans? We haven't got any," said one Zambian official in a moment of private frankness. "There are hundreds of options for South Africa. How can we prepare for them all?"

Diplomats in the Frontline states predict a three-phase reaction by Pretoria. "First they would just slow down imports and exports as a kind of warning," said one. "Then they would probably increase pressure on Mozambique and Botswana. In the final resort they would just close the border."

Mr Mugabe and Mr Kaunda, however, remain firmly committed to the notion of sanctions and it may well prove impossible for them to lose face by backing down entirely. The severance of air links seems the most likely gesture.

If that is what sanctions boil down to then much will depend on the timing.

"If they wait until the South African election in May there will probably be no response at all," said one South African businessman. "But if they do it before, then Botha might well go off bang."

100 Years Ago

From The Eastern Star

The farmers of the Transvaal are taking all their produce to the gold fields, and make lots of money, so that they are paying up their taxes quite cheerfully.

Campaign aimed at fuel firm pull-out

SMR 280

1/4/87

NEW YORK — A group of American shareholders of the Royal Dutch Petroleum company began a campaign today aimed at pulling the oil company out of South Africa.

The company is one of two parent companies that make up the Netherlands-based Royal Dutch/Shell Group, the world's second-largest oil company.

Sponsors of the campaign say they have the backing of church groups and other institutions which collectively own 4,8 million of the approximately 268 million shares in Royal Dutch Petroleum.

The group includes four retirement funds covering various groups of New York City workers, the California State Teachers Retirement System and seven church-related groups.

KICKED OFF

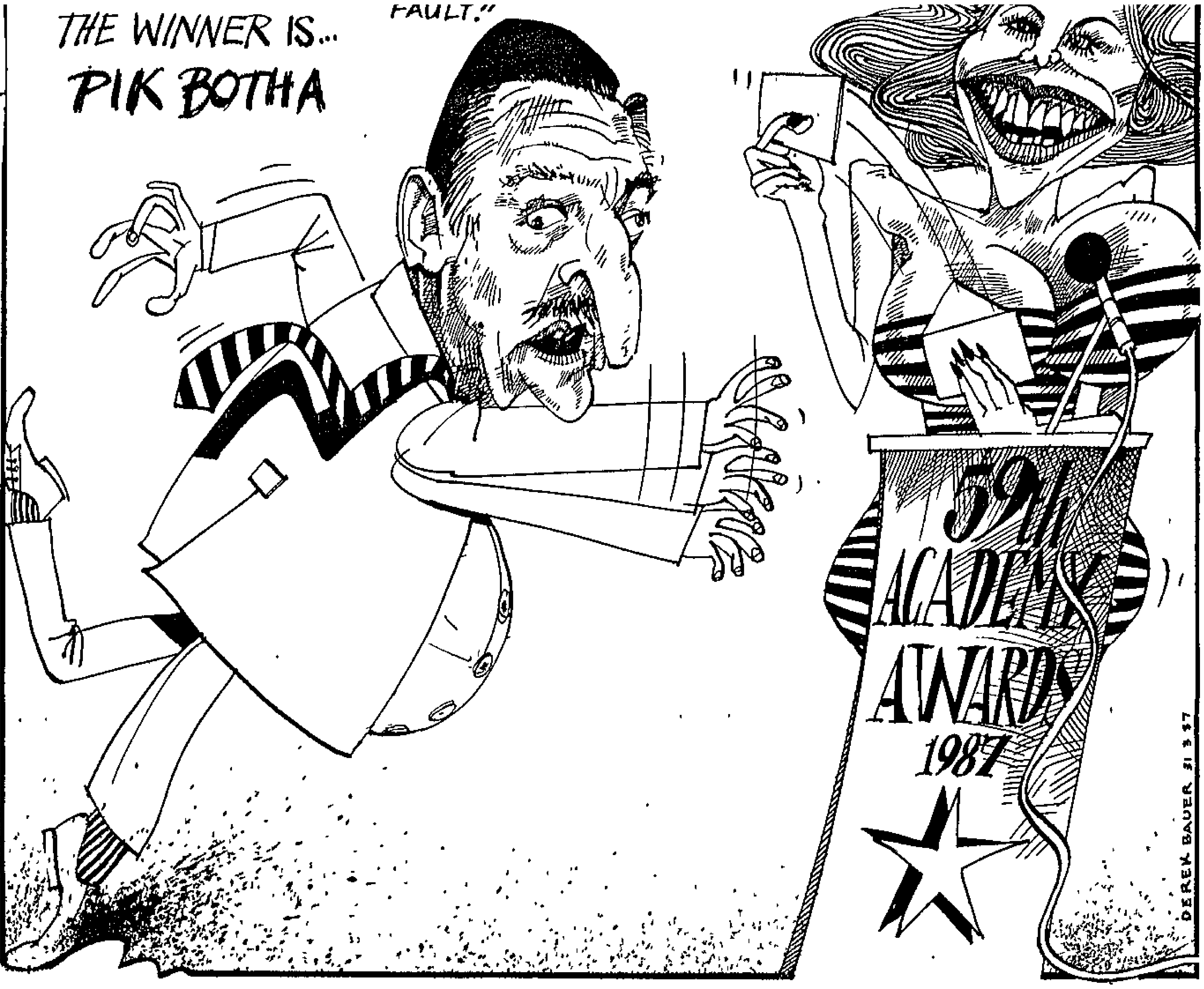
Some 70 US companies including General Motors, Coca-Cola and IBM have already withdrawn their business interests from the country in protest against South Africa's apartheid policies.

The campaign to pull out Royal Dutch Petroleum was kicked off at a news conference by Harrison Goldin, New York City comptroller, and Gordon Smith, treasurer of the ministers and missionaries benefit board of the American Baptist Churches.

"We're seeking to have the company disinvest in South Africa — that means get out," Mr Goldin said.

Royal Dutch Petroleum said in a statement from Rotterdam that a special meeting sought by the shareholders to consider a pullout could be held under Dutch law only if 10 percent of shareholders agreed.

The shareholders who are seeking a pullout own less than 2 percent of the stock. — Sapa-Reuter.



—PAUL VALLELY, of The Times of London, outlines the economic realities behind what he calls the frontline states' crumbling alliance against Pretoria.

ARGUS 1/4/87 280

Shy of sanctions?

Dateline: LONDON

ZAMBIA'S decision last August to stop exporting its copper through South Africa was not the start of sanctions — it was simply a sensible economic realignment, its Minister of Mines said recently.

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Mozambique out of sanctions plan

Hardliners insist that sanctions only await a strategy by the frontline states. This will depend largely on the scheduled completion in May of the first phase of rehabilitating the railway to Beira.

Other observers maintain that since the black nations worked out the actual cost of switching the freight that now goes through South Africa they have developed cold feet. What is certain is that the consensus on sanctions has crumbled

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That leaves only Zambia and Zimbabwe

President Chissano's decision could hardly have suprised Kaunda and Mugabe. Mozambique, which provides the only alternative route to the sea, has for the past five years been the main target of South African destabilisation and would be highly vulnerable to economic pressure.

In spite of the best endeavours of the Southern African Development Co-ordination Conference (SADCC), which was set up to lessen the reliance of the black states on South Africa, four have recently increased electricity purchases.

"There is no doubt that the frontline states have played the sanctions issue rather badly," said one European diplomat in Lusaka. "If they don't set an example they will lose face, but it seems unlikely now that they can."

It is generally accepted by Western observers in the region that at the Commonwealth summit in London most of the African leaders were unprepared for the decision which they sprang upon themselves.

The package of measures which the African leaders accepted was, in the event, less dramatic. Even so, the agreed boycott of South African iron, steel and coal and the severance of air links would dearly cost the black states

Some Zambian businessmen have been exploring alternative sources for industrial components but are hampered by the chaotic state of the economy and the severe shortage of foreign exchange.

More significant than the immediate problems is the uncertainty over the possible South African response. Diplomats in the frontline states predict a three-phase reaction by Pretoria.

"First they would just slow down imports and exports as a kind of warning," said one. "Then they would probably increase pressure on Mozambique and Botswana. In the final resort they would just close the border"

Much will depend on the timing

Mugabe and Kaunda, however, remain firmly committed to the notion of sanctions and it may well prove impossible for them to lose face by backing down entirely, whatever the prudence of counsels from their Cabinet colleagues and economic advisers. The severance of air links seems the most likely gesture.

If that is what sanctions boil down to then much will depend on the timing.

"If they wait until the South African election in May there will probably be no response at all," said one South African businessman. "But if they do it before, then Botha might well go off bang"

SA exports: Canadian firms face charges

Argus 7/1/87 280 289

By ALAN DUNN
Argus Foreign Service
Dateline: WASHINGTON

TWO Canadian companies are facing charges in Ottawa of illegally exporting hi-tech night vision equipment to South Africa.

Royal Canadian Mounted Police raided their offices late in November and believe details of the South African customers for the equipment will emerge at the upcoming trial.

In two separate hi-tech cases apparently not linked to this one, two Californian businessmen were recently charged with exporting or trying to take technical manuals for US jet fighter engines to South Africa

Canadian federal crown attorney Mr Paul Gavrel yesterday confirmed that Lajal Scientifique Inc and its subsidiary, Aero-Vue Canada Inc, both of Ottawa, would appear for plea or a trial date in an Ontario provincial court on April 14.

They face two charges. Exporting "infra-red imaging equipment" without the necessary permits on or about August 7 1984, and exporting "image-intensifying equipment" between August 6 1984 and November 9 1985.

The Ottawa companies are being charged in terms of the Federal Export and Import Permits Act, providing a list of goods and equipment which may not be exported without permits from Canada's Department of External Affairs.

Maximum penalties set by the law are five years imprisonment and/or a R40 000 fine

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(280)

BY MOIRA LEVY

BLACK executives at American-owned companies in the Western Cape have urged the Rev Leon Sullivan not to carry out his threat to call for disinvestment.

But their support for a US presence in South African industry has been slammed by the Western Cape Traders Association who see South Africa's continued isolation as a "peaceful method of dismantling apartheid".

Sullivan formulated the Sullivan Code for labour practices in signatory companies in South Africa. Two years ago he threatened to call for full American sanctions if apartheid were not ended by May 31.

A group of managers calling themselves the Black Caucus has circulated a petition appealing to Sullivan "to continue to lead the Sullivan programme in South Africa, which has so meaningfully impacted on the social, economic and political order."

The petition says: "We are sure that Sullivan's possible withdrawal will dampen an important contribution to the great liberation/moral struggle in South Africa."

A member of the Black Caucus, Mr Solly Keraan, a customer services manager of a Western Cape subsidiary, said it was too soon to count the signatures collected for the campaign, begun four weeks ago.

Blind eye

He said community organisations approached for their support decided to "turn a blind eye". They neither supported nor rejected the campaign.

Mr Keraan refused to disclose which organisations were approached, except to say that contact was made with leaders in Old Crossroads and Site C, Khayelitsha.

"The ramifications could tear up the pitch," he said. "People may say we are opposed to sanctions because we have vested interests. And they may be right because we work for American companies.

"It is a very sensitive thing. We have to distinguish ourselves from the South African Government which is also opposed to sanctions.

"There is the risk that we may be termed sellouts."

Sanctions

Cape Town businessmen interviewed by SOUTH said they had not heard of the Black Caucus.

Mr A L Gafoor, a local butcher, said: "Progressive organisations and trade unions have called for sanctions. They are the people who are going to be affected by divestment.

"I don't see why these black managers should run counter to the cause of the people."

"The president-elect of the Western Cape Traders Association, Mr K Allie, reiterated his organisation's support for international sanctions as a non-violent method of pressuring the South African government.

Sats adding fuel to fire, says union

2/4/87 B Day

ALAN FINE

THE South African Railways and Harbours Workers' Union (Sarhwu) said yesterday Sats' action in "causing negotiations to deadlock" on Tuesday had made workers even more unwilling to return to work.

Sats said it was waiting for worker representatives to arrange a meeting for talks on a return to work.

The strike, precipitated by the dismissal of a driver, began 20 days ago and involves at least 13 000 workers on the Witwatersrand.

Sarwhu has called a Press conference for today, which will be attended by representatives from Cosatu and the UDF, suggesting these organisations may plan some kind of intervention in the strike.

The National Council of Trade Unions (formerly Cusa/Azactu) said yesterday it would set aside its ideological differences with Cosatu, to which Sarhwu is affiliated, and lend its support.

SAPA reports that the Black Trade Union (Blatu) of Sats — an in-company union — has called on strikers to return to work.

Blatu said Sarhwu was responsible for the strike and had misled the workers.

Lion Match will burn on in SA

2/4/87 B Day

KAY TURVEY

IT will be business as usual for Lion Match, despite the takeover of its UK parent company, Wilkinson Sword, by Swedish Match.

Earlier this week, Swedish Match management said Lion Match would be sold off as soon as financially feasible.

But Lion Match CE Bob Harker said yesterday there would be no change in its operations for the next year at least.

Despite Sweden's ban on trade with SA, Harker said he understood Swedish Match would not be compelled to sell Lion Match, although rationalisation of its Wilkinson acquisition was intended.

Harker felt confident Swedish Match would take a long, hard look before disposing of Lion Match, which had a 35% SA shareholding and contributed "greatly" to group profits.

Lion Match controls the Southern African match market and reported a R15,18m operating profit for 1986. The shares have risen by 400c since the results were announced last week.

Wilkinson Sword's substantial match-producing concerns in Brazil and Australia are troubled by economic ills and shrinking markets.

Sats marks a problem for sanctions-busters

B Day 2/4/87 (280)

HELENA PATTEN

SANCTIONS-BUSTING exporters who deliberately omit Sats standards markings on packaging to disguise the SA origin of goods may have difficulties claiming against Sats for damages in transit.

However, Sats, if asked to do so, would accept altered standards markings omitting reference to SA, Andre du Rand, superintendent of packaging, said yesterday.

Sats is liable to pay the lesser of either R16,15/kg or the market value of goods damaged while transported by them, provided the packaging complies with specifications.

Normally, packaging manufacturers print a diamond-shaped Sats logo on boxes, indicating compliance with packing requirements.

Du Rand said that because of exporters' problems if goods were marked as originating from SA, Sats would agree to the use of modified certificates of compliance.

However, these could be used only for avoiding restrictions on export traffic, and not for local distribution.

Modified certificates could exclude reference to Sats or SA and could depart from the distinctive diamond shape. The alternative certificates would indicate such details as the boxmaker, lot number and date, possibly in code.

Any wording required, such as on dangerous goods, could be in English only, Du Rand said.

Johan Blaauw, Sats deputy director (claims), said before a claim for damage against Sats could be approved, Transport Services had to be sure the packaging had complied with requirements.

 (280) 2/4/87

Negative stance on processing of film from SA

Post Reporter

SOUTH Africans will no longer be able to have specialised Kodachrome films — used for colour slides — processed abroad.

Following Kodak's disinvestment in South Africa, letters were sent to dealers this week stating that laboratories world-wide will not return processed Kodachrome films to addresses in South Africa and Namibia after April 30.

A Uitenhage pharmacist said when Kodak announced it would be disinvesting, dealers were assured that while the Kodachrome film would no longer be proocessed in South Africa, it could be processed in Switzerland, England, Germany and the United States.

"Now it appears that this service has been taken away as well," he said.

"We received a letter yesterday saying that Kodak had been advised that laboratories world-wide would no longer return films by post to addresses in South Africa and South West Africa."

Mr Basil Allschwang, managing director of Colour 2000 in Port Elizabeth, said he had also received a copy of the letter yesterday.

Mr Allschwang said the Kodachrome film — which was the original colour slide film — could be developed only by the proprietors themselves.

"Nobody but Kodak can process the film. Other films, which have built-in colour-couplers, merely require simple chemistry methods to process them. This we can do in 90 minutes in our own laboratories," he said.

"All the letter means is that if one is in possession of a Kodachrome film, he or she should make sure they have it processed by April 30."

France due to consider new sanctions against SA

2/4/87 STAR.

France and Zimbabwe have indicated that they intend taking further punitive action against South Africa. At the same time the Israeli Defence Minister, Mr Yitzhak Rabin, has said the imposition of sanctions on South Africa could serve as a precedent for a similar embargo by the rest of the world against Israel.

Zimbabwe Prime Minister Mr Robert Mugabe told Parliament yesterday that the country had not dropped its plans to impose economic sanctions against South Africa.

Speaking during Prime Minister's question time, Mr Mugabe said: "Sanctions are coming."

In Paris the French Foreign Minister, Mr Jean-Bernard Raimond, will today announce a major diplomatic initiative regarding sanctions.

The initiative concerns a special French diplomatic mission to the six Frontline states over the next two months.

Mr Raimond will tell the ambassadors of the six states that France's highest ranking ambassador, Mr Fernand Wiboux, will be sent on mission to their capitals.

His lengthy "mission of information and evaluation" will start on Monday.

Mr Wiboux does not appear to have any plans to visit Pretoria.

The sanctions Israel is imposing on South Africa could serve as a precedent for a similar embargo by the rest of the world against Israel, Defence Minister Mr Yitzhak Rabin said yesterday in Tel Aviv.

"We know what it means to be sanctioned, embargoed, when your enemies are all around you," he said.

In Harare Prime Minister Mr Robert Mugabe yesterday told Parliament that Zimbabwe has not dropped its plans to impose sanctions.

Both Zimbabwe and Zambia would impose their own package of economic embargoes, but were working on "certain arrangements", he said.

Mr Mugabe appealed to businessmen to prepare for sanctions.

And in Dar es Salaam a leading Kremlin official has announced the USSR is to increase its aid to Southern African "liberation movements".

Mr Pavel Gilashvili, vice-chairman of the Soviet parliament, made the announcement at the end of a tour of the Frontline states. — The Star's Foreign News Service.

Another Cosatu nod to 'economic pressure'

W\Mail (280) 3-9\4\87

By SEFAKO NYAKA

THE Congress of South African Trade Unions (Cosatu) this week reaffirmed its support for economic pressure on the South African government.

Information officer Frank Meintjies also rejected the attack Chief Mangosuthu Buthelezi made on Cosatu vice-president Chris Dlamini.

Buthelezi, referring to a recent BBC television interview, accused Dlamini of political shallowness by "first promoting disinvestment and then back-tracking when it became clear most blacks were disenchanted with the policy".

According to Meintjies, the full text of Dlamini's speech indicates no contradiction of Cosatu policy.

"The resolution Cosatu adopted at its inaugural congress makes it clear that we support effective and far-reaching international economic pressure to force the government to abandon apartheid and repression and to move towards democratic transformation," Meintjies said.

This position has majority support within Cosatu, he said, even among workers who are affected — as the General Motors and Coca Cola strikes demonstrated, he added.

Meintjies said the government and bosses should bear the brunt of such punitive action because they were the ones who have created and upheld the system that caused so much conflict and generated so much revulsion.

"Our resolution makes it clear that in the case of companies considering a pull-out, our view is that social wealth should remain in South Africa.

"This wealth has been created by workers and must ultimately be distributed in the interest of the workers."

Withdrawals should be negotiated so that they take place on terms and conditions favourable to the interests of workers.

Last week union representatives within Cosatu discussed a commission report compiled by the Community Research and Information Centre (Cric) on the effects of sanctions.

The report also looked at "what every sector in the economy has been going through in the past years".

It will serve as a guideline to Cosatu's adaption of policy to changing circumstances.

Cosatu affiliates have been discussing the effects of sanctions at union level

Cosatu adopted its initial resolution on sanctions and disinvestment at its inagural conference in Durban in December 1985.

Since then, the sanctions and disinvestment situation has changed — for example, the "reality of pull-out" and the setting up of trusts for workers.

"We need a policy that deals with the reality of pull-outs and deals with the various options put to us by companies pulling out of the country," Meintjies said.

He stressed that the policy will have to deal with how sanctions and disinvestment take place.

"There will be instances where disinvestment and sanctions favour a company instead of the workers. We will need to intervene in this process."

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DISINVESTMENT FOCUS

McGregor Research Services' (MRS) new and comprehensive analysis of disinvestment patterns since January 1984 contains some intriguing results.

Since January 1986, 172 firms have pulled out, representing 93 parent companies. But, with 3 107 SA companies currently having foreign parents, MRS concludes that "the rate of disinvestment is not as serious as it appears."

Only 2% of UK companies with interests in SA have withdrawn while 20% of all US companies in SA have already left. Five percent of all foreign companies which operated here have disinvested, while 56% of all disinvestments over the past two years took place since January 1986.

Management now owns 19% of all disinvested companies while SA companies absorbed 45%. The balance either discontinued operations, were liquidated or sold to another foreign parent.

MRS suggests that the change in US tax law — effective from December 1986 — contributed significantly to the spate of withdrawals in the latter half of last year. "The losses made on disinvestment prior to that were ultimately borne by the American taxpayer."

280 3/4/87

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Company sells its S African subsidiary

ENGLEWOOD CLIFFS (New Jersey) — Food products company CPC International Incorporated announced yesterday that it has sold its subsidiary in South Africa, ending its operations in the country.

The company said it sold Robertsons (Pty) Ltd. to a consortium of European and South African investors for an undisclosed price above market value.

"In recent months, operating a business in South Africa has become increasingly difficult both for companies headquartered in the United States and their subsidiaries in South Africa," said the president of CPC, Mr James R. Eiszner.

He did not mention South Africa's policy of apartheid as a reason for the sale.

He said Robertsons is a racially integrated business and that about 70 per cent of its employees are black, including 68 per cent of the supervisors. — Sapa

US report shows 'minor exceptions' to embargo

(280)

STAR 3/4/87

By Neil Lurssen,
The Star Bureau

WASHINGTON — The United States has strictly enforced the 1977 United Nations arms embargo against South Africa, and also bans all American exports to the SADF and the SA Police — with two "minor" exceptions, according to a new American Government report.

These exceptions are medical supplies and devices used in preventing unlawful interference with international civil aviation.

The report, an examination of South Africa's international arms dealings prepared by the Reagan Administration in terms of last year's Sanctions Bill, was partially released yesterday.

A more detailed version remains classified.

The unclassified version says the United States believes companies in France, Italy and Israel have continued to be involved in the maintenance and upgrading of major weapons system provided to South Africa before the mandatory UN arms embargo in 1977.

It says that companies in Germany, Britain, the Netherlands and Switzerland have on occasion exported articles covered by the embargo without permission of their governments, or have sold items to South Africa in the "gray area" between civilian and military applications.

"Prior to the Israeli Government's decision on March 18 not to sign any new military con tracts and to let existing contracts expire, Israel appears to have sold military systems and sub-systems and provided techncal assistance on a regular basis.

"Although Israel does not require end-use certificates and some cut-outs (third party intermediaries) may have been used, we believe that the Israeli Government was fully aware of most or all of the trade," the report states.

It adds that there is no evidence that Israel has transferred US-made or US-licenced items to South Africa.

"But in the absence of an inspection of Israeli-made or licenced weapons in South Africa, we cannot say whether Israel has reverse-engineered US weapons or transferred US technology into Israeli weapons that are similar to US weapons," it says.

By sub-systems, the report means items such as aircraft electronics systems (avionics) which are used to upgrade existing aircraft.

SA-Israel 'romance over' (280)

TEL AVIV — "The romance has ended," Israeli Foreign Ministry political director-general Mr Yossef Beilin told an Israeli military radio station yesterday, describing the relationship between South Africa and Israel. He added that he hoped there would, as a result, be no further US sanctions against Israel. — Saturday Star's Foreign News Service. STAR 4/4/87

Cape Times

ıy, April 7, 1987 11

SA arms embargo 'won't affect supply'

280

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Own Correspondent

JOHANNESBURG. — The US State Department's document on countries that have supplied SA with military technology and hardware in violation of the 1977 UN arms embargo will increase political pressure on these countries.

But it will not affect the supply of the hardware other than, at most, making it a little more expensive.

Cautious

This is the view of the director of the SA Institute of International Affairs, Prof John Barrett.

Prof Barrett says, however, that it is impossible to quantify the past and future effects of the violations and the report, because the nature of the arms and technology supplied is not included in the declassified section of the report. He is therefore cautious about drawing conclusions.

He says the arms embargo gave a "tremendous boost" to increasing the self-sufficiency of South Africa's arms industry. But the report shows the industry still needs some foreign input.

He says it is important to note that the violations did not necessarily occur with the approval of the named governments — Israel, France and Italy.

Loopholes

It is an embarrassment to them, and they will probably give more attention to enforcing the embargo. But loopholes were, and will continue to be, found. So long as money is available, sellers will be found, he says.

A more significant feature of the State Department report, says Prof Barrett, is that it highlights the increasing isolation of the SA government. And anti-apartheid organizations and others will be able to use it to increase pressure in other spheres of trade.

280 208 188 STAR 6/4/87.

Tobacco looks for new outlet

HARARE — Zimbabwe's tobacco industry will find alternative export routes in the event of sanctions against South Africa, a tobacco marketing official said in Harare.

The domestic news agency, Ziana, quoted the Zimbabwe Tobacco Association's president, Mr Jeremy Webb-Martin, as saying in a television interview that sanctions would disrupt the industry's "traditional routes", but faced with the challenge, alternatives would be found.

At present, South African ports handle 90 percent of Zimbabwe's tobacco exports.

Beira, which handles about three percent, is a viable alternative, but it would be some time before it could be used to its fullest capacity, said Mr Webb-Martin.

The possibility of delays would have a negative effect on the industry, which earns an average of 23 percent of Zimbabwe's foreign exchange.

He added that there were other alternatives to Beira. "If it comes to the crunch, we will do our very best, and I don't think we will let anyone down."

He said that this year, as a result of the drought, the industry expected to sell less tobacco than last year and its target was about 135 million kg.

He said the industry had embarked on a training and information dissemination exercise to benefit the peasant farmers and create a broader production base. — Sapa.

(280) SMR 7/4/87

African states seek approval before cutting SA air links

HARARE — Zambia and Zimbabwe put off plans to cut air links with South Africa last December after realising such a move would be fruitless without backing from other African states and the international community.

Zambian President Mr Kenneth Kaunda told Zimbabwe's *Herald* newspaper: "On analysing what was involved, it became clear that unless all of us acted in unison efforts by Zimbabwe and Zambia alone would have been wasted, leaving serious loopholes and rendering the whole exercise meaningless."

Zambia and Zimbabwe, both members of southern Africa's Frontline states spearheading black Africa's opposition to South Africa, have said they will impose sanctions on Pretoria to force the white-led country to end apartheid.

Mr Kaunda said a common strategy on the proposed embargo was being discussed between leaders of the Frontline states. — Sapa-Reuter.

Harsh measure will cause 'mass chaos'

Philadelphia to discuss sanctions

By Neil Lurssen, The Star Bureau

WASHINGTON — The city of Philadelphia is due to vote this week on the harshest economic sanctions imposed on South Africa by an American local authority, amid warnings that approval of the measure will cause "mass chaos and confusion".

The measure, endorsed by the city's rules committee, goes much further than any anti-apartheid measure passed by other cities and States in the United States.

It would ban all city contracts — worth billions of dollars — with companies that have investments, franchises, licensees, management teams or operations of any kind in South Africa or Namibia.

It is designed to eliminate totally all links with apartheid and specifically to confront companies such as Coca Cola and IBM that have divested their South African holdings but still market their products there through franchises, licenses or other special deals.

Local analysts expect the measure to be approved when it goes to the full city council, probably on Thursday. They note that with municipal elections coming in the largely black city in May, few councillors would dare to vote against it.

Any attempt to dilute it would be strongly resisted, they say.

Significantly, however, an alarm is being raised by Philadelphia's black Mayor, Mr Wilson Goode, who said that while he favoured the con cept he could not accept its practicality.

He feared mass chaos and confusion in the conduct of the city's day-to-day business if Bill 251 became law.

Fierce opposition has also come from the Greater Philadelphia Chamber of Commerce, which argued that the measure would do nothing to remove apartheid in South Africa, but might cause serious harm to the economy of Philadelphia and its suburbs.

The Chamber's spokesman, Mr Nicholas DeBenedictus, said that apartheid was deplorable, but that foreign policy was the responsibility of the United States federal government and not of individual American cities and States, which often established contradictory policies.

When Bill 251 went before the rules committee, the Chamber protested that it would cripple Philadelphia's ability to function, leaving the city with a short list of companies with which to do business, significantly increase the costs of services, and leave the city open to lawsuits from banned companies, among them the biggest and most powerful corporations.

"Passage of the Bill would forbid the city from dealing for important medical and pharmaceutical products from Abbott, Johnson and Johnson, Squibb, and Lederle Labs, the country's sole source of a TB vaccine and polio vaccines," Mr DeBenedictus said.

He warned that the measure would stunt Philadelphia's regional growth at a time it was striving to become an international city and would send an unfortunate signal to investors considering the region for relocation or trade.

The measure's supporters were unimpressed.

Ms Catherine Blunt, co-chairwoman of the local anti-apartheid coalition, said: "It may be a tough fight, but we intend to fight for it.

"We felt it was important to have a strong Bill because we want Philadelphia to be an apartheid-free city."

The measure was introduced by Councillor David Cohen, who said that throughout the world there was growing awareness that government-supported racism was unacceptable and wrong.

"We are proud of our city's record in setting the standard on anti-apartheid legislation," said Ms Blunt.

US cities back-pedal on SA disinvestment

The Star Bureau

WASHINGTON — While the American east coast city of Philadelphia is moving towards a complete separation from anything remotely connected with South Africa, other major American cities have discovered that disinvestment is easier said than done.

Twenty-one American states and many cities have implemented disinvestment measures, withdrawing funds from American companies that do business in, or with, South Africa, or denying the companies city or state contracts.

In some important cases, the sanctions were softened when it was found that the city or state was harmed by its own law.

In 1985, Los Angeles enacted a law that was almost as drastic as the Bill that may become law in Philadelphia this week. But, last year, Los Angeles legislators eased it with numerous exemptions.

San Francisco also has an escape clause from its anti-South Africa fervour — an exemption that allows the city to enter into a contract with a South Africa-connected American company if the product cannot be bought anywhere else.

HARD-HEADED APPROACH BY CHICAGO

Chicago introduced hard-headed business in its anti-apartheid legislation. American companies that deal with South Africans can bid for Chicago contracts as long as their bids come in eight per cent lower than "unoffending" competitors.

Last month, the Virginia capital of Richmond swallowed its pride and abandoned its own law to borrow R40 million from the Bank of Virginia — with has ties with South Africa — because it could not get the money anywhere else and faced a financial crisis.

Alarmed local businessmen have warned the Philadelphia City Council that, if it goes ahead with its stringent anti-South Africa disinvestment law, the city will disqualify itself from access to some of the best products in the country.

These include the best brands of computers, food and food-service equipment, educational material, motor vehicles, business machines, even "liquid alum", a chemical used to treat the city's water waste.

240 SAPA 7/4/87.

Sweden boosts aid to Frontline states to counter 'reprisals'

STOCKHOLM — Sweden has increased aid to South Africa's neighbouring states in an attempt to offset any backlash over international economic sanctions.

Swedish Foreign Trade Minister Anita Gradin presented a Bill on March 12 banning trade with South Africa and hoped this would induce other countries to take similar steps.

However Sweden has already increased aid to Angola, Botswana, Lesotho, Mozambique, Tanzania, Zambia and Zimbabwe by 33 percent in case of South African reprisals.

South Africa has warned that sanctions would most hurt its own black population and neighbouring countries which rely on South Africa's economic health.

Sweden is to give the equivalent of R700 million to the seven states, an increase of about R200 million on 1986.

The figure is nearly half of Sweden's total foreign aid. The rest goes to about a dozen countries including the Marxist governments of Ethiopia, Vietnam and Nicaragua.

Sweden is one of the few countries that meets a United Nations standard of contributing about one percent of its gross national product to foreign aid.

"We are prepared to go further to meet acute needs," said Mr Christer Isaksson of Sweden's Ministry for Foreign Aid.

"We have just decided to give several more millions (of kroner) of humanitarian aid to Mozambique, which is plagued by civil war."

Despite public pressure to pass the Bill, the Swedish government hesitated for several months before declaring the unilateral trade ban against South Africa.

Opponents of the measure argued that it would harm Swedish businesses and their black employees in South Africa and could cost as many as 8 000 Swedish jobs.

The Bill passed anyway, enhancing Sweden's role as a leader among Scandanavian nations in opposing apartheid.

Investments

Denmark was the first to impose a trade ban (last June) and Norway is considering a Bill that would stop oil supplies on Norwegian ships.

But Sweden, back in 1979, imposed sanctions against South Africa by prohibiting new investments, one of the first industrialized nations to do so.

South Africa has taken no action recently against the Frontline states but Sweden fears it might sever its black neighbours' trade and transport routes through South Africa in retaliation against international sanctions.

The idea of helping South Africa's neighbours gain economic independence has been motivating Swedish aid to southern Africa for 20 years, Mr Isaksson said.

"The aim, then as now, was to help them grow less dependent on South Africa."

Sweden also supports African resistance movements outlawed in South Africa and Namibia. It has given the equivalent of more than R30 million in "humanitarian aid" to the African National Congress and Swapo.

Swedish involvement in southern Africa dates back to 1965 and the independence of Zambia and Tanzania.

Sweden also supported guerilla movements in the 1970s in Angola and Mozambique which were struggling for independence from Portugal.

Dependence

One recipient of Swedish aid is the Southern African Development Co-operation Committee, a regional body set up in 1980 that includes the seven Frontline states plus Malawi and Swaziland.

Its goal is regional co-operation to reduce dependence on South Africa.

Sweden contributed almost R155 million between 1980 and 1985 to the SADCC, mostly for transport and telecommunications.

It has allocated another R178 million for 1986-1988 and the amount could be increased.

Major Swedish aid projects — some financed in conjunction with other Nordic nations and within the SADCC framework — include a microwave telecommunications network between Botswana, Zambia, Zimbabwe and nearby states to circumvent South Africa.

Among other projects was the rebuilding of the Tazara railroad between Zambia and Tanzania to give the landlocked states access to ports outside South Africa. — Sapa-Associated

No support, so plans to cut links shelved

HARARE — Zambia and Zimbabwe put off plans to cut air links with South Africa last December after realising such a move would have been fruitless without backing from other African states and the international community, Zambian leader Kenneth Kaunda has said.

"On analysing what was involved, it became clear that unless all of us acted in unison, efforts by Zimbabwe and Zambia alone would have been wasted, leaving serious loopholes and rendering the whole exercise meaningless," he told Zimbabwe's Herald newspaper in an interview at the weekend.

Zambia and Zimbabwe, both members of Southern Africa's frontline states spearheading black Africa's opposition to South Africa, have said they will impose sanctions on Pretoria to force it to end apartheid.

A December deadline they had set for themselves passed without any announcement.

President Kaunda said that to forge a common strategy on the proposed embargo, he was currently holding talks with leaders of Kenya and Angola, while Zimbabwean Premier Robert Mugabe was speaking to Mozambican President Joaquim Chissano, the Herald reported.

"After that there will be a summit," he said without elaborating. — Sapa-Reuter

EL 7/4/87

POST, TUESDAY, APRIL 7, 1987

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ER 7/4/87

Business pullout due to info clamp

JOHANNESBURG — Some overseas business enterprises had "pulled up their stakes and trekked" partly because they did not know what was really happening in South Africa, the Association of Chambers of Commerce said yesterday.

Assocom said in an item in its quarterly review these companies had been "assailed by conflicting rumours which undermined confidence at a time when when the economy was suffering a prolonged recession".

The article, "Censorship — The Economic Effects", said Assocom regretted the recent breakdown in talks between President P W Botha and Newspaper Press Union representatives on Press restrictions, adding the chamber believed "open-line communications are a basic ingredient of business confidence.

"A free flow of information is essential to the conduct of business. Not only is market intelligence necessary when making and shaping investment decisions, but so is information covering a wide spectrum of events."

Over the years Assocom had propounded the view that the private enterprise philosophy "goes much deeper than the freedom to trade in free markets.

"It also implies the freedom of speech, the freedom of association and free access to information."

There had unfortunately been an increasing tendency for access to information to become less free

Recognising that national security "must always be of overriding importance in every state", Assocom nevertheless felt a clear conception "of what constitutes a threat to national security is necessary".

CAPE TIMES 8/4/87 (.280)

Sanctions meeting rejected

From
SIMON BARBER

WASHINGTON — President Reagan has formally rejected Congress' call to convene a conference of industrialized democracies to work out a common sanctions policy against SA.

He has also bluntly informed legislators that the US will veto any new sanctions resolution by the UN Security Council, and intends to ignore Congress' advice that the council be asked to adopt the US santions now in effect.

To do otherwise "would give any of the permanent members of the council unacceptable influence over US policy towards SA in the event that circumstances were to change".

The comprehensive anti-apartheid act passed last October urged the administration to convene a sanctions conference by the end of March "to reach co-operative agreements to impose sanctions against SA".

It also required the president to report to Congress on the progress of "US efforts to negotiate multilateral measures to bring about the complete dismantling of apartheid".

If the negotiations resulted in formal agreements with a "measureably greater net economic impact" than the sanctions already imposed by Congress, the president could ask for the repeal of certain of the measures in the act.

The report, delivered to Capitol Hill late last week, makes clear that there has been no progress towards a common allied sanctions policy, because the administration has "concluded that there would be no practical benefit at this time" in heeding the act's advice.

The report said that "we have maintained active exchanges with our allies" on the issue.

Commodity Index	1539,8
Platinum	$566,35
Palladium	$129,80
Raw Sugar	£105,50

Sanctions 'still an issue in US voting'

Cape Times 8/4/87

280

JOHANNESBURG. — Sanctions and continued pressure on US corporations to disinvest from SA were likely to remain a major political issue in the US in next year's presidential election, according to Pretoria's former ambassador to the UN.

Kurt von Schirnding

Addressing a group of local businessmen, Kurt von Schirnding, who last year resigned as Pretoria's permanent representative at the UN, said SA's poor international image remained a source of concern to the government and to many privately-funded organizations striving to promote the country abroad.

Von Schirnding, currently director general of the South Africa Foundation, a private group funded by local business, said the task of promoting SA's interests internationally would be made easier if Pretoria accelerated its reforms of apartheid.

But he cautioned against "plunging headlong in the never-never world" of political change.

"We (SA) do shoot ourselves in the foot frequently," Von Shirnding said. "But we must make it clear after this election that we have embarked on a programme of reform."

"We've already had quite a lot of time, but I don't believe there's a great deal of time left to put our house in order

"Sanctions and disinvestment are likely to feature again in the 1988 US presidential elections and in Britain as well." — Reuter

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SAA plays it cool over latest air-links-ban move

SIPHO NGCOBO

SAA was adopting a "wait and see" attitude yesterday, after the announcement that Zambia and Zimbabwe had put off plans to cut air links with SA.

Latest move on the embargo was disclosed by Zambian President Kenneth Kaunda at the weekend.

SAA media officer Francois Louw said yesterday it would not be proper for SAA to comment "at this stage".

Louw said, however, that the cutting of air links with the two Southern African states would cause hardships, especially for air passengers.

"Obviously passengers will use other means of transport to both Zambia and Zimbabwe, like rail and road transport. But these are slow compared with air transport."

Kaunda said the reason for Zimbabwe and Zambia putting off the planned December ban on air links with SA was that the two countries realised such a move would be fruitless without the backing of other Southern African states and members of the international community.

The Zambian President said that, to forge a common strategy, he was holding talks with the leaders of Kenya and Angola, and that Zimbabwe's Prime Minister Robert Mugabe was speaking to Mozambican President Joaquim Chissano on the issue.

After that, there would be a summit.

"On analysing what was involved, it became clear that unless all of us acted in unison, efforts by Zimbabwe and Zambia alone would have been wasted, leaving serious loopholes and rendering the whole exercise meaningless," Kaunda said.

Philadelphia is about to vote on a bill that goes much further than any anti-apartheid measure passed in the US, amid warnings that approval of the measure will cause "mass chaos and confusion," reports NEIL LURSSEN from Washington.

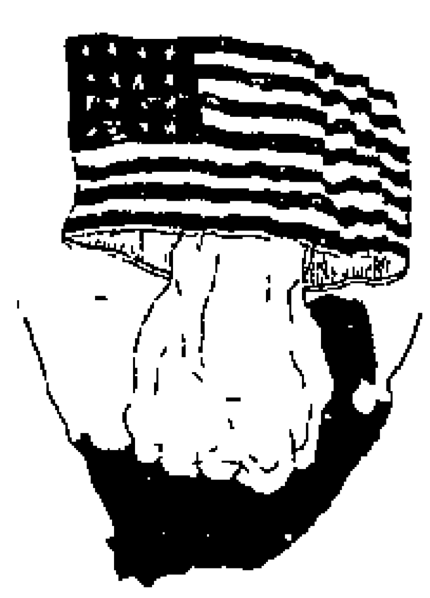
Argus 8/4/87 (280

Harsh law causes alarm

AMID warnings that approval of the measure will cause "mass chaos and confusion', the city of Philadelphia is due to vote this week on the harshest economic sanctions ever imposed on South Africa by an American local authority.

The Bill, already endorsed by the city's rules committee, goes much further than any anti-apartheid measure passed by other cities and states in the US.

It would ban all city contracts — worth billions of rands — with companies that have investments, franchises, licensees, management teams or operations of any kind in South Africa or Namibia.



It is designed to totally eliminate all links with apartheid and specifically to target companies such as Coca Cola and IBM that have divested their South African holdings but still market their products there through franchises, licenses or other special deals.

Local analysts expect the bill to be approved when it goes to the full city council, probably tomorrow. They note that with municipal elections coming in the largely black city in May, few councillors would dare to vote against it.

Any attempt to dilute it would be strongly resisted, they say.

Significantly however, an alarm is being raised by Philadelphia's black mayor, Mr Wilson Goode, who said that while he favoured the concept of the law he could not accept its practicality He feared mass chaos and confusion in the conduct of the city's day-to-day business if the measure — Bill 251 — became law.

Fierce opposition has also come from the Greater Philadelphia Chamber of Commerce which argued that the bill would do nothing to remove apartheid in South Africa but might cause serious harm to the economy of Philadelphia and its suburbs.

The chamber's spokesman, Mr Nicholas DeBenedictus, said apartheid was deplorable but that foreign policy was the responsibility of the US Federal Government and not of individual American cities and states which often established contradictory policies.

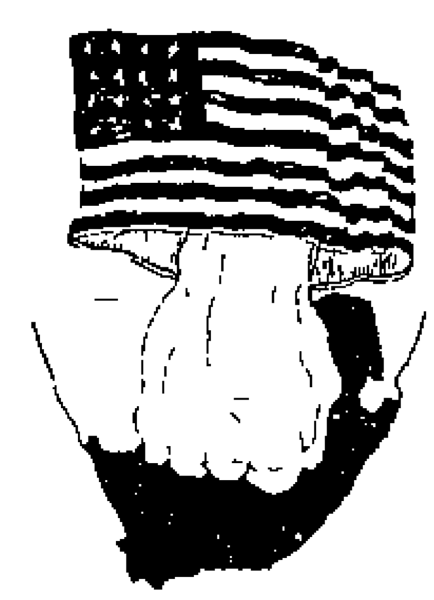
When Bill 251 went before the rules committee, the chamber protested that it would cripple Philadelphia's ability to function, leaving the city with a shortlist of companies with which to do business, significantly increase the costs of services, and leave the city open to lawsuits from banned companies — among them the biggest and most powerful corporations in the US

"Passage of the bill would forbid the city from dealing for important medical and pharmaceutical products from Abbott, Johnson and Johnson, Squibb and Lederle Labs, the country's sole source of a TB vaccine and polio vaccines,' Mr DeBenedictus said.

He warned that the bill would stunt Philadelphia's regional growth at a time it was striving to become an international city, and would send an unfortunate signal to investors who were considering the region for relocation or trade.

But the bill's supporters are unimpressed. Ms Catherine Blunt, co-chairwoman of the local anti-apartheid coalition, said: "It may be a tough fight — but we intend to fight for it"

She added "We felt that it was important to have a strong bill because we want Philadelphia to be an apartheid-free city."



The bill was introduced by Councillor David Cohen who said that throughout the world there was growing awareness that government-supported racism was totally unacceptable and totally wrong.

Philadelphia was the first major American city to put anti-apartheid divestment measures in its ordinance books.

"We are proud of our city's record in setting the standard on anti-apartheid legislation and we want to continue that,' said Ms Blunt.

While Philadelphia is moving toward a complete separation from anything remotely connected with South Africa, other major American cities have discovered that divestment is easier said than done.

A total of 21 US states and many cities have implemented divestment measures, withdrawing funds from US companies that do business in or with South Africa, or denying the companies city or state contracts.

In some important cases, the sanctions were softened when it was found that the city or state was harmed by its own law.

The city of Los Angeles enacted a law in 1985 that was almost as drastic as the bill that may become Philadelphia's law this week. But last year, LA legislators eased it with numerous exemptions — one of them a provision that the law could be suspended if a city contract resulted... "in a significant loss of quality or a significant additional cost to the city."

San Francisco also has an escape clause from its anti-South Africa fervour — an exemption that allows the city to enter a contract with a South Africa-connected US company if the product cannot be bought anywhere else.

Chicago introduced hard-headed business in its anti-apartheid legislation. US companies that deal with South Africans can bid for Chicago contracts as long as their bids come in eight percent lower than "unoffending" competitors".

Last month, the Virginia capital of Richmond swallowed its pride and abandoned its own law to borrow money R40-million from the Bank of Virginia — with has ties with South Africa — because it could not get the money anywhere else and faced a financial crisis.

Some cities that have been outspoken about South Africa — such as Atlanta, Georgia — have not adopted divestment laws at all.

Alarmed local businessmen have warned the Philadelphia city council that if it goes ahead with the most stringent anti-SA divestment law in the US, the city will disqualify itself from access to some of the best products in the country.

Measuring the price of sanctions

8-14/5/87 W/Mail

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The most severe effect of sanctions could be to knock a last few nails into the economic coffins of those regions which have been strangling to death for years. AURET VAN HEERDEN reports

THE imposition of sanctions against South Africa has moved from rhetoric to implementation, and the cost can now begin to be calculated.

To date, the impact of disinvestment has been limited and very few jobs have been lost.

In the 20 months from January 1985, 55 US companies, employing a total of 8 679 people, left South Africa. Only 14, however, liquidated their local operations, affecting 594 employees. For the rest it was business as usual after they had been sold to local buyers, management, or overseas concerns.

Overseas pressure groups have now announced that they are dissatisfied with these new arrangements and will press those companies to sever all links with South Africa.

One cost that has yet to be calculated is the regional effect. The distribution of South Africa's economic activity is very uneven, with some 60 percent of it concentrated in the PWV.

Regions like the Eastern Cape have been dying a slow economic death for some time, and not even generous government incentives have managed to attract sufficient investment.

This uneven distribution has left many regions dependent on one product or sector, and some of these are in turn dependent on exports for their growth. Sanctions could cut off those exports and put a few more nails in their economic coffin at the same time.

The Eastern Cape has already felt the impact of sanctions and disinvestment. The Ford and General Motors cutbacks have undermined what remains of the regional economy, which depends on the auto industry for 61 percent of its economic base.

Besides the other motor car firms, many of the tyre and component manufacturers are branches of multinational companies. A pull-out by any one affects the others and considering the auto industry is barely profitable anyway, the chain reaction could become unstoppable.

The Western Cape is not much better off. They have been struggling for years to expand their regional economy, but without success.

The fishing, fruit, wine and allied industries like canning, packaging and transport are major employers and income generators, particularly in the rural areas. They are also export products and one of the targets of the sanctions campaign.

The deciduous fruit industry employs some 140 000 overall, and about 50 000-70 000 of those are involved in production for export.

The UK and EC take 85 percent of the exports, and the high level of anti-apartheid awareness in those countries makes a consumer boycott likely.

The canned fruit industry is in a similar position. It exports 70 percent of its production, with the UK and EC as its main market. And the ripple effect of sanctions against canned fruit can be easily traced.

There are 3 000 farmers and 40 000 workers, who supply 10 canning factories in the Western Cape, employing a total of 7 000-10 000 people.

The canning industry spends R50-million a year on cans, and any cutback would affect Iscor which supplies the tin plate used to make them. Another R5-million is spent on cartons, R3-million on labels and R15-million on sugar. To this we must add the loss of business to the transport sector, mainly the railways, and the reduction in harbour traffic.

Citrus exports are shipped via four harbours, Durban, Maputo, Port Elizabeth and Cape Town, any one of which would suffer if those orders were lost. The impact of boycotts and sanctions would also be spread throughout Southern Africa as the region's production is centrally distributed. About 1 100 farmers supply produce for export to 32 countries, with the EC being the main market.

Exports account for 60 percent of citrus production but make up 90 percent of the gross earnings, and so any loss of export orders would have a disproportionately large effect on the 30 000 workers involved in export production.

Sugar production takes place in a narrow strip stretching from Transkei, through Natal, into the Eastern Transvaal. The industry employs about 40 000 people in production for exports which account for about 50 percent of production.

There is an oversupply on the world market, so South African sugar can easily be boycotted. The US and Canadian bans have already cut exports by 16 percent.

The two major customers, Japan (40 percent) and South Korea (20 percent), are likely to come under strong pressure to buy from the EC, which is sitting with a mountain of unsold sugar because of its incentive scheme which encourages farmers to produce sugar, regardless of market conditions.

The Eastern Transvaal could also be hit by the sanctions on steel and coal. Witbank and Middleburg are basically steel towns, and with the world oversupply of steel, and increasing protectionist measures being applied to shelter overseas steel producers, their futures must be in doubt.

Ferro-alloys, however, are still in hot demand, and there is some scope for increasing the purification of South African ferro-alloys before export. This would boost employment and earnings.

The coal industry has also managed to maintain a very high level of exports in the face of intense boycott campaigns. But with the US dollar falling fast, American coal could become competitive again. What's more, the US may demand that Japan, South Africa's main customer, switch its order to the US to help redress their huge trade imbalance.

If coal sanctions started to take effect, the Eastern Transvaal and Northern Natal would be hard hit. So would the railway links and the harbour at Richard's Bay.

How the government will respond to the threat of regional economic collapse is uncertain. Its misguided programme of regional development tied to the homelands has failed, and the sanctions pressures will only add to that.

It may decide to throw good money after bad and spend even more on "deconcentration", trying to coax industry into desolate areas to provide jobs for resettled communities. At the same time the government will blame sanctions for the perverse effect of its apartheid arithmetic.

The private sector is likely to vote with its feet and leave regions which are failing economically, even before sanctions hit home. Sheer profit motives will drive businessmen to the PWV in search of a better return on investment.

Modern labour 'serfdom' operating in the Free State

CAPE TIMES 9/4/87

By ALLISTER SPARKS

BUSINESS, we are told, is opposed to apartheid.

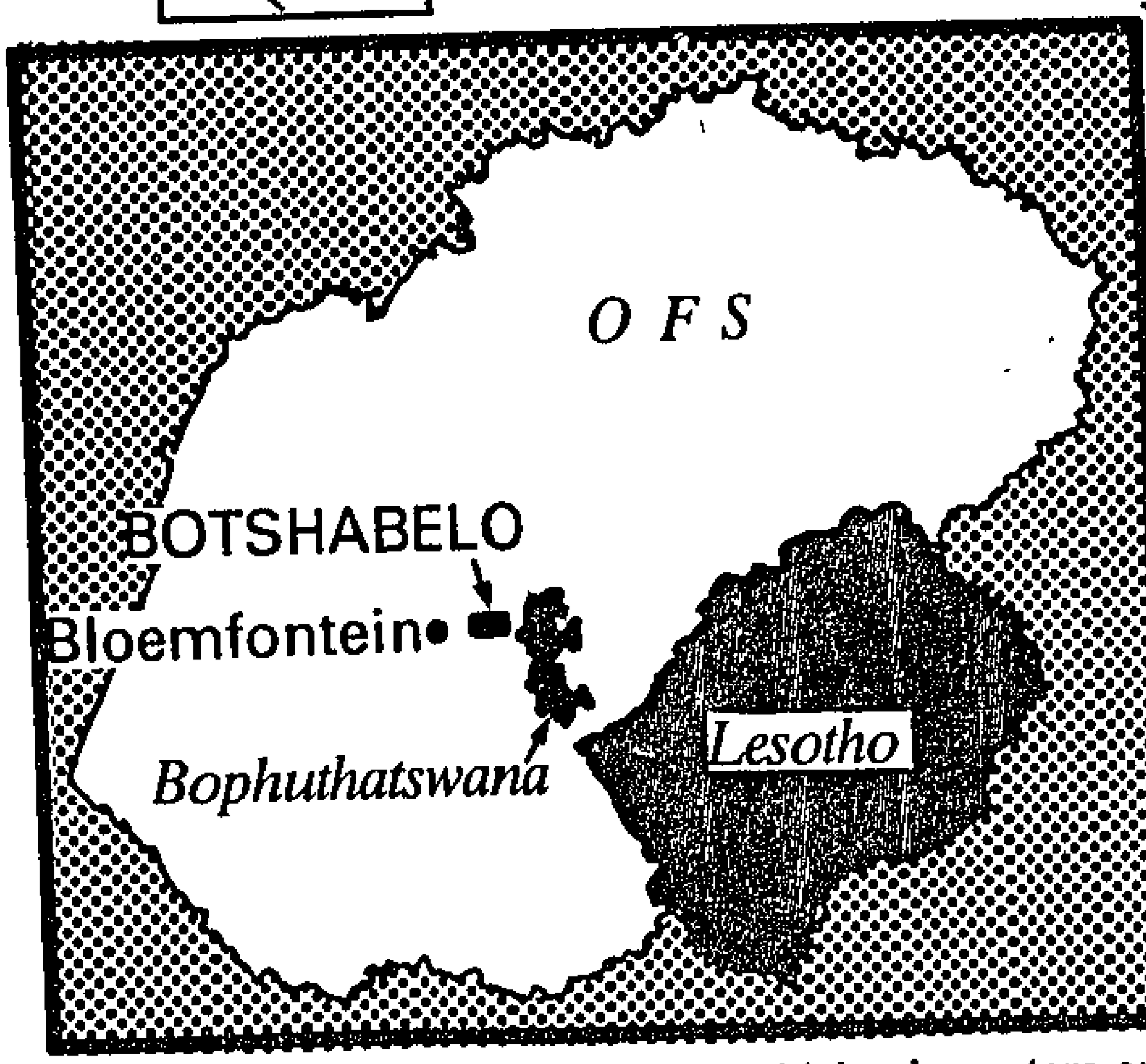
It is incompatible with the system. It is a force for change. It works for the betterment of blacks. That is why disinvestment is so counter-productive.

Well, maybe. But I have just visited a place called Botshabelo in the central Orange Free State where I have seen businessmen profiteering from apartheid in an apparent state of highly compatible symbiosis.

Botshabelo is a resettlement camp created by apartheid in the middle of nowhere. It has a population of half a million people — making it the second largest black township in South Africa after Soweto — who have no work and cannot leave. They are a captive pool of unemployed labour, and businessmen are taking full advantage of the opportunity to exploit them.

Forty-three factories have been set up at Botshabelo, paying wages as low as R15 a week.

That is about one-sixth of the minimum wage laid down in industrial agreements, but there are no trade unions in Botshabelo so there are no industrial agreements there. Which, the industrialists will tell you, is one of its main attractions.



Fired and replaced

It means they can pay what they like — and if any workers get uppity enough to demand more money or better conditions they can be fired and replaced from the half-million other desperate people waiting on the doorstep.

If you think a wage of R15 is mean, hear this. The industrialists in fact pay only 5% of that — a thumping 75c for a 45-hour working week.

The government subsidizes 95% of the wage bill of any industrialist who goes to Botshabelo up to a maximum of R100 a month per worker employed.

That means if an industrialist pays a worker R100 a month, he only has to pay R5 of it himself — or R1,25 a week.

You may think that a pittance, but many Botshabelo industrialists seem to consider it too much. During a two-day investigation there last week I found most paid a minimum wage around R80 a month.

Why, when their own share is so minuscule? To ask the question is to get some fascinating answers.

"I think the guys are leaving themselves a bit of leeway to build up to the R100 within, say, two years," said Mr Clive Mendelsohn, a 30-year-old go-getter who runs a steelworks and is chairman of the Botshabelo Industrialists Association.

Leeway! On a rand a week per worker!

Others talk of the danger of "spoiling" the simple black folk of Botshabelo who are newly arrived from the farms of the Free State and would be corrupted if paid too much too soon So their concerned benefactors pay them less for their own good.

But if you inquire persistently enough you'll discover another reason. By paying the bulk of workers less than the subsidy rate, the higher-paid supervisors can be included in the subsidy claim as well.

That way the smart businessman can finish up with, as one put it, "virtually free labour".

In addition he gets a 70% subsidy on the rent of his factory premises and easy-term loans from the South African Development Trust Corporation, which administers areas like this together with the Board for the Decentralization of Industries.

I wonder how many white South Africans have ever heard of Botshabelo? It is the biggest city in the Free State, nearly four times the size of Bloemfontein.

It didn't exist eight years ago. Then Bophutatswana was given independence and, with the obsession for ethnic rather that geographic tidiness, it was decided that a small community of Tswanas living around Thaba 'Nchu in the OFS should be made part of the new "state", though they were 250 km away from the rest of it.

That in turn necessitated moving 75 000 Sothos from the Thaba 'Nchu area.

The government bought a farm, called Onverwacht, 10 km away across the border of the new "state" and settled them there. Botshabelo was born

This coincided with a period of rapid agricultural mechanization which made many black farmhands redundant. The government put pressure on farmers to get rid of their "surplus" labour, which was supposed to go to the homelands and so make "white" South Africa a little bit whiter.

Many went to Botshabelo instead, creating a pullulating Crossroads on the veld 55 km east of Bloemfontein.

The multitudes living there cannot go anywhere else. They are rural folk but there is no work for them on the white farms and because of the 1913 Land Act they cannot acquire land of their own.

They cannot go to a city unless they have a job and approved accommodation there, which is possible for only a handful. The only other place they can go is to the tiny South Sotho homeland of Qwaqwa 200 km further east on the mountainous northern border of Lesotho, where employment prospects are even more remote.

So they stay where they are, a landless peasantry held captive on a state-subsidized site for the exploitation of dirt-cheap labour

There are many Botshabelos in the making under the new policy of "orderly urbanization" — which means pegging the growth of existing urban townships and having "controlled squatting" take place on preselected sites an antiseptic distance from the white cities.

Massive subsidies

Industrial parks are established near these sites and the massive subsidies are applied under the policy of "economic decentralization" to lure industries there

Forty-nine such areas have been proclaimed.

Some are going to be incorporated in existing homelands. The word is that Botshabelo is to be made part of Qwaqwa on May 15.

Others, if I hear President P W Botha correctly, are going to be proclaimed "city-states".

All this will have one further sinister effect. The homelands are exempted from the laws governing industrial relations, and trade unions are illegal in most of them.

So when Botshabelo becomes part of Qwaqwa the shameful exploitation of workers there will be regularized.

And when the "city-states" are proclaimed, this method of illegalizing unions will be greatly extended.

... himself. The safety
representatives must inspect their workplace at least once

2280 9/4/87

SA

Sanctions bid: vetoes expected

NEW YORK — The second attempt this year to enforce economic sanctions against South Africa appears doomed because of likely vetoes by the United States and Britain.

They blocked a sanctions resolution on February 20.

In the latest move in the 15-nation Security Council, African states called for mandatory comprehensive sanctions to pressure SA to relinquish control of SWA/-Namibia.

Debate opened on Monday and soon took on characteristics of a General Assembly session, with dozens of states that are not council members joining the attack on South African policy and perceived support for it by some Western nations.

West Germany, council member and former colonial power in SWA/-Namibia, came in for special criticism. — Sapa-Reuter

Britain and US likely to veto sanctions

SN 280 9/4/87.

UNITED NATIONS — The second attempt this year to enforce economic sanctions against South Africa appeared doomed today because of likely vetoes by the United States and Britain.

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Debate opened on Monday and dozens of states that are not council members joining the attack on South African policy.

West Germany, council member and former colonial power in Namibia, came in for special criticism following reports that firms in that country supplied arms to South Africa in contravention of a 10-year-old UN ban and may be preparing to provide it with submarine blueprints.

Although calling for early Namibian nationhood, West German delegate Mr Hans Werner Lautenschlager announced his government's rejection of sanctions

France and Japan abstained in the February vote and may do so again, diplomats said Italy supported selective measures, but has not stated its latest position

Mr James Gbeho of Ghana, who introduced the resolution, said a negative vote would be unfriendly to Africa and against "the progressive forces in the international community".

Mentioning a statement by South African delegate Mr Albert Manley, Mr Gbeho said there was an implied threat to give Namibia unilateral independence under an internal government and that the council has declared this to be illegal.

'Expensive and tragic'

Presumably, Pretoria would use force to defend "such illegality", Mr Gbeho said

"In the face of such a threat should the council wait for the deed to be done before it considers action?" he said "That would be an expensive and tragic way to proceed "

Still, Mr Gbeho said the debate was reassuring because no one backed South Africa in its "benighted policies in Namibia", or its continued attachment to apartheid.

In 1978 Pretoria accepted a plan adopted by the 15-nation council for Namibian independence, but four years later raised a condition that there must first be agreement to remove Cuban troops in neighbouring Angola.

In a written report last week, the Secretary General, Mr Javier Perez de Cuellar, said this was the only remaining hurdle.

● Jamaica, which is not a member of the 15-nation council, said today the imposition of comprehensive mandatory sanctions was the Security Council's only peaceful option in light of South Africa's failure to grant independence to Namibia — Sapa-Reuter.

FOR SUBSCRIPTION IN

Author: don't cut ties

JERUSALEM — South African writer, Professor J. M. Coetzee, whose novel, The Life and Times of Michael K., describes a coloured man's trek in South Africa, is in Israel to receive the annual Jerusalem Prize for the Freedom of the Individual in Society for his opposition to apartheid.

Prof Coetzee said yesterday that countries should not sever ties with South Africa and that international pressure exerted on his country to force a change in its apartheid laws should be limited.

"Pressure should be exercised, but it would be unfortunate if pressure were exercised in such a way that the power and ability of Western countries to exercise pressure were cut off by their own acts," Prof Coetzee said.

"If 'country X' were to terminate all relations, that would terminate (its) ability to influence events in South Africa. I do not think that would be wise," he said.

He is the 13th recipient of the prize, which has previously been awarded to such writers as Milan Kundera, Graham Green and Simone de Beauvoir.

He said he did not think of himself as a white writer. "I'm not sure that Michael K. is black, just as I'm not sure that I am white. These are cultural identities that are imposed upon people that they may or may not freely accept," he said.

Prof Coetzee told reporters he believed Israel's recent decision not to sign new military contracts with South Africa was an important signal to Pretoria but declined further comment on relations between the two countries.

Prof Coetzee, who teaches literature at the University of Cape Town, said that in recent years censorship against novelists in South Africa had eased while restrictions on the news media increased.

He attributed this to the authorities' belief that writers had little impact on political change.

"A decision was made that writers really didn't matter and that the writers' union was getting too much mileage out of the restrictions," Prof Coetzee said. — Sapa-RNS

SA study proposes development aid to replace sanctions

(280) B/Day 10/4/87

MIKE ROBERTSON in London

A NEW study by the University of Birmingham Graduate School of International Studies argues the poverty of current strategy towards SA. Sanctions, it says, reinforce extremism and will lead to chaos defeating the stated aim of bringing about majority rule. The authors argue instead for massive targeted aid, linked to a commitment from government to work towards majority rule by a specified date.

Speaking in the House of Commons last year former Foreign Secretary Francis Pym saw the options facing the West on SA as tantamount to a "Catch 22" — "either we apply sanctions and hurt the innocent or else we do nothing".

Now the debate in the West has moved to just how severely sanctions should be applied.

But in a paper released yesterday, the authors argue that not only are sanctions wrong, but that Pym was wrong too when he said the alternative was doing nothing.

Professor Neville Brown and Yu Ying Brown, in a paper published by the University of Birmingham Graduate School of International Studies, propose that the West should offer South Africa large-scale development aid in exchange for a commitment to work towards majority rule.

The authors, who visited SA last year, argue that the year 2000 is an appropriate date to complete the transfer of power.

They say the view that the country's internal problems can only be solved internally suffers from an array of skewed perceptions.

"When an existing order is poised as delicately as is the South African between adequate adjustment and deepening instability, any influence from within or without could tip the balance decisively."

The world, they say, has become so alive to the SA situation that dissociation from it is logically impossible.

The authors argue the belief that sanctions alone can induce the dismemberment of apartheid "stems essentially from the gauche and obsolete concept of pleasure-pain psychology".

In a section titled "The Poverty of Current Strategy" the authors say the current debate on SA is bogged down over just how severely sanctions might be applied.

Former Australian Prime Minister Malcom Fraser is quoted as saying: "It is not just a question of turning the screw steadily; it's a question of a hard blow."

However, the authors argue that "there is no single economic blow that might cripple the economy of SA.

"And even if there were some punitive measure, economic or whatever, that was sharp and decisive in its direct impact, still its indirect effect would ramify unpredictably.

"Besides which, any blows aimed at Pretoria are liable to do more damage to certain other Frontline states.

"This would apply even if the RSA did not deliberately wage economic warfare against them, if she simply took limited measures to buttress herself.

"Nor should we discount the Republic's ability to combat the outside world economically, through the leverage it exercises on metal markets."

The authors argue that punitive external pressures will result in white South Africans swinging to the right.

This greater determination to resist punitive measures was not just a function of immediate self-interest but a righteous anger at being the subject of vulgar double standards.

A sanctions-provoked scenario they envisage includes the condoning of white vigilantism and a negative revaluation of pass law abolition and easing of influx control.

No one, the authors say, should assume that white SA goaded rightwards would become too unstable to continue — especially as the possibility of subverting the armed forces was not feasible.

Nor could any civilised beings profess themselves relaxed about a slide into a revolutionary mess.

"Ten to 30 years of struggle would launch virtually all concerned into an era of utter misery, an era in which true majority rule receded beyond the most distant horizon."

The most urgent need in SA, the authors argue, is to check the gyration to extremes.

"An approach that ought to commend itself is the introduction into the West's strategy of the principle of persuasion.

"Large-scale aid, targeted on black education, housing and employment opportunities, should be offered to the country along with a concurrent suspension of economic sanctions and the provision of military guarantees against overt external attack.

"The *quid pro quo* would have to be a firm and overt commitment to progress steadily towards genuine majority rule by a specific date.

"Only the continuation by African National Congress factions or whoever of a general campaign of insurgency would be taken as a valid reason for delaying this consummation."

The authors suggest a monitoring agency, a multi-national equivalent of the Economic Co-operation Administration (established to implement the Marshall Plan after the Second World War) be set up.

Similar aid could be offered to neighbouring states in exchange for their political systems becoming more broadly representative.

While Pretoria might find a timetable hard to swallow, making this conditional on the cessation of insurgency would be to follow the precedent of the Malaysian insurgency in the 1950s.

"However, White South Africa may not respond positively to the prospect of even this form of intervention until it comes to feel less the subject of double standards in many aspects of report and comment."

While Pretoria argued a more fair comparison of its record was that between SA and the rest of Africa, the authors argue a more suitable comparison is that between SA and Israel.

"It is in the best interests of absolutely everybody that Israel's records within the 1967 ceasefire lines henceforward be scrutinised as closley as SA's in regard to settlement policy; right of peaceful demonstration; electoral choice; educational integration; prison conditions; free trade unionism; medical attention; Press freedom; judicial impartiality; and all the other indicators of the prospects for the under-privileged.

"Israel might better stand comparison in certain respects, notably media access; SA might in quite a few others."

The author's argue it is easily within the means of the Atlantic Alliance and Japan to fund the plan they propose. For Britain, they argue, it would be demonstrably less burdensome than trying to maintain punitive economic measures.

They dismissed as "silly" the argument that apartheid could not be reformed, only overthrown.

"Certainly apartheid does not lend itself to reformulation, for better or worse, as do many other political or social principles. But it is a play with words to suggest that it disappears at once or not at all."

The authors argue that in SA the yearning for the politics of moderation was shared widely enough to give something to build on.

"What one is grappling with is what former World Bank President and US Secretary of Defence Robert McNamara used to identify as the Action-Reaction phenomenon: the tendency for hawks on each side of a divide to reinforce each other.

"The necklace murderers and the AWB need one another as, in the Middle East, Ariel Sharon and Abu Nidal need one another."

The author's concede that trying to transform the scene into one in which the doves reinforce is fraught with difficulties — not least that reform measures were perceived by blacks as "crumbs from the master's table".

However, they argue, international monitoring with the goal of majority rule by a target date may afford a framework within which genuine dialogue might more readily develop.

Their proposal, the authors say, will prove an acid test for those in the anti-apartheid movement.

They urge that a distinction be drawn between those who give it their backing because they want to see a non-racial democracy prevail in SA and those who are indifferent to this aim — because they are imbued by the ideology of Marxist revolution.

Quoting Merle Lipton they stress it is important to be seen to be fair to white SA — not abandoning principles, but abandoning the practice of double standards, the continual shifting of ground and raising the ante.

The practices that convince whites their critics want to punish, not reform them.

□*"Sanctions or Targeted Aid" is published by Muirhead Foreign Policy Papers, University of Birmingham Graduate School of International Studies NEVILLE BROWN has a personal chair in International Security Affairs at the University of Birmingham. He has worked for the Institute for Strategic Studies and was chairman of the Council for Arms Control His wife, YU YING BROWN, is an accomplished Far Eastern Scholar.*

Sanctions veto by UK, US condemned

10/4/82 280

NEW YORK. — The United States and Britain have vetoed a bid in the Security Council to impose sanctions on South Africa and their action was at once condemned as support for mining companies.

In the vote last night, nine of the council's 15 members favoured the draft, aimed at forcing South Africa to implement an eight-year-old UN independence plan for SWA/Namibia.

The United States and Britain were joined by West Germany in casting negative votes. France, Italy and Japan abstained.

It was the second time in less than two months that the United States and Britain blocked a sanctions resolution. On February 20 they vetoed a call for a selective embargo aimed at changing South Africa's apartheid policy.

"GREEDY"S

A leader in this latest sanctions move, James Gbeho of Ghana, condemned the vetoes. He said they placed the interests of such companies as De Beers, Anglo American Corporation, Rio Tinto Zinc "and other greedy and callous transnationals, over the sacred rights of Namibians".

"The negative votes today have served the only purpose of making Pretoria proud of its friends," he said.

Mr John Birch, for Britain, rejected the charge.

"We share with all delegations the same concern, the same objective toward Namibia, which is that Resolution 435 should be implemented."

"Where we differ is over the means of achieving it and this is a perfectly legitimate difference of opinion." — Sapa-Reuter naira (about R5 400) bail. — Sapa-Reuter.

MGMT 10/4/87.

Bid to make bank quit SA fails

ZURICH. — A group of shareholders has failed in a bid to make Switzerland's largest bank pull out of South Africa and donate one percent of its profits to help other indebted nations in Africa. The group made the bid at a meeting of the Union Bank of Switzerland. — Sapa-Reuter.

Belfast 'under siege'

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If pullouts benefit Pretoria . . .

Sweden might alter ban on trade with SA

B/Day 10/4/87

(280)

SIMON BARBER

WASHINGTON — Sweden might amend its SA trade ban if it resulted in a firesale of assets to Afrikanerdom, a senior Swedish official said in Washington yesterday.

But Bengt Save-Soderberg, Deputy Minister for International Development, criticised the US for blocking sanctions resolutions by the UN Security Council.

"We were fighting hard for the Security Council to adopt sanctions, but unfortunately that did not happen. We would prefer to go along with the UN because we are a small, neutral country that doesn't want to be pushed around by big powers. Still, something had to be done."

He dodged questions about his government's reported decision to grant exceptions to the trade ban if it harmed the Swedish economy. "SA is not of great importance to the Swedish economy — in fact, it's very marginal," he said.

"A few companies in the steel and mining industries might be affected, but we will provide compensation."

He conceded that "history shows sanctions will never work completely because people will find a way to deviate".

Save-Soderberg made clear his country would continue providing non-military support to the ANC and Swapo, arguing "if we stand for national independence ourselves, why should others not have it?" The presence of communists in these groups was "not unnatural", he said. "You always find them in national-liberation movements".

He was, however, concerned that sanctions were enabling South Africans to buy departing companies cheaply, thus benefiting, rather than hurting, the SA economy.

A commission established to study the trade ban — due to go into effect on July 1 — was looking into this, and might recommend changes, he added.

Save-Soderburg rejected suggestions that Mozambique and other Southern African Development Co-ordination Conference members might be responsible for their economic woes, and attributed these largely to SA "destabilisation".

DD 10/4/87

Sanctions against SA vetoed

UNITED NATIONS — The United States and Britain yesterday vetoed a Security Council resolution to impose mandatory sanctions against South Africa.

Nine of the council's 15 members voted for the draft, aimed at forcing South Africa to implement an eight-year-old UN independence plan for South West Africa/Namibia.

The US and Britain were joined by West Germany. France, Italy and Japan abstained.

The resolution called for comprehensive mandatory sanctions because the South African Government insists on making SWA/Namibian independence conditional on the withdrawal of more than 30 000 Cuban troops from Angola.

The five sponsors of the draft were Argentina, Congo, Ghana, the United Arab Emirates and Zambia.

They were backed by China, the Soviet Union and Venezuela.

The independence plan involves a UN-supervised cease-fire and elections.

Britain's deputy UN representative, Mr John Birch, said mandatory sanctions would be counter productive and give South Africa "the excuse to remain intransigent". — Sapa-RNS

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UN sanctions move on SA vetoed again

NEW YORK — The United States and Britain, for the second time in seven weeks, yesterday vetoed a Security Council resolution to impose mandatory sanctions against South Africa.

Nine of the Council's 15 members voted for the draft, aimed at forcing South Africa to implement an eight-year-old UN independence plan for Namibia.

The United States and Britain were joined by West Germany in casting negative votes. France, Italy and Japan abstained.

The resolution called for comprehensive mandatory sanctions because Pretoria insists on making Namibian independence conditional on withdrawal of more than 30 000 Cuban troops from Angola.

The five sponsors of the draft were Argentina, Congo, Ghana, the United Arab Emirates and Zambia. Also voting for it were Bulgaria, China, the Soviet Union and Venezuela.

On February 20 the United States and Britain vetoed a milder resolution to impose a range of selective mandatory sanctions against South Africa because of its racial policies.

That draft, which won the backing of 10 council members, was also opposed by West Germany. France and Japan abstained.

Yesterday's vote climaxed four days of debate highlighted by demands by African and other non-aligned states for immediate statehood for Namibia.

South Africa has ruled the former German colony since World War 1, refusing to relinquish its hold even after the General Assembly voted in 1966 to abrogate its League of Nations mandate.

The independence plan, drafted by a group of five Western nations, involves a UN-supervised cease-fire and elections.

More than 50 countries participated in the debate, the first on Namibia in nearly 18 months.

The overwhelming majority rejected any so-called "linkage" with the Cuban troop issue and urged support for the resolution.

US representative Mr Vernon Walters said yesterday South Africa had no right to be in Namibia.

Until agreement was reached on a phased withdrawal of Cuban troops from Angola, "it was wishful thinking to expect South Africa to commence implementation" of the independence plan first endorsed by the council in resolution 435 of 1978.

Repeating US opposition to mandatory sanctions under the UN charter's enforcement provisions, Mr Walters said each nation should remain free to enact or alter the policies it deemed most appropriate, including sanctions.

Britain's deputy UN representative, Mr John Birch, said mandatory sanctions would be counter-productive and give South Africa "the excuse to remain intransigent." — Sapa-Reuter

280 Sapa 16/4/87

Don't cut ties, author urges West

JERUSALEM — South African writer J M Coetzee, in Israel to receive a literary prize, said at a news conference on Wednesday that countries should not sever ties with South Africa.

International pressure exerted on his country to force a change in its apartheid laws should be limited, he said.

"Pressure should be exercised, but it would be unfortunate if it were exercised in such a way that the power of Western countries to exercise pressure were cut off by their own acts," he said.

"If a country were to terminate all relations, that would terminate (its) ability to influence events in South Africa. I do not think that would be wise," he said.

Coetzee, whose novel "The Life and Times of Michael K" describes a coloured man's trek in South Africa, is in Israel to receive the annual Jerusalem Prize for the Freedom of the Individual in Society for his opposition to apartheid. He is the 13th recipient of the prize, which has previously been awarded to such writers as Milan Kundera, Graham Greene and Simone de Beauvoir.

He said he did not think of himself as a white writer. "I'm not sure that Michael K is black, just as I'm not sure that I am white These are cultural identities that are imposed upon people that they may or may not freely accept," he said.

Coetzee told reporters he believed Israel's recent decision not to sign new military contracts with South Africa was an important signal to Pretoria but declined further comment on relations between the two countries.

Coetzee, who teaches literature at the University of Cape Town, said that in recent years censorship against novelists in South Africa had eased while restrictions on the news media increased.

"A decision was made that writers really didn't matter and that the writers union was getting too much mileage out of the restrictions," Coetzee said.

He said the concept of protest literature had fallen by the wayside but no one writing in South Africa could be apolitical.

"Every act of writing in so highly politicised a situation as South Africa has become a politicised act.

"The writer who deliberately turns his or her back on political events ... is thereby involved in a political decision. There is no escaping it," Coetzee said. — Sapa-Reuter.

The Star

Constructive way, if they must disinvest

THERE ARE ways of saying goodbye. And Exxon's way, under pressure from the disinvestment lobby, is better by far than the brusque cutting of ties that has been the feature of some companies leaving South Africa as part of the anti-apartheid campaign.

Exxon is one of the most recent companies bowing before anti-apartheid sanctions, but it stopped to think before picking up its bags to go. It is a huge company. Its business in South Africa makes up a fraction of one percent of its world-wide oil business, so the hassles the South African connection gave it became more than its business here was worth.

But it is departing with a gesture that will do South Africa — not any apartheid regime — a favour. The company is big enough not to indulge in petty gestures such as slapping the faces of those locals who gave it loyalty and relied on it for a daily wage. It has set up an offshore trust, which will plough back all the profits of the new company Zenex for educational and social uplift-ment programmes in South Africa. Once Exxon's stake in the trust has been bought out, this plough-back could run to amounts approaching R20 million a year. An injection of capital on this scale into tackling the major social problems of the country has the potential of becoming a most constructive instrument for positive change. Nor is it a one-off farewell gift. It is a scheme providing for continuous investment in causes most needing society's attention. If these funds are intelligently controlled, there is every reason to believe Zenex's name will grow in stature to be recognised as a major public benefactor.

What Zenex is doing can be an example to other companies, whether or not they are foreign-based, and whether or not they are disinvesting. The field for social programmes to make a better country of South Africa is vast indeed.

British study urges 'strategy of persuasion' towards SA

Cape Times 13/4/8

A NEW study by the University of Birmingham Graduate School of International Studies argues the poverty of current strategy towards South Africa. Sanctions, it says, reinforces extremism and will lead to chaos defeating the stated aim of bringing about majority rule. The authors argue instead for massive targetted aid linked to a commitment from government to work towards majority rule by a specified date. Mike Robertson reports from London.

SPEAKING in the House of Commons last year former Foreign Secretary Mr Francis Pym saw the options facing the West on South Africa as tantamount to a "Catch 22" — "Either we apply sanctions and hurt the innocent or else we do nothing".

Now the debate in the West has moved to just how severely sanctions should be applied.

But in a paper released this week, the authors argue that not only are sanctions wrong, but that Mr Pym was wrong too when he said the alternative was doing nothing.

Professor Neville Brown and Yu Ying Brown, in a paper published by the University of Birmingham Graduate School of International Studies, propose that the West should offer South Africa large-scale development aid in exchange for a commitment to work towards majority rule.

The authors, who visited South Africa last year, argue that the year 2000 is an appropriate date to complete the transfer of power.

The authors argue that the belief that sanctions alone can induce the dismemberment of apartheid "stems essentially from the gauche and obsolete concept of pleasure-pain psychology".

In a section titled "The Poverty of Current Strategy" the authors say the current debate on SA is bogged down over just how severely sanctions might be applied.

Former Australian Prime Minister Mr Malcom Fraser is quoted as saying. "It is not just a question of turning the screw steadily; it's a question of a hard blow."

However, the authors argue that "there is no single economic blow that might cripple the economy of SA. And even if there were some punitive measure, economic or whatever, that was sharp and decisive in its direct impact, still its indirect effect would ramify unpredictably

"Besides which, any blows aimed at Pretoria are liable to do more damage to certain other Frontline states.

"This would apply even if the RSA did not deliberately wage economic warfare against them, if she simply took limited measures to buttress herself.

"Nor should we discount the Republic's ability to combat the outside world economically, through the leverage it exercises on metal markets "

The authors argue that punitive external pressures will result in white South Africans swinging to the right.

This greater determination to resist punitive measures was not just a function of immediate self-interest but a righteous anger at being the subject of vulgar double standards.

A sanction-provoked scenario they envisage includes the condoning of white vigilantism and a negative revaluation of pass law abolition and easing of influx control.

No-one, the authors say, should assume that white South Africa goaded rightwards would become too unstable to continue — especially as the possibility of subverting the armed forces was not feasible.

Nor could any civilised beings profess themselves relaxed about a slide into a revolutionary mess.

"Ten to thirty years of struggle would launch virtually all concerned into an era of utter misery, an era in which true majority rule receded beyond the most distant horizon."

The most urgent need in SA, the authors argue, is to check the gyration to extremes.

"An approach that ought to commend itself is the introduction into the West's strategy of the principle of persuasion.

"Large-scale aid, targetted on black education, housing and employment opportunities, should be offered to the Republic along with a concurrent suspension of economic sanctions and the provision of military guarantees against overt external attack

"The quid pro quo would have to be a firm and overt commitment to progress steadily towards genuine majority rule by a specific date

"Only the continuation by ANC factions or whoever of a general campaign of insurgency would be taken as a valid reason for delaying this consummation."

The authors argue that in South Africa the yearning for the politics of moderation was shared widely enough to give something to build on.

Their proposal, the authors say, will prove an acid test for those in the anti-apartheid movement

They urge that a distinction be drawn between those who give it their backing because they want to see a non-racial democracy prevail in SA and those who are indifferent to this aim — because they are imbued by the ideology of Marxist revolution.

US banking sentiment turns against sanctions

280 B\Day 14/4/87

SIMON BARBER in Washington

Several of America's largest banks have told the US Treasury department in no uncertain terms that they want to continue doing business with the SA private sector.

This is not because they like SA especially. They are simply tired of being pushed around. Government, they infer, has ordered them about quite enough in the name of foreign policy and is making it increasingly difficult for them to compete on a global basis, much less to collect their debts.

In particular, the banks have informed the Treasury they utterly reject any move to bar private SA companies or citizens from holding accounts in their domestic or overseas branches.

Congress is seriously contemplating such a ban if President Ronald Reagan is unable next September to report substantial progress towards the elimination of apartheid. The threat is real because Reagan is unlikely to have the basis for a positive finding.

The banking prohibition is one of the few further measures prescribed in the Comprehensive Anti-Apartheid Act (CAAA) that the curiously formulated law has not already imposed. It appeals to the sanctioneers' because it does not appear, on the face of it, to inconvenience blacks.

The latter would probably be exempted anyway, obliging the banks to commit a form of reverse apartheid in deciding whose money to accept. Whites, on the other hand, would be denied a "bolt hole" for assets and so be forced to lie in the bed they have made.

The argument has since become a trifle more sophisticated. John Lind, of the California/Nevada Interfaith Committee on Corporate Responsibility, told Treasury officials last month the ban would serve as a "convenient moral statement" whose chief effect would be to reduce trade credits for SA.

According to minutes of the meeting, Lind argued that most banks which extend trade credits to SA customers require security in the form of deposits.

Ergo, ban the deposits and South Africans would have to seek credits elsewhere, increasing their cost of business. Since "only a few US banks still open letters of credit for SA customers", the moral statement could be made "with little cost to US institutions".

The Treasury was not impressed and formally reported to Congress last Thursday that extending the existing ban on SA government and parastatal deposits was not feasible.

The report, mandated under the CAAA, was based on a survey of seven banks: Chase Manhattan, Citicorp, Bank of America, Morgan Guaranty, Manufacturers Hanover, Irving Trust and the Bank of Boston. Copies of their submissions obtained from the Treasury show unanimous opposition to further constraints on business with SA.

For the record, the Treasury determined that as of December 31, 1986, banks located in the US held liabilities worth $283m to entities and individuals whose residence was listed as being in SA. This represented 0,2% of all foreign residents' deposit accounts.

SA deposits in foreign branches of US banks totalled a further $103m. The banks' concerns ranged from the costs of setting up a screening system (possibly greater than their entire SA liability); to the "chilling effect" on other non-SA foreign depositors; to fears that SA might renege on the $3bn still owed US commercial institutions; to potential conflict with foreign banking laws; to the sheer impossibility of closing every loophole.

Only the Bank of America took an openly hostile line towards SA (it is based in San Francisco where to do otherwise is perilous), vowing "all our banking and financial relationships ... will ultimately be eliminated". Yet, it was equally hostile to the idea of more government-imposed sanctions.

"The cost of a truly effective and enforceable system (to identify SA depositors) industry-wide could run into the hundreds of millions of dollars," warned the bank's general counsel, George Coombe.

Coombe said: "Such an action would be a public announcement the US government views prohibitory action against the property of foreign nationals as a legitimate action to achieve its foreign policy objectives.

"We note such an extreme action was not attempted even during the Iranian hostage crisis, when the US government froze the assets of the Iranian government.

"... It would also signal foreign investment in the US entails as much, if not more, political transfer risk as may be encountered in the rest of the world."

Chase, whom some have blamed for triggering the SA debt standstill, was also uncompromising. Chief financial officer Michael Esposito wrote: "First, and most obvious, Chase would lose the business of all its SA clients ...

"Second, and more importantly, the prohibition would send an unfortunate message to all of Chase's clients worldwide the US is willing to use US banks as a tool for penalising private foreign citizens for the political positions adopted by their governments. Customers would no longer feel safe in banking with US institutions ..."

Then there was the matter of the outstanding debt. The banks do not appear overly bothered by the fact they are not getting their money on schedule, but would like it back one day — and know that more bloody-mindedness will merely succeed in reducing their leverage over the debtor.

Only the Bank of America was unconcerned about the rescheduling problem, citing its "already limited relationship with SA". More typical was Irving Trust, whose managing counsel Michael Scher wrote the ban would "negatively affect recovery of SA debt".

Esposito agreed: "One cannot underestimate the possibility such a prohibition ... might result in a chain of retaliatory actions by SA."

Citicorp associate general counsel Nancy Jacklin phrased it more positively: "Co-operation by SA ... should be fostered. Sanctions ... can adversely impact US banks to the direct benefit of SA's non-US bank creditors."

Morgan advanced the interesting objection the prohibition would defeat the sanctioneers' own purpose. Vice-president Lauretta Bruno said: "To the extent the proposed new prohibitions would make more difficult the flow of dollars out of SA, they could also hinder the divestment of US assets by American investors."

Seeing the irony of their position has never been one of the sanctioneers' talents and it is to be doubted whether the pleas of the banks or the Treasury will divert demands for yet another futile sanction.

What is encouraging, though, is that the banks — which have gone out of the way to appear on the side of the *soi-disant* angels, are finally saying: "Enough."

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Sanctions will bring SA violent change — PFP

The Progressive Federal Party was opposed to sanctions because they were counter-productive in abolishing apartheid, said the MP for Yeoville, Mr Harry Schwarz, in a statement yesterday.

Sanctions, said Mr Schwarz, would encourage violent change as opposed to the peaceful processes the PFP supported.

Listing "economic answers", Mr Schwarz said to reduce the inflation rate the PFP would cut down on unnecessary Government spending, tighten up on consumer protection legislation to prevent exploitation and stop restrictions on competition.

To deal with unemployment the PFP would encourage the creation of job-incentive industries, assist the informal and small business sectors and launch a programme of work to improve the quality of life.

The redistribution of wealth would be a major issue in the future.

Poverty was a big problem and Mr Schwarz said it should be tackled by dealing with unemployment and providing education and training with equal opportunity for all.

Social help should also be given to people in need. "But it is better to let those work who can, rather than merely give handouts," he said.

(Report by S Pleming, 47 Sauer Street, Johannesburg)

FOR SUBSCRIPTION INQU

Firms pull out of Z'babwe

Dispatch Correspondent

HARARE — A sudden wave of disinvestment from Zimbabwe by companies connected with foreign owned firms is being complicated by a Reserve Bank insistence that at least 50 per cent of the local equity is placed in the hands of black Zimbabweans, Zimbabwe co-operatives or the Zimbabwe government.

These conditions are being seen by certain company representatives as being a contravention of the Lancaster House constitution which led to Zimbabwe's independence seven years ago.

The constitution guaranteed protection to Zimbabweans of all races against discrimination or prejudice to their interests in any matter on the grounds of colour, race, creed or sex.

The Reserve Bank position was revealed in an independent weekly, the Financial Gazette. Financial sources say the bank's conditions over the remittability of proceeds from the sale of local foreign-owned companies are prejudicial to some citizens who might otherwise have competed to buy out the foreign shareholding — posibly at higher prices.

As there have been recent harsh cutbacks in foreign currency allocations, so there has been a quickening of foreign-owned or connected companies up for sale.

Several companies have already been taken over locally on terms believed to be well below the true value of their total assets.

The British based Kenning Overseas Investment Company sold its major shareholding to the local management and workers, and the 85 per cent majority shareholding in the Astra Corporation held by Dutch interests linked to the Barlow Rand organisation was recently sold to the government for only 25,5 million Zimbabwe dollars, although its assets are listed at far more than that.

However, government sources argued their concern over the "flight of capital" set off by white businessmen in Zimbabwe, and the government's deep concern over its record budget deficit, a considerable part of which is made up of the remitted dividents of companies.

Those same sources say that emigrating white businesssmen have sold off their shares locally to other whites, and have been able to pick up the cash overseas. The buyers then have in several cases themselves emigrated, selling in turn to other local whites. This has often led to an unending chain of sales, with each one of them having the right to remittances which has strained foreign reserves.

The latest disclosure about the acquisition conditions of shares of foreign based companies disinvestments in the Financial Gazette is likely to discourage any further investment, and could affect relations with the World Bank, according to sources here.

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Zimbabwe, Zambia 'abandon' sanctions

Own Correspondent

HARARE — Plans to impose broad economic sanctions against SA had been privately abandoned by Zimbabwe and Zambia, Western diplomats here said yesterday.

The two countries were among those who led the Commonwealth call for sanctions.

They still vocally supported punitive measures against Pretoria but had belatedly realised that to cut their own links with SA would be economic suicide, the diplomats said.

Neither country was prepared to admit this in public.

Orginally, the end of 1986 was set as a deadline for imposing sanctions. The call was renewed at a meeting of the Organisation of African Unity in Addis Ababa in February.

Zimbabwe Prime Minister Robert Mugabe has said he needs more time and more talks with other African countries.

Zambian President Kenneth Kaunda was waiting until the other Frontline states, such as Botswana, Mozambique and Malawi also agreed to impose sanctions against SA.

Meanwhile, Kaunda said yesterday SA had tried to overthrow his government through Zambian businessmen who approached the army for assistance in carrying out a coup, SAPA-REUTER reported.

Kaunda told a news conference in Lusaka that the plot failed when loyal army officers reported it to him.

He gave no indication when the alleged plot took place and did not say whether the Zambian security forces had arrested anyone in connection with it.

"Some soldiers in the army, young officers, have been approached by SA and Zambian businessmen to take over power. But some of these loyal young men came to me and reported and that is how we discovered the plot."

Kaunda said the conspirators had wanted to introduce a multi-party system in Zambia but this would have been unworkable because of tribal conflicts.

He gave few details of the businessmen but said they were black.

NH Times 16/4/87 (280)

Frontline abandons sanctions against SA

By JEREMY GAVRON of the London Daily Telegraph

HARARE. — Plans to impose broad economic sanctions against South Africa have been privately abandoned by Zimbabwe and Zambia, according to Western diplomats here.

The two countries were among those who led the Commonwealth call for sanctions.

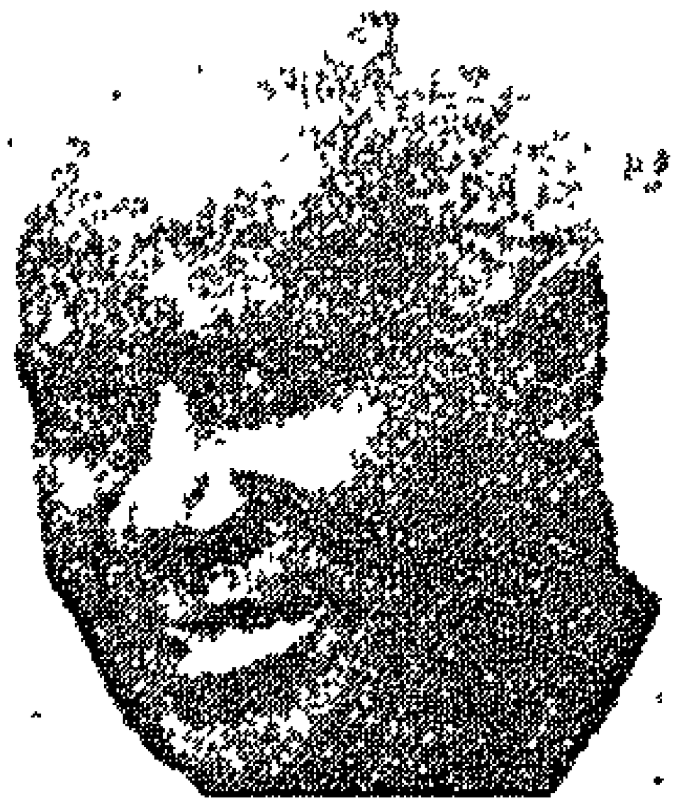
They still vocally support punitive measures against Pretoria but have belatedly realized that to cut their own links with South Africa would be economic suicide.

Neither country is prepared to admit this in public. Originally the end of 1986 was set as a deadline for imposing sanctions. The call was renewed at a meeting of the Organization of African Unity in Addis Ababa in February.

The Prime Minister of Zimbabwe, Mr Robert Mugabe, says that he needs more time and more talks with other African countries.

President Kenneth Kaunda of Zambia is waiting till the other states in the frontline, such as Botswana, Mozambique and Malawi, also agree to impose sanctions against South Africa.

Mr Robert Mugabe



Dr Kenneth Kaunda

Zimbabwe's own dependence on South Africa was developed during the years of Rhodesia's isolation from the rest of the world under Mr Ian Smith's leadership.

All but a few percent of Zimbabwe's trade is either with South Africa or goes through the ports of Durban, Port Elizabeth and Cape Town and it is sometimes difficult to reconcile the flow of rhetoric in Zimbabwe directed against the "racist south" with the overt links at every level between the two countries.

At Harare airport, South African Airways aircraft seem as numerous as those with Air Zimbabwe written on them. SAA even advertise on Zimbabwe television.

South African tourists, banned from most African countries, still pour into Zimbabwe Last weekend the hotels in Victoria Falls were packed with South Africans, whose Easter school holidays had just started

Tourism at the Falls declined severely during Zimbabwe's civil war. Zambian soldiers, firing across the border, killed two Canadian tourists in one incident. Another time, one of the hotels was hit by a heat-seeking missile.

Now South Africans make up a large proportion of the visitors to the Falls, and the game parks. They bring in much-needed foreign currency.

In downtown Harare, many of the smart shops have the names of South African retail chains, such as Edgars and OK Bazaars. Cheap music cassettes in Harare are not European imports, but are recorded from compact discs and are packaged in South Africa.

Zimbabwean's go to off-course betting shops to wager on races in South Africa.

They earn degrees from correspondence courses in South Africa.

Twenty trains a day rattle through Beit Bridge, the railway town at the border of Zimbabwe and South Africa. Half the trains on Zimbabwe's lines at any time are South African.

"South Africa can supply whatever Zimbabwe needs, cheaply," said a diplomat. "It's a godsend."

Sanctions supporters to twist Israel's arm

STAR 16/4/87

The Jewish state faces the threat of "punishment" by the US Congress if it fails to take stronger action against SA, says this report from Washington.

Opponents of apartheid in the US Congress are putting pressure on the Israeli Government to impose sanctions on South Africa or face a possible loss of American military aid.

This follows a State Department report this month identifying Israel as violating an international arms embargo on South Africa.

American legislators welcomed Israel's announcement, just weeks before US disclosures of Israel's longstanding, secret military relationship with South Africa, that it would no longer sell arms to Pretoria.

But they said Israel needed to do much more, including imposing stiff sanctions, if it is to avoid a move in Congress later this year to sever or suspend some of the military aid Israel is scheduled to receive in 1987.

"We in Congress welcome Israel's announcement as a first, and let me emphasise first, step in cutting ties with South Africa," Representative Mickey Leland, a Texas Democrat, said on release of the State Department report.

If Israel fails to impose sufficient new measures against South Africa, Mr Leland and other apartheid opponents in the House of Representatives could attempt to suspend or curtail Israel's military aid package, congressional aides said.

How successful they would be is unclear, given the powerful pro-Israeli lobby in the US and the substantial election campaign funds it provides to members of Congress.

But House aides suggested the mere threat of a cut-off, or even of a major congressional debate on the issue, might be sufficient to prod Israel into taking anti-apartheid measures.

The three-page unclassified version of the April 2 report said Israel "appears to have sold military systems and sub-systems and provided technical assistance on a regular basis" and upgraded major South African weapons systems in defiance of a 1977 United arms embargo.

The report was ordered by Congress last October when it passed legislation imposing sanctions on South Africa.

It said Italian and French companies, apparently with their governments' knowledge and approval, had also supplied military equipment to South Africa.

It also said that private arms manufacturers in Britain, Switzerland, the Netherlands and West Germany had on occasion exported military items covered by the embargo apparently without government approval.

Mr Leland and other legislators who helped push the tough South Africa sanctions package through Congress said they were gathering signatures for letters to be sent to Israel, France and Italy urging them to "take immediate steps to halt the sale of weapons to South Africa.

"The sale to South Africa of tools which may be used to subvert by force its own people or to attack its neighbours is unconscionable," the draft letter said.

Mr Leland said that while Italy and France had joined other European Community nations in imposing sanctions against South Africa, Israel had not yet moved in that direction.

He said the possibility of Israeli sanctions and other efforts to reduce Israeli-South African ties would be a major topic of discussions he and his House colleagues hope to have with Israeli officials when they visit the Jewish state later this year at the invitation of Foreign Minister Shimon Peres. — Sapa-Reuter.

Maputo remembers death of Machel

(280)

STAR 16/4/87

The Star's Africa News Service

MAPUTO — Top level government leaders yesterday took part in a wreath-laying ceremony marking the passage of six months since the death of President Samora Machel of Mozambique.

MONUMENT

The chairman of the country's national assembly, Mr Marcelino dos Santos, led the ceremony at Maputo's Heroes Monument where President Machel is buried.

President Machel and 33 other people were killed on October 19 last year when the plane in which they were returning from Zambia crashed inside South African territory.

A commission of inquiry, which included American and British experts, ended its probe earlier this year in Johannesburg.

The Mozambique news agency, AIM, said yesterday the plane had been diverted from its route "for reasons that have still not been clarified".

COAL EXPORTS (280)

The price squeeze

Sanctions are just one of the factors likely to pull South African coal exports down by at least 3,5 Mt this year.

Worst hit will be the Transvaal Coal Owners' Association (TCOA) which was the only exporter to the US and a major supplier of both Denmark and France — all of whom have now applied sanctions to South African coal exports.

"TCOA's annual export allocation of 11 Mt is likely to come down to about 8,5 Mt this year," says TCOA financial manager Gerald Robinson. "Export figures for 1986 held up well because sanctions really started to bite only in December and January. The last Danish contract expired only in November."

But the question of rail tariffs on the Richards Bay line, now the subject of talks between Sats and coal exporters, could be the critical factor for the coal export industry.

Current average rail tariffs are R14/t, but Sats would like to increase this to about R20/t. The industry has reservations over whether it could withstand such a blow.

Adding to industry woes, a world coal glut is cutting export prices to the bone. "The Chinese have the largest coal reserves in the world.

"They — and the Colombians — are now in the market," says Robinson. "Meanwhile, smaller South African exporters, who are not TCOA members, are also cutting prices. Many don't even use Richards Bay, but export through Durban."

The stronger rand also militates against export profits. "In fact, the price squeeze is probably more critical than the sanctions squeeze," he claims.

Another problem facing the industry is the fall in Japanese steel production. Steel yards in the Far East are major users of South African coal.

It is difficult to assess which of the mining houses will be hardest hit this year. Robinson says this will depend on how prices and sanctions affect different types of coal. "Some, for example, produce low-ash coal and others don't. This could affect who takes the knock."

The three biggest producers are Amcoal, Gencor and Rand Mines. ■

FINANCIAL MAIL APRIL 17 1987

Jail for sanctions-busters

Cape Times 17/4/87

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Own Correspondent

LONDON. — Two sanctions-busters who supplied their military reconnaissance equipment to South Africa in contravention of the United Nations embargo were jailed at Isleworth Crown Court yesterday.

Judge Suzanne Norwood told them: "You don't need to be engaged in this trade to know about the prohibition by most of the world against the supply of military goods to South Africa."

Howard Freckleton, 42, of Southgate, London, and David Sofaer, 37, of Kew, London, both directors of Lyon and Brandfield, were each sentenced to six months' imprisonment with a further three months suspended and ordered to pay £1 500 (about R4 500) costs.

They admitted five charges of illegally exporting £663 000 (about R2m) worth of their long-range aerial photographic reconnaissance equipment to South Africa in 1983 and four of exporting under-water surveillance equipment to Korea and Yugoslavia the same year without export licences.

Passing sentence, Judge Norwood said: "If I were only dealing with goods to Korea and Yugoslavia I would not impose a prison sentence because I think it possible you could have got export licences. But on the South African exports I think a very different consideration applies."

Customs were alerted in September 1983 by a consignment of aircraft parts bound for South Africa.

UK sanction busters jailed for SA deal

(280) 17/4/87 DD

Dispatch Correspondent

LONDON — Two sanctions busters who supplied their military reconnaissance equipment to South Africa in contravention of the United Nations embargo have been jailed by the Isleworth crown court.

Judge Suzanne Norwood told Howard Freckleton, 42, and David Sofaer, 37: "You don't need to be engaged in this trade to know about the prohibition by most of the world against the supply of military goods to South Africa.

"You two knew perfectly well what you were doing. You were prepared to take part in illegal business transactions for money and everything I look at —almost every document — shows me that this was a thoroughly dishonest transaction in which a great deal of money was slushing around.

"There are false invoices, no books kept and the moment the customs officers arrive on your doorstep the files are spirited away and hidden in the boot of a car."

Both directors of a London firm, Lyon and Brandfield, were each sentenced to six months imprisonment with a further three months suspended and ordered to pay £1 500 costs.

They admitted to five charges of illegally exporting £663 000 worth of their long-range aerial photographic reconnaissance equipment to South Africa in 1983 and four of exporting underwater surveillance equipment worth £86 000 to Korea and Yugoslavia during the same year without export licences.

In passing sentence Judge Norwood said: "If I were only dealing with goods to Korea and Yugoslavia I would not impose a prison sentence because I think it possible you could have got export licences. But on the South African exports I think a very different consideration applies." — Sapa

Weekend Post

2 British sanctions busters jailed

18/4/87

LONDON — Two London businessmen who supplied military reconnaisance equipment to South Africa in violation of the United Nations embargo have been jailed for six months.

Howard Freckleton and David Sofaer admitted five charges of illegally exporting £663 000 (R2,2 million) worth of long-range aerial photographic reconnaisance equipment to South Africa in 1983.

They also admitted four charges of illegally exporting underwater surveillance equipment worth £86 000 (R280 000) to North Korea and Yugoslavia.

They were sentenced on Thursday at Isleworth Crown Court in south west London

In October, 1984, Freckleton, Sofaer and another man were charged with conspiring with two Americans to ship military parts to Iran. They were named in a 20-count indictment in Chicago. — Sapa-AP

UK judge chides two men who supplied R2,1 million military equipment to SA

(280) SMe 18/4/87

Jail for sanctions buste

LONDON — Two men who supplied military reconnaissance equipment to South Africa in contravention of the United Nations embargo were jailed by Isleworth Crown Court on Thursday.

Hugh Freckleton (42) of Southgate, and David Sofaer (37) of Kew, London, both directors of Lyon and Brandfield, Bayswater, London, were each sentenced to six months' imprisonment, with a further three months suspended. They were ordered to pay R4 800 costs.

Judge Suzanne Norwood told them: "You don't need to be engaged in this trade to know about the prohibition by most of the world against the supply of military goods to South Africa.

"You two knew perfectly well what you were doing. You were prepared to take part in illegal

FOREIGN NEWS SERVICE

business transactions for money and everything I look at — almost every document — shows me this was a thoroughly dishonest transaction in which a great deal of money was slushing around.

"There are false invoices, no books were kept, and the moment the customs officers arrived on your doorstep, the files were spirited away and hidden in the boot of a car.

"The whole thing is murky in the extreme."

The two men admitted five charges of illegally exporting R2,1 million worth of long-range aerial photographic reconnaissance equipment to South Africa in 1983 and four charges of exporting underwater surveillance equipment worth R279 000 to Korea and Yugoslavia in the same year without export licences.

Passing sentence, Judge Norwood said: "If I were dealing only with goods to Korea and Yugoslavia, I would not impose a prison sentence, because I think it possible you could have got export licences. But on the South African exports, I think a very different consideration applies."

Customs were alerted in September, 1983, when a consignment of aircraft parts was bound for South Africa.

Officers went to the firm's premises and discovered a file relating to the exports, hidden in an employee's car, said Mr Keith Simpson, prosecuting. Altered invoices were also recovered.

The exports, produced by the company, were known by the two defendants to be classed as military equipment, Mr Simpson alleged. Letters found in their office

Sanctions' effects study at UCT

Cape Times 20/4/87

280

Staff Reporter

THE University of Cape Town's Department of Adult Education and Extra-Mural Studies is offering a course on the Economic Effects of Sanctions on South Africa.

The former head of the Department of Economics at the University of the Western Cape, and current deputy general manager of the Cape Region of the Small Business Development Corporation, Dr Wolfgang Thomas, will present the course focusing particularly on development strategy and policy in Southern Africa.

The course is aimed at people who would like to understand the causes, nature and possible consequences of economic sanctions.

People interested in the course starting on April 22 can telephone 650-2888.

(280) STAR 21/4/87

Total sanctions will hurt people, not govt — Japan

TOKYO — Japan does not favour the idea of comprehensive economic sanctions against South Africa because it believes the people of South Africa, rather than the South African Government, would suffer from the measures.

This was stated by Japanese officials yesterday after the Japanese Premier, Mr Yasuhiro Nakasone, met African National Congress leader Mr Oliver Tambo in Tokyo.

But the officials quoted Mr Nakasone as telling Mr Tambo he would "make efforts", concerning the question of trade with South Africa, at the next summit meeting of the Group of Seven — Britain, West Germany, France, Italy, Japan, Canada and the United States — in Venice in June.

A Foreign Ministry official, who refused to be identified, quoted Mr Nakasone as saying "Japan has consistently opposed apartheid and hopes for a peaceful solution of this issue".

Mr Nakasone said: "We must consider international public opinion and nations concerned have to try to find a solution as soon as possible."

But, they said, Japan did not favour the idea of comprehensive economic sanctions because Tokyo believed the people in South Africa, rather than the white-led government, would suffer from the measures.

Mr Nakasone told Mr Tambo he opposed the ANC's policy of using violence to fight apartheid.

Mr Tambo arrived on Sunday for a six-day visit at the invitation of the African Society of Japan, an organisation affiliated to the Japanese Foreign Ministry.

The officials said that in his talks with Mr Tambo, Foreign Minister Mr Tadashi Kuranari said Japan planned to extend $400 000 (about R800 000) in assistance to South African black people for educational and other purposes

Mr Kuranari announced later that he would invite Dr Alan Boesak, a United Democratic Front leader, to Japan this summer.

Last September, Japan imposed limited sanctions on South Africa, banning iron and steel imports, refusing tourist visas for South Africans and urging and end to tourism to South Africa

It has also severed cultural and sporting links

Japan is considering allowing the ANC to open a mission on its soil. — Sapa-Reuter-AP

280 STAR 21/4/87

Forex: key to sanctions war

The Star Bureau

LONDON — A newly published "sanctions handbook", by two journalists who lived and worked in Southern Africa, warns it is "nonsense" that "one more push" will bring the South African Government to its knees.

But the authors believe South Africa remains vulnerable to an orchestrated campaign of targeted sanctions, and that, "if imposed correctly", it stands a good chance of helping to end apartheid".

One of South Africa's weaknesses is the lack of what the book calls a "big brother" — a significantly more powerful state that is prepared to accept its exports and provide key inputs.

FOREIGN EXCHANGE

But, "The Sanctions Handbook", by Joseph Hanlon and Roger Omond, a Penguin Special Edition, sees foreign exchange as one of the most crucial issues in a sanctions war.

Rhodesian experience confirmed this, the book continues. "South African experience and advance planning suggests this will be true there as well."

For this reason, Hanlon and Omond believe three objectives of sanctions should be: raising the price of imports; preventing the sale of exports; and halting other financial flows.

The authors also call for tighter laws against sanction-busting, the establishment of sanctions monitoring units and more support for non-government organisations monitoring sanctions.

Konica film supplies to be cut off

Business Day Reporter

PHOTOGRAPHIC industry sources yesterday reacted with surprise to a report that the Konishiroku company intended stopping supplies to SA.

The company exports UBIX copiers and Konica film to this country. Spokesmen for companies distributing these products said they had heard nothing of the plan to cut off supplies.

A Reuter report from Tokyo said the company would stop exports "soon" in a show of support for the ANC, whose leader Oliver Tambo is visiting Japan.

A company spokesman said Konishiroku held 6% of the SA market in 1986.

● See Page 2

Japan wary of all-out sanctions

TOKYO — ANC leader Oliver Tambo met Japanese Prime Minister Yasuhiro Nakasone yesterday and was told Japan doesn't favour comprehensive economic sanctions against SA because ordinary people, reather than the white-led government, would suffer.

Nakasone also told Tambo: "Japan has consistently opposed apartheid, and hopes for a peaceful solution of this issue."

He added he was opposed to the ANC policy of using violence to fight apartheid.

Japan announced last October it would halt computer sales to SA and pressure companies to stop importing Krugerrand gold coins, but the government has said it is still studying broader sanctions.

Officials quoted Nakasone as telling Tambo he would "make efforts" concerning the question of trade with SA at the next summit meeting of the Group of Seven — Britain, West Germany, France, Italy, Canada, the US and Japan — in Venice in June.

Nakasone said: "We must consider international opinion and nations concerned have to try to find a solution as soon as possible."

But the officials said Japan did not favour comprehensive economic sanctions because of the effect on the majority of South Africans.

Tambo arrived in Japan on Sunday for a six-day visit at the invitation of the African Society of Japan. — Sapa-Reuter-AP.

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Company's ships never call here

Sea-Land move unlikely to hurt SA in any way

BDay 2/14/8

MICK COLLINS

LAST week's decision by US shipping giant Sea-Land Corporation to halt cargo shipments to SA has been greeted with scepticism in SA shipping circles.

Industry sources said the move had been announced to placate a small number of anti-SA activists and would have little or no effect on trade.

Publisher of Robertson's Freighting Schedules Bob Robertson said the corporation might have been providing a groupage type of service but none of its vessels visited SA.

"To my knowledge the announcement will have little or no effect. The company, as far as I am aware, has never had a direct link here.

"The corporation may be a first-leg carrier for south-bound traffic or a second-leg carrier for north-bound traffic but otherwise there are no possible untoward consequences."

A director of Rennies Ships Agency in Durban, Des Murray, said: "Bank Line in London confirmed that Sea-Land has no direct trade with SA.

"Sea-Land agencies, which are independent of Sea-Land Corporation, will continue to be good agents for Bank Line for the whole of Africa. There are no problems."

At the time of the announcement, a spokesman for Sea-Land in the US said: "In concert with our company's commitment to ... human freedom and dignity ... Sea-Land is proceeding with arrangements to discontinue any future participation in movements of cargo between the (San Francisco-Oakland) Bay Area and the Republic of SA."

The announcement by the Port of Oakland's largest shipping tenant turned a planned protest by anti-SA activists in front of company headquarters into a victory rally.

KWV faults system

Shareholders call for end to all ties

Eltsa will renew anti-SA pressure at Barclays AGM

IAN HOBBS

LONDON — Charges that Barclays Bank "retains many links with the apartheid regime" — and will suffer because of them — will be made at the bank's AGM in London today.

Spokesmen for the End Loans to SA (Eltsa) movement, who will address the AGM as shareholders, warned yesterday they will keep up their protest campaign against Barclays until "all links with apartheid are broken".

Rev David Haslam said Barclays disinvestment from SA and Namibia would be invalidated unless the bank cut its strong existing ties.

Eltsa will call on the fast-growing American anti-apartheid groups to protest against Barclays' massive programme of investment and growth in North America, in the same way it did in Britain.

Eltsa, which led a decade-long campaign of protests which badly damaged the bank's image in many countries and its student business in Britain, said it would attack most strongly the Barclays role in financing trade with SA.

Eltsa, together with the Anti-Apartheid Movement, also wants Barclays to cut its "technical links" with SA through the Visa card system and its membership of the UK-SA Trade Association.

The protest groups are also critical of the Barclays role in last month's rescheduling of South African debt. Barclays is involved through its membership of the 12-bank technical committee.

In early March Barclays executives met a delegation of anti-apartheid leaders and indicated that on top of disinvestment from SA other links with the Republic might eventually be run down.

This led to rumours the pressure groups would completely lift their protest campaign. But Haslam and the AAM say until all links are cut they will call on their members to pile on the pressure.

Anti-apartheid protestors will also be at the Lloyds Bank AGM in London today, questioning the possibility of another bid for Standard Chartered and the bank's involvement in SA's debt rescheduling.

Imposters: a

Trade union groups condemn EC 'delay'

New call for SA coal imports ban

280

23/4/87 SMR

BRUSSELS — Three leading Western trade union groups yesterday renewed calls for the European Community (EC) to ban coal imports from South Africa to step up pressure on Pretoria to abandon apartheid.

The Miners' International Federation (MIF), International Confederation of Free Trade Unions (ICFTU) and European Trade Union Confederation (ETUC) called for EC Foreign Ministers to discuss the issue next week and to "implement a complete, binding import ban immediately".

In a joint statement, they strongly protested against what they called EC procrastination and called for a world ban.

Belgian Foreign Minister Mr Leo Tindemans, whose country is president of the 12-nation bloc, has refused to put coal imports on the agenda of next week's Foreign Ministers' meeting.

The union groups quoted Mr Tindemans as saying, in his reply to a letter from the MIF, that it would be inopportune for the EC to consider the matter before whites-only elections due in South Africa on May 6.

A spokesman was unable to give immediate confirmation of Mr Tindemans' answer.

OPPOSITION

A ban on South African coal imports was the centrepiece of a package of economic sanctions agreed in principle by EC heads of state and government at a summit last June.

But subsequent opposition from West Germany and Portugal, with backing from Britain, prevented inclusion of coal when limited sanctions were formally approved three months later.

ICFTU general secretary Mr John Vanderveken noted coal was South Africa's second most important export after gold, earning Pretoria $1,3 billion (about R2,9 million) in 1985

The ICFTU, the West's biggest trade union federation, said the Community imported 22,5 million tons of South African coal last year. Italy was now the EC's biggest importer following a decision by France, previously the leading buyer, not to renew contracts.

MrAngelo Gennari, director of international affairs of Italy's CISL trade union confederation, said unions in the CISL would take industrial action against state-owned power company ENEL unless the Italian government changed its attitude.

ENEL is the EC's biggest single buyer of South African coal, accounting for around four million of the six million tons Italy imported last year, Mr Gennari said. — Sapa-Reuter.

Cape Times 25/4/87

US appeal court upholds SAA ban

WASHINGTON. — A US court of appeals yesterday upheld the Reagan administration's order halting all flights between the United States and South Africa by the South African national airline.

The court threw out a lawsuit by South African Airways seeking to overturn or delay the ban enacted by Congress as part of a sanctions package intended to press Pretoria to end apartheid.

"We conclude that Congress intended the immediate suspension of the (landing) rights enjoyed by (South African Airways)," Judge James Buckley wrote for the three-judge panel.

The administration, seeking to implement sanctions legislation passed by Congress over President Reagan's veto, last November ordered the airline to halt all service between South Africa and the United States. — Sapa-Reuter appeared for the respondent.

ARGUS 27/4/87

SAA claims 'lost' millions from US

The Argus Foreign Service 280

WASHINGTON. — South African Airways is claiming scores of millions of rands from the US following the termination of its service to New York.

South African officials here are seeking a meeting with the US State Department in an attempt to recover losses SAA claims as a result of the ending of its flights to America late last year.

A South African official said: "The next step would be arbitration should those consultations fail."

The amount SAA is seeking is not yet clear. Mr Gert van der Veer, chief executive of SAA, said here in an affidavit during litigation that the airline would lose about R110-million in passenger revenues, R26-million in cargo traffic and roughly R3-million in mail traffic.

"SEVERE DAMAGE"

At issue is the abrupt termination of SAA's landing rights in the US, a move ordered by the Comprehensive Anti-Apartheid Act of 1986, passed by Congress on October 2. SAA's claims arose because it asserted it had a right to a year's notice before its five flights a week had to stop.

Mr van der Veer cited the Air Service Transport Agreement between South Africa and the US, saying it provided for a year's notice and adding: "This loss would not be incurred by SAA if it were allowed to plan for the orderly termination of its services over the course of the next 12 months."

He also claimed that the sudden end to SAA flights to America had inflicted "severe damage" to the airline's reputation for reliability within the transport industry and with the travelling and shipping public.

At the weekend a US Federal Appeals Court upheld the revocation of SAA's landing rights. A three-judge panel found here on Friday that Congress had the authority to do this immediately in spite of the air transport agreement.

CAPE TIMES 28/4/87

Rapturous reception for Clegg

Own Correspondent

LONDON. — South African musician Johnny Clegg and his band Savuka are receiving rapturous ovations on their tour of Britain — despite opposition from the British Musicians' Union.

Unlike Paul Simon who had to endure protests from the Anti-Apartheid Movement when he toured here earlier this month, Clegg has been given a clean bill of health by AAM.

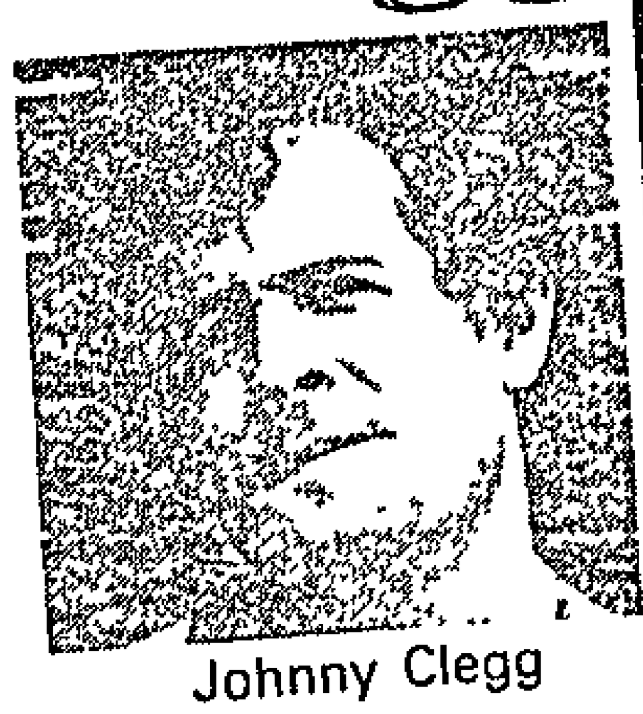
The British Musicians' Union objected, but despite this the Department of Employment granted the band a work permit.

The ANC is understood to be planning a meeting with the Musicians' Union to explain that tours from SA artists are not breaking the cultural boycott if they have the backing of political groups like the UDF — as is the case with Savuka.

Savuka's first concert was described as a "remarkable triumph" by The Guardian.

The Times was even more laudatory.

It said of Clegg: "Over and above all this unique and extravagant entertainment was the simple but irresistible impression of a man who, more by accident than design, had managed to hit all the right buttons at the right moment: A man whose time has come."



Johnny Clegg

Botswana calls for unity against SA

By ALI MPHAKI

28/4/87

THE commander of the Botswana Defence Force, General Mompati Merafhe, has called for greater unity among the Frontline states to face South Africa's threats.

Even though there has been no Botswana government reaction to the weekend raids on Livingstone, in Zambia General Merafhe told a military parade in Gaborone on Sunday that "The frontline states now need each other more than ever".

Warnings

Speaking during celebrations to mark the BDF's 10th anniversary, he said that although the BDF had little military hardware to boast about, it was developing well.

Last week the Botswana government said it had received three warnings from the South African Ministry of Foreign Affairs regarding alleged ANC infiltrations through Botswana territory.

Five people were killed in Livingstone on Saturday during a cross-border raid into Zambia by the South African Defence Force.

The Zambian Prime Minister, Mr Kenneth Kaunda, said four of those killed were "innocent" civilians who included a woman.

South Africa has claimed that the targets attacked in the raid were being used by ANC insurgents, a claim denied by both the Zambian government and the ANC.

The ANC has described as an "utter lie" South African claims that five ANC guerillas were killed on the raid on the southern town of Livingstone.

"The fact of the matter is that all those killed and injured are innocent Zambian civilians," the ANC said in a statement.

Murder

It added that the ANC had no military personnel in Zambia, Tanzania or any of the southern African countries recently accused by South Africa of helping ANC guerillas.

"We are certain that this latest unforgivable act of murder and state terrorism will not succeed to intimidate the heroic people of Zambia nor, indeed, those of southern Africa as a whole," the statement said.

The ANC vowed to intensify its actions against the South African government and said the situation in the country would not be solved by the Government's desperate attempts to export the South African conflict into neighbouring states.

Zimbabwe Prime Minister, Mr Robert Mugabe has described the deaths in Livingstone as "downright premeditated ritual murder".

In a message to President Kaunda he said the "invasion" proved true the recent warnings that the "blood-thirsty racist regime was planning an evil campaign of murderous attacks" to win more votes in the general election.

Booze tax will not hit public

280 29/4/87

Effective from May

Business Editor

EAST LONDON — A new system of collecting the GST payable by liquor traders would have no effect on the consumer, Fedhasa's executive director of operations, Mr Fred Thermann, said yesterday.

The new system, introduced at the instigation of Fedhasa and the Ukhamba organisation, representing black liquor retailers, comes into effect on May 1.

From that date, wholesale suppliers will be obliged to collect 12 per cent GST on all liqour supplied to retailers of any kind. The GST will be collected on contents only, not on the deposit on the container.

Retailers, after adding their mark-up, will charge the public GST on the full price of the contents and the container. In making their returns to the Receiver of Revenue, they will deduct the GST they have already paid on the wholsesale price.

"There is no truth in any claim that liqour prices will rise as a result There will be no difference for the public, It is only the method of collection that will change," Mr Thermann said.

.. added that although it was not stipulated in law that retailers should refund GST paid on containers when they were returned, Fedhasa recommended this practice as being in the public's interest. Retailers could claim these refunds from the Receiver.

Mr Thermann said the main motivation for the new system was to eliminate unscrupulous trading by certain elements who used GST evasion to undercut the prices of honest competitors. Fedhasa estimated that the Receiver would collect an additional R100 million to R200 million with the new collection system. "It is in the public interest that all GST is collected, otherwise the rate will go up," Mr Thermann said.

Under the new system, everybody would have to pay 12 per cent on the wholesale price. It was only the small amount of tax due on the difference between the wholesale and retail prices that was at risk.

Club ban lifesavers for rebel SA tour

WELLINGTON — Ten New Zealand surf lifesavers who resigned from their clubs in order to tour South Africa will not be allowed to rejoin the movement, the sport's national council decided yesterday.

"These 10 people do not belong to surf lifesaving," the chairman of the New Zealand Surf Lifesaving Association, Mr Peter Fitzsimmons told a news conference.

He said the 10 defied both the association's rules on overseas competition and its policy of not competing against South Africa.

The lifesavers made an all-expenses-paid 30-day tour of South Africa in March, two days after the New Zealand championships.

Mr Fitzsimmons said the association was angered by the actions of South African surf lifesaving officials and the way they had dealt with the rebels rather than going through the association.

It would ask for an assurance from South Africa that such action would not be repeated.

If no assurance were received, New Zealand would join Australian surf lifesaving officials in seeking to have South Africa banned from next year's world congress in Australia, he added. — Sapa

The mayor, Mrs Elsabe K... mies le...

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If no assurance were received, New Zealand would join Australian surf lifesaving officials in seeking to have South Africa banned from next year's world congress in Australia, he added. — Sapa

The mayor, Mrs

De Beers boss urges voters to back change

Sanctions 'led to end of govt's reform moves'

NORMAN SHEPHERD

THE West's adoption of more punitive sanctions caused government to halt reform initiatives, and this impeded the nascent recovery of the SA economy, De Beers Consolidated Mines chairman Julian Ogilvie Thompson says in his annual statement to shareholders.

"The process of change became seriously inhibited by the growing unrest. The ill-starred and simplistic approach of the Eminent Persons Group was followed on the one hand by attacks on ANC bases and the reimposition of the state of emergency, and on the other by the US and European Community introducing further sanctions."

"In the aftermath, the report of the President's Council on the Group Areas Act was shelved and the innovative proposals of the Indaba for a multiracial constitution for KwaZulu/Natal appear effectively to have been rejected by government."

He says he hopes reform will be supported by white voters in the election as government has to press ahead with abolishing the remaining vestiges of apartheid.

His company will continue to tackle, through educational schemes, the disadvantages that have flowed from discriminatory legislation.

Thompson says R53m was set aside in the Anglo American and De Beers Chairman's Fund last year for educational schemes and projects, and De Beers plans to expand its home-ownership scheme.

Apart from this, and in anticipation of De Beers' centenary in 1988, the company pledged, *inter alia:*

- R2m for a building to house UCT's Harry Oppenheimer Institute for African Studies;
- R1,5m for a non-racial student residence at Rhodes University;
- R2,6m over three years to establish a new region of operation for Read Educational Trust.

Report by N Shepherd, 11 Diagonal St, Johannesburg

● See Page 22

ICI 'should not quit SA'

280 SM 30/4/87 The Star Bureau

LONDON — Mr Denys Henderson, newly elected chairman of Imperial Chemical Industries (ICI) said yesterday he did not agree that the company should withdraw from South Africa, although it accounted for less than 1 percent of profits and assets.

Answering questions at the company's annual meeting in London, he said ICI and its 38 percent-owned associate AECI, both wanted an end to apartheid.

"The best way of tackling the apartheid problem is by continuing to be involved and in that way continuing to attempt to influence change as best we can."

DD 30/4/87 280

Sanctions slammed for halting reform

JOHANNESBURG — The West's adoption of more punitive sanctions caused government to halt reform initiatives and this impeded the recovery of the SA economy.

This was said by De Beers Consolidated Mines chairman, Mr Ogilvie Thompson in his annual statement to the shareholders.

"The process of change became seriously inhibited by the growing unrest.

"The ill-starred and simplistic approach of the Eminent Persons Group was followed on the one hand by attacks on ANC bases and the reimposition of the state of emergency and on the other by the US and European Community introducing further sanctions," said Mr Thompson.

"In the aftermath, the report of the President's Council on the Group Areas Act was shelved and the innovative proposals of the Indaba for a multiracial constitution for KwaZulu/Natal appear effectively to have been rejected by government."

He said he hopes reform will be supported by white voters in the coming white election on May 6 as government has to press ahead with abolishing the remaining vestiges of apartheid.

His company will continue to tackle, through educational schemes, the disadvantages which have flowed from years of discriminatory legislation.

Mr Thompson said R53 m was set aside in the Anglo American and De Beers Chairman's Fund last year for educational schemes and projects and De Beers plans to expand its home-ownership scheme.

Apart from this, and in anticipation of De Beers' centenary in 1988, the company has pledged:

- R2 m for a building to house the University of Cape Town's Harry Oppenheimer Institute for African Studies;
- R750 000 for a building to house University of Fort Hare's collection of black SA urban art in Alice, Ciskei;
- R1,5 m for a non-racial student residence at Rhodes University, Grahamstown;
- R750 000 to the Harry Oppenheimer Chair of Human Rights at the University of Stellenbosch; and
- R2,6 m distributed over three years to establish a new region of operation for Read Educational Trust.

(Report by Norman Shepherd, 11 Diagonal Street, Johannesburg.)

— Sapa-RNS

Enzymes SA takes over where Novo Industries left off

BusDAY

280

4/12/86

Industrial Staff

A LOCAL company, Enzymes SA, has been formed as a result of the management buyout of Danish subsidiary Novo Industries' enzymes division.

The company was launched on December 1 with a buyout of stock from Novo in SA after its parent announced the enzymes division had to be ditched under Danish sanctions law.

Former Novo enzymes division manager Rodney Blower is MD and Jan van Aswegen technical director.

Sales of enzymes (used in making detergents) made up about 10% of Novo's turnover. The rest came from pharmaceutical products — such as antibiotics and insulins — which are exempt from the sanctions law.

The SA firm was launched with stock worth about R3m.

SANCTIONS - 1987

MAY — JUNE.

CAPE TIMES
1/5/87 280

Boesak blames Japanese

TOKYO. — The Rev Allan Boesak said yesterday that many South Africans believe Japanese companies are blunting the impact of economic sanctions by grabbing the business left behind by firms pulling out of the country.

He arrived in Japan for a five-day visit sponsored by 35 church, union and activist groups.

"The sad truth is that Japan today counts among the main supporters of the South African government and the apartheid system — in spite of the verbal denunciation of the apartheid system that we hear so often," he said.

Dr Boesak said: "Japanese businesses also have the tendency, whenever, for instance, a company from the United States withdraws from South Africa, to step into that void," he said.

He said Japan should step up economic, political and diplomatic pressure on South Africa without waiting for Europe and the US. — Sapa-AP

New study shows sanctions could seriously affect jobs

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1987

LONDON — Broad economic sanctions against South Africa could increase black unemployment by as much as 14 per cent and reduce visible export earnings by a quarter, according to a new study published here yesterday.

The report was issued by a privately funded institute, the Trade Policy Research Centre, and written by a former senior Foreign Office official and economics adviser, Mr J. P Hayes.

What Mr Hayes describes as "the maximum plausible package of sanctions" would exclude gold, diamonds and strategic minerals, which represent almost 60 per cent of South Africa's exports by value.

He assumes that no effective action would be taken to depress the price of gold as a form of pressure on the government.

Mr Hayes notes that the most damaging economic action to date has been decisions by banks and companies which have led to "the virtual cessation of capital inflows," a situation he considers is unlikely to change as long as political uncertainties continue.

He estimates that wide-scale sanctions would reduce the country's gross domestic product by seven per cent and the domestic use of resources by 11,7 per cent.

The study says a continuation of the present situation "may lead to something like stagnation of GDP".

The report does not set out to assess the effect of sanctions as an instrument of foreign policy, but Mr Hayes warns: "There could be a vicious spiral in which dissatisfaction with political developments in South Africa may lead to the further escalation of sanctions and these in turn strengthen the forces inimical to political and social reform." — Sapa

Exxon Chemicals renamed Aktol

4/5/87 B/Day

MICK COLLINS

A NEW company has been formed to take over the interests and operations of Exxon Chemicals. This follows the disinvestment decision by the US's largest oil company, Exxon, which announced its withdrawal from SA at the end of last year.

Aktol Chemicals came into being on Friday and will be run as a completely separate organisation from Zenex Oil, formerly Esso SA.

A spokesman said last week: "Our operations are independent. We supply a variety of industries and are now in a position to continue and improve on our past services."

Aktol MD Mike Hayes said Exxon had sold its SA interests to an offshore trust, and the terms of agreement also made provision for the continuation of local operations, assurance of imported supplies and continuing access to technology.

"Under our new name, Aktol Chemicals, we will continue to be a leader in the supply of oil-derived specialised chemicals. We will now be in a position to better source our products in the most beneficial manner for our customers.

"Once Exxon has been paid for our company — which will happen within the next few years — future profits will be returned to SA and devoted to projects of communal benefit to the country," Hayes said.

The profits would be used to fund educational and social programmes for the less privileged.

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... made known. — Sapa (280) DD 5/5/87

(280) DD 5/5/87

No to disinvestment

JOHANNESBURG — American shareholders of the pharmaceutical giant, Eli Lilly, have defeated a proposal calling for disinvestment from South Africa.

In a statement issued here yesterday the company said a motion calling for the disinvestment was defeated by a majority of 93,5 per cent.

The US chairman, Mr Richard Wood, said Lilly had a moral problem with the notion that they should cut off supplies of pharmaceutical products to any human.

"Lilly also feels a deep sense of responsibility to its employees in SA and does not choose to abandon them."

A New York government pension fund proposed the motion. — DDC

Another US firm to sell off SA assets

6/5/87 980

S/Day

MICK COLLINS

A MAJOR US corporation, American Brands, has announced it is to sell off the last of its assets in SA.

A statement issued yesterday said its UK-based subsidiary, Gallaher, would sell Mono Pumps — one of the largest pump manufacturers in SA, with 360 employees.

The decision means the US consumer packaging giant, which had over 900 employees in SA in 1986, will no longer have any interests in SA. The company sold its interest in agriculture machinery suppliers G North & Son in 1986.

Asked if the local company would be the subject of a management buy-out, Mono Pumps MD Herbert Peake said no firm decision had as yet been taken.

"Consequently all options will be thoroughly investigated. However, it is apparent the over-riding responsibility of the Mono management and its shareholder is to secure the long-term future of this company and of its employees."

Peake said more than 90% of the pumps sold by the company in SA were manufactured locally and any change of ownership would have no effect on the company's ability to meet demand.

Diversification beats sanctions

CAPE TIMES 6/5/87

Oceana lifts net income, turnover

280

By AUDREY D'ANGELO
Financial Editor

OCEANA fishing group (Ocfish) has overcome the effect of sanctions and the strengthening rand on its export earnings to lift net income in the first half of its financial year to R9,4m (R9,2m).

Turnover in the six months to March 31, rose by 16% to R83,3m (R71,9m) and earnings a share to 82,7c (81,1c).

The interim dividend is unchanged at 27,5c.

CE Walter Lewis forecasts improved earnings of about 165c (147,1c) a share for the whole year if group performance is in line with budgeted projections.

He said yesterday this could be achieved in spite of the fact that Sea Products SWA (Seaswa), in which the group has a 54,5% stake, has forecast lower earnings for the year.

Forward planning

Lewis explained yesterday that forward planning and market diversification had helped the group to overcome the effects of sanctions.

"We have also improved handling and processing technology which has resulted in better yields.

"Other contributing factors were the return of the traditional industry percentage of the pilchard quota to the group, following the recommendations of the Diemont Commission."

Catches of pelagic fish had been good, with higher oil yields at the beginning of the season.

The fact that catches had been near the factories resulted in cost savings.

"Pelagic landings to date are well up on last year and the group has virtually caught its share of the increased quota although the season closes only on September 30."

□ Seaswa has also maintained its interim dividend, at 50c a share, and lifted turnover for the six months to March 31 by 17% to R12,5m (R10,6m).

Earnings forecast

Net pre-tax income rose to R5,7m (R5m). The tax bill for the six months was R2,2m of which R2,1m will accrue directly to SWA/Namibia.

But Lewis, who is also CE of Seaswa, forecasts a drop in earnings for the full year to 135c (207,5c) a share.

He said negotiations with the SWA/Namibian authorities on the proposal that 30% of the group's interest in its rock lobster concession should be made available to residents of SWA/Namibia were still in progress.

Seaswa's rock lobster quota in SWA/Namibia was reduced from 34,6% to 30,3% and its pilchard quota from 8% to 5,2%.

Lewis said landings of rock lobster at Lüderitz were lower than at this time last year, mainly due to bad weather conditions.

But sanctions have not harmed sales. Lewis said demand for frozen whole cooked lobster remained firm and "the total production has been sold at favourable prices."

CAPE TIMES 7/5/87

Dutch shipping company 'breached arms embargo'

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ROTTERDAM. — A Dutch shipping company is to be prosecuted on charges of transporting weapons to South Africa in breach of a United Nations arms embargo, a spokesman for Rotterdam's public prosecutor said on Tuesday.

The spokesman said a director of Unity Chartering and Shipping (UCS) had admitted transporting three illegal cargoes between February, 1982 and November, 1983 and a fourth between November, 1984 and January, 1985.

Approached for comment, an SADF spokesman referred the Cape Times to Armscor. An Armscor spokesman said in Pretoria that Armscor "does not comment on the sales or purchases of arms".

A U S State Department report last month named the Netherlands among seven countries where it said companies had broken the U N ban.

The Dutch government, a fierce critic of apartheid, reacted angrily, saying the report offered no proof of Dutch breaches of the embargo.

But the specialist monitoring group Shipping Research Bureau, based in Amsterdam, two weeks ago detailed illegal shipments it said had been made in 1984 and 1985.

One of the vessels the group named, the Maltese-flag Lady Anita, was described by the public prosecutor's spokesman as having carried an unknown quantity of 140mm howitzers, with spare parts, to the South African port of Durban possibly as late as January 1985.

During 1982 and 1983 another ship, the Reeve, transported explosives to Durban or elsewhere in South Africa from various ports in Italy, Romania, Yugoslavia, Portugal and Greece, the spokesman said.

He said the Rotterdam-based UCS did business with a Swede accused in Sweden of making contacts in Europe on behalf of the South African government. — Sapa-Reuter

Report spells out effect of sanctions

280

8/5/87

Post Correspondent

JOHANNESBURG — A British report which said broad economic sanctions against SA could reduce visible export earnings by a quarter, has been discounted by local export analysts.

The report, issued by the privately funded Trade Policy Research Centre, also said the application of "the maximum plausible package of sanctions" could increase black unemployment by as much as 14%.

The hypothetical sanctions package would exclude gold, diamonds and strategic minerals, the report said.

One analyst said: "These minerals represent about 60% of SA's exports by value. We don't wish to view a scenario in which broader sanctions are applied, but without their inclusion any comprehensive sanctions package would not have the effect claimed."

The report assumes that no effective action would be taken to depress the price of gold as a form of pressure on the SA government.

A local labour spokesman said even with the application of sanctions against strategic minerals, mining work forces would not be hit to the extent claimed in the report.

"The West needs these minerals. Whether the deals were done through the back door or through third parties, business would go ahead. Not perhaps with the gusto presently seen, but nonetheless activity would continue."

He said the small stockpiles held in the UK were not sufficient for the country's needs and were extremely vulnerable to any interruption in the supply of manganese ore and chromite ore from SA.

The UK report estimates that wide-scale sanctions would reduce the country's gross domestic product by 7% and the domestic use of resources by 11,7%.

The study says a continuation of the present situation "may lead to something like stagnation of GDP".

The 100-page report does not set out to assess the effect of sanctions as an instrument of foreign policy, but warns: "There could be a vicious spiral in which dissatisfaction with political developments in SA leads to the further escalation of sanctions and these in turn strengthen the forces inimical to political and social reform."

It notes that the most damaging economic action to date has been decisions by banks and companies which have led to "the virtual cessation of capital inflows".

Cape Times 9/5/87

WCC recommends anti-SA sanctions

(280)

LUSAKA. — The World Council of Churches (WCC) may send a delegation of eminent church officials to Western countries to press for immediate comprehensive and mandatory sanctions against South Africa following yesterday's recommendation at a council meeting here, Ziana, the semi-official agency, reports.

The meeting, on South Africa and Namibia, suggested lines of action that could be taken by the WCC and member churches in combating the policies of the Pretoria government.

The meeting suggested the WCC's central committee send a delegation of eminent churchmen to the US, Britain, West Germany, France, Japan, Belgium and other countries, particularly permanent members of the United Nations Security Council and members of the Western contact group on Namibia.

This delegation would urge the immediate implementation of UN Security Council Resolution 435 on Namibia and call for comprehensive sanctions against South Africa, particularly in respect of trade in oil, gold and coal, and where loans and the rescheduling of debts was concerned.

It would also urge the denial of diplomatic recognition of South Africa by the United Nations. — Sapa

'Many Zimbabweans oppose sanctions against S Africa'

ARGUS 12/5/87 280

Dateline HARARE: Argus Africa News Service

THERE are substantial and politically relevant groups in Zimbabwe which oppose the introduction of sanctions against South Africa, the director of the Pretoria based Africa Institute, Dr Erich Leistner, has said.

Writing in the latest issue of the institute's Africa Bulletin after a visit to Zimbabwe, Dr Leistner said stereotyped views and growing acrimony on both sides were feeding on each other and may ultimately have serious consequences for the region as a whole.

"What is needed in both countries is a cool and unprejudiced analysis of the other party's motives, strengths, weaknesses, interests and capabilies — in other words, an understanding of what lies behind official rhetoric and actions," he said.

Dr Leistner said Prime Minister Robert Mugabe's threats of imposing sanctions against South Africa had frightened not only the Zimbabwean business community but also organised labour and ordinary citizens.

The many small black businessmen who feared for their livelihood if regular supplies from South Africa were to be disrupted, were a political factor that Mr Mugabe could not ignore and the white business community had "discreetly but urgently" warned against sanctions.

The powerful Zimbabwean Congress of Trade Unions had also spoken about the negative effects of sanctions on the Zimbabwean economy and "most ministers and senior politicians are in some way enganged in business and would be detrimentally affected by santions".

Dr Leistner said Mr Mugabe was therefore unlikely to impose sanctions.

He said it was false to assume that once the Beira corridor was operating Zimbabwe would no longer be dependent on South Africa for its external trade.

Zimbabwean businessmen had told him that the Beira port would not be able to handle more than 40 percent of Zimbabwe's external trade by 1990.

However, Zimbabwe's dependence on South Africa would probably be greatly reduced through the use of other outlets.

Dr Leistner said Zimbabwe and South Africa continued to have a profitable trade despite political differences.

In 1985 18 percent of Zimbabwe's imports came from South Africa and 11 percent of its exports went to South Africa.

"According to a competent observer approximately 60 percent of exports of manufactures goods are sold to South Africa and entail employment for about 30 000 Zimbabweans", he said.

South African business had also invested heavily in Zimbabwe and although no reliable data wwas available "a figure of R1 000 million is sometimes mentioned".

Dr Leistner warned that despite these relations and even if South Africa adopted a more accommodating approach towards neighbouring countries, "Zimbabwe would certainly be the least responsive among them".

vourable tax treatment on lump sums vis-a-vis pensions should be addressed and rectified.

And, in recognising the need for prescribed asset requirements by pension funds, a wider range of investments in that area should be allowed.

'Stop investment in SA'

THE HAGUE — The Dutch government has urged companies in The Netherlands to stop new investment in SA, according to a letter, released yesterday, sent to the Dutch employers' organisation.

In the letter, Foreign Minister Hans van den Broek and Economic Affairs Minister Rudolf de Korte called on firms to adhere immediately to the EC's decision to halt fresh direct investment in SA.

The measure was one of a series agreed on last October and designed to persuade Pretoria to end its apartheid racial segregation policy.

A Dutch law is not expected to formalise the sanctions until later this year. Some 30 Dutch firms currently invest in SA. — Sapa-Reuter.

Mugabe slates slayings

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Cape Times, Tuesday, May 12, 1987 11

Analyst warns of growing 'derecognition'

Chief Reporter

INTERNATIONALLY, the outcome of last week's general election was likely to mean a "growing derecognition and delegitimation" of the South African state, rather than mandatory economic sanctions, a prominent Canadian political analyst warned yesterday.

Professor Heribert Adam of Vancouver, author of "South Africa Without Apartheid" who is on a year's sabbatical as director of the Centre for Inter-Group Studies at the University of Cape Town, said at a Cape Town Press Club lunch:

"This would include a break-off of diplomatic relations with SA by some Western states, official diplomatic status for the ANC and a refusal to recognize SA passports unless endorsed by the ANC.

"It could also mean refusal of landing rights for SA Airways in Europe, a total cutting of postal and telecommunications with SA by some Western states and a demand that firms still operating in SA also pay taxes to a *de jure* ANC government."

'Silenced phantom'

Professor Adam, acknowledged as a leading analyst of South African affairs, said one major winner of the election was the ANC.

"It participated like a silenced phantom. Pretoria elevated the ANC to its major threat. It thereby made the Congress the only alternative to NP rule, eliminating attempts to create a credible middle-ground.

"The more Pretoria criminalizes the movement, the more does its symbolic appeal spread.

"The election results also amount to a setback for Buthelezi, who publicly endorsed the PFP/NRP platform."

Professor Adam said the political crisis had unfortunately yet to worsen before it got better in SA. "Only when a shared perception of stalemate exists will both sides negotiate in good faith. As long as each side feels in the ascendancy, the violence without victory will continue."

☐ He said that while television had become the main weapon of the government, the "liberal English-language press" had badly overestimated its influence, as well as the appeal of the PFP/NRP alliance.

"By uncritically supporting the PFP and the independents to the hilt, papers like the Cape Times lost credibility with both their conservative as well as their left-wing readership.

"The English papers generally failed to give adequate coverage of the extra-parliamentary opposition. The crude attempts to create a bandwagon effect for the PFP-independents backfired.

"Given the suspicion of English support by Afrikaner traditionalists, the Cape Times's enthusiastic support may well have lost Worrall votes, while a critical assessment of the candidate may perhaps have gained him the few dozen votes he needed to win the Helderberg seat."

Botha given a mandate for Götterdammerung

Cape Times 12/5/87

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Washington Letter by SIMON BARBER

EIGHTY percent of South Africans who voted last Wednesday opted for regression or, at best, highly defensive gradualism towards a future they dared not think about. State President P W Botha received a mandate for Gotterdammerung, and the only question was whether he would have the political guts not to use it.

In the United States, the Reverend Jesse Jackson became the frontrunner for the Democratic party's 1988 presidential nomination. Two worlds, already close enough to have a destructive gravitational effect on each others' politics, are about to collide

Those Americans who genuinely care about South Africa for its own sake, and not in the pursuit of some alien agenda, have been devastated by the election result. Many had staked their credibility on the theory that a good proportion of white South Africans, if not the bulk, genuinely wanted change, and wanted it far more quickly than Pretoria was prepared to accept. The South African electorate has mocked their optimism.

Look at the Nationalist breakaways, said the optimists, look at what is going on in the interstices. White politics is in foment, the monolith is crumbling. The evidence adduced in support of hope — Denis Worrall, Wynand Malan, the anti-conscription movement, the protests at Wits and the University of Cape Town, the rebellious Natal Supreme Court, the flouting of the Group Areas Act in places like Hillbrow — all has been proved grossly and misleadingly anecdotal by one and a half million South Africans who went to their polling places and said "enough".

Despairing

The irony, of course, is that the sanctioneers helped bring this about. It would be interesting to rewind history, remove the comprehensive anti-apartheid act and play the elections back with sanctions featuring as a threat not a reality. Logically, voters might have taken a more realistic look at themselves, blaming the grimness of their future on the government rather than the outside world. But there is no rewind button, not even an intellectual one. There will be more sanctions, if they can be devised, because American politics lives exclusively and remorselessly in the present tense.

The Rev Jesse Jackson

Mr P W Botha

The vote's most damaging impact, however, will lie not so much in further congressional action as in the hastened withdrawal of US investment, especially the enlightened kind American businessmen representing companies at the cutting edge of social, educational and human rights expenditure are unanimously despairing

None had expected the result. The conventional wisdom that they had been only too willing to accept had convinced them there would be a shift, albeit a marginal one, away from the brutal stagnancy of the laager. All they wanted was a sign, some bit of evidence to show the divestment lobby that they were a significant part of an evolving process

They received none. Instead they heard P W Botha threatening "a very strong stand on extraparliamentary actions" of the kind mandated by the Reverend Leon Sullivan in his call for "corporate disobedience". Said one executive who has been at the forefront of the battle to keep US firms in South Africa: "The government has already been getting tough with us — now I am afraid they are going to tell us to stuff it, they don't want us around any more"

Several agreed that the real tragedy was that black South Africa now needed constructive outside help and support more than ever. The white electorate having shown itself profoundly deaf to even the most moderate black aspirations, it would be a cruel irony for those few corporations genuinely committed to black advancement to have to leave. Yet, even if the government does not live up to Botha's threats, staying on will now be inordinately more difficult

In just over a fortnight, Sullivan must decide whether to keep his promise to call for total divestment if apartheid has not been completely dissolved. It was a promise made in the heat of the domestic furore over "constructive engagement" that the Philadelphia pastor has come privately to regret. In recent months he has been casting around for an out. Had it occurred, the positive realignment in Afrikaner politics touted prior to the election might have offered at least the outlines of an escape hatch. Now he is bricked in as never before.

"The advocates of disinvestment, as against sanctions, need to rethink their policies... Western governments and corporations need to maintain their own interests in a future democratic South Africa that can all too easily become not only anti-capitalist but anti-western. This means that while cutting their links with Pretoria, they must also give positive support to the black opposition in the escalating civil war"

In other words, more sanctions but keep the corporations in place as agents of western influence. This is a formulation Sullivan might be tempted to buy, but it has several serious flaws. To begin with, the next round of US sanctions is almost certain to extend the existing ban on new investment which already effectively condemns American-owned businesses in South Africa to uncompetitive obsolescence. Investment may even be banned entirely, obliterating whatever distinction remains between sanctions and disinvestment.

Pretoria's intention

Second, and as noted above, Pretoria has already stated its intention to stop foreigners meddling and it is hard to see how else P W Botha would interpret foreign companies giving "positive support" to his opposition, especially when the departures have thus far proved less a burden than an economic boon. Angola may be able to live with the idea of the US government backing its enemies while US oil companies pump its oil, but this is because the companies are not politically obtrusive and are a vital part of the economy. Neither even begins to apply in the South African case.

Sampson is afraid that "once American companies withdraw their investments, the American public will lose interest in South Africa generally". In this he is quite probably correct. Once sanctions and disinvestment have reduced American leverage in the Republic to zero, there will be nothing left to do but sit and watch the night descend. This being a potentially embarrassing experience, the great American policy will wring its hands and go in search of some other mayhem to wreak.

Unfortunately, Wednesday's election has brought this a step closer to happening, and the imperatives of electoral politics over here are doing nothing to help. By year's end, Democratic presidential candidates will be falling over each other to appease the Reverend Jackson as cheaply and painlessly as they know how. Jackson wants a mix of more sanctions and massive economic aid to the frontline states. The latter is painful because it is expensive and promising to give money to foreigners has never won anyone the presidency. Boer-bashing on the other hand is cheap and goes down a treat with the kind of activists who vote in democratic primaries

So perhaps it is just as well Botha got his mandate for Götterdammerung. The way things are going, he'll need it.

Sanctions not the answer to SA, says Aussie paper

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SUNDAY STAR 12/5/87

The Star's Foreign News Service

MELBOURNE — The national daily, *The Australian*, today queried whether sanctions against South Africa had had the effect the Eminent Persons' Group predicted.

It said many governments had accepted the group's line that international isolation would persuade the majority of white South Africans that the rest of the world would make them change their ways and their laws.

It also said that outside South Africa there was a widely held belief that the more stringent the sanctions the more likely it would be that white South Africans would accept external advice

The Australian commented: "Recent events do not confirm this view."

The newspaper claimed that sanctions appeared to have the opposite effect to that intended.

"The parroting of slogans and reliance on the failed panacea of economic sanctions offer no answer."

Top US institute sells shares

WASHINGTON — The Smithsonian Institute, which operates some of the America's most important museums, has decided to sell all its stocks in companies that have operations in South Africa.

The Smithsonian is an independent trust set up by Congress 140 years ago. Spokesmen announced yesterday that the institution had $27 million (about R54 million) invested in stocks of 42 companies with operations in South Africa.

"The Smithsonian does not have and never had any direct investment in South Africa," an announcement said. At the end of April, the Smithsonian's total investment portfolio was worth $214 million (about R428 million).

The institute receives most of its operating budget from Congress. With those funds, the institution does research and operates 14 museums and galleries and the National Zoo. — Sapa-AP.

Report says Shell backing apartheid

By Alan Dunn, The Star Bureau 12/5/87

WASHINGTON — Organisers of an international campaign against Royal Dutch/Shell have published a 20-page "alternative corporate report" pushing for the company's withdrawal from South Africa.

The document, published today for global distribution, says the group is a major sustainer of apartheid. "This is not only bad business in an immoral environment. It is bad management jeopardising image and profits in every nation for the sake of a shopworn and shameful commitment to one nation in which Shell has less than one percent of its assets," the report said.

The report will be circulated on Thursday at the group's annual meeting in The Hague.

Royal Dutch/Shell and its companies suffered pressure and harassment by anti-apartheid campaigners in Washington in January last year. Since then the movement has spread to 11 more countries, including Britian, and now involves unions, churches and other organisations.

The authors said: "Distribution of the report is part of a growing effort to force Shell to convene a special meeting of shareholders to vote on the corporation's withdrawal from South Africa and apartheid."

They said previous attempts at this were blocked by company officers.

Disinvestment campaigners said they needed 10 percent of shareholders to support a special meeting on apartheid. Half that number had rallied.

Meanwhile, Sapa-Reuter reports from The Hague that the Dutch government has urged companies in the Netherlands to stop new investment in South Africa. A letter to Dutch employers from Foreign Minister Hans van den Broek and Economic Affairs Minister Rudolf de Korte asked them to adhere immediately to the European Community's decision to halt further investment.

ARGUS 13/5/87 280

Nickel's call to US — Rethink policy on SA

Dateline WASHINGTON: By Neil Lurssen of the Argus Foreign Service

Mr Nickel

FORMER United States Ambassador Mr Herman Nickel has called on Americans to rethink their interests and objectives in South Africa

Without a new national consensus, he told the Heritage Foundation, a Washington think-tank closely tied to the Reagan Administration, it would be impossible to sustain an effective US policy.

Mr Nickel said the imposition of US sanctions last year had helped make South Africa's problems even more intractable and had reduced American influence on the South African government to an all-time low.

"The outcome of the May 6 elections confirms the worst fears of those of us who have argued that the impositon of sanctions would strengthen the rightwing in white South African politics," he said.

Americans should not pretend that what happened in South Africa was a direct result of what they did or said.

"But there is no doubt at all that the action of the Congress helped to strengthen the defiant and xenophobic streak that has been part of the Afrikaner psyche for three centuries.

"The result is that the odds for breaking the political logjam and opening the political dialogue between black and white South Africans about genuine power-sharing have further diminished.

"This is a grim prospect for the people of South Africa," Mr Nickel said.

It was bad news for the 150-million people in the region — of which South Africa remained the hub — and it bodes ill for the US national interests in Southern Africa's stability.

Mr Nickel said that under pressure from a powerful rightwing opposition that it would have to face again in two years, it seemed unlikely that a government headed by Mr P W Botha would offer a framework for negotiation that even moderate blacks like Chief Mangosuthu Buthelezi would find acceptable.

Even the Indaba process had suffered a painful setback.

"That leaves the bleak prospect that the government's formula for governing the country will be to rely on an indefinite and increasingly restrictive state of emergency."

Mr Nickel said that late in the US debate on sanctions, black American leaders "awakened to the realisation" that the first victims of drastic sanctions would be the Frontline states.

They had sponsored an ambitious bill to deal with the problem but it carried a price tag which the Congress was in no mood to pay.

The former ambassador said there was some hope for a new US consensus based on the fact that Americans differed on the means rather than the ends of ending apartheid.

Neither the continued white monopoly nor a marxist black power monopoly enjoyed support within the mainstream of American politics.

There was no support for violent revolutionary scenarios.

"We are against tyranny — and that applies to the tyranny of a minority as it does to the tyranny of a majority," he said

The parties to the conflict should realise that the cost of continuing it was far greater than that of compromise.

Mr Nickel said Americans must get it through their heads that the major impetus for change had to come from within South Africa.

Divestment threatens Sullivan Code — US

By Neil Lurssen, The Star Bureau

WASHINGTON — The new managers of companies in South Africa formerly owned by American corporations often drop Sullivan Code social programmes, the Reagan administration says.

A spokesman for the US State Department said this was one of the reasons why the administration opposed disinvestment

He did not name companies that had dropped Sullivan Code programmes, nor did he say whether the programmes were being abandoned in their entirety.

The Sullivan Code, named after the Rev Leon Sullivan, a black anti-apartheid activist from Philadelphia, has for years been a controversial element in US business practices in South Africa

When the code was introduced about a decade ago, it related to job training, equal staff treatment, equal opportunities for advancement and other ways of achieving in-house fair employment

But as the anti-apartheid pressure grew in the US, so did Mr Sullivan's demands — spelled out at annual Washington Press conferences.

Currently, US companies in South Africa are obliged to go beyond the in-house affirmative action programmes outlined in the original code and must take an active role in fighting apartheid anywhere.

Many have tried to comply with the code's requirements but there has been resentment at being required to implement programmes no other US companies anywhere else, including the US itself, have to enforce.

The Reagan administration has warned consistently that disinvestment would contribute to the decline of US influence in South Africa.

Yesterday's statement was in response to a decision by the Smithsonian Institutea to sell its \$27 million (about R54 million) in investments in companies that do business in South Africa

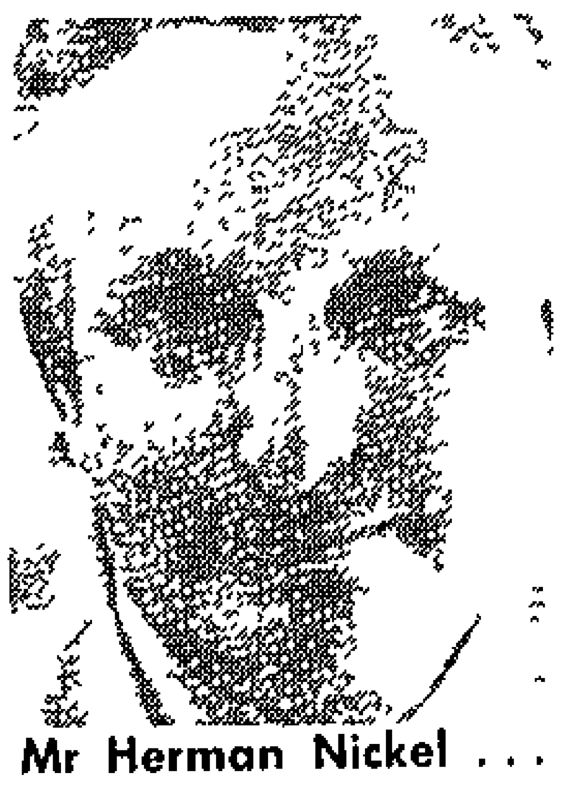
The Smithsonian's move is politically important because its board of governors includes prominent figures in the American social, cultural, professional and political mainstream. It could be a forewarning of tougher action to follow.

The State Department said it regretted the Smithsonian's decision US businesses remained a force for constructive and positive change in South Africa and deserved the support of the American public

"They are playing a role in breaking down apartheid in the market place and and in preparing black South Africans to assume their rightful place in the country's economic and intellectual life.

"As American companies pull out, in part due to disinvestment pressures in the US, the new managers often terminate the social programmes set up under the Sullivan Code to assist the victims of apartheid," the statement said

Nickel in call for a united policy on SA



Mr Herman Nickel . . .

The Star Bureau

WASHINGTON — Former United States ambassador Mr Herman Nickel has called on Americans to rethink their interests and objectives in South Africa.

Without a new national consensus, he told the Heritage Foundation, a Washington think tank closely tied to the Reagan administration, it would be impossible to sustain an effective US policy.

Mr Nickel said that imposition of US sanctions last year had helped make South Africa's problems even more intractable and had reduced American influence on the South African Government to an all-time low.

"The outcome of the May 6 elections ... confirm the worst fears of those of us who have argued that the imposition of sanctions would strengthen the right wing in white South African politics."

Americans should not pretend that what happened in South Africa was a direct result of what they did or said

"But there is no doubt at all that the action of the Congress helped to strengthen the defiant streak that has been part of the Afrikaner psyche for three centuries.

"The result is that the odds for breaking the political logjam and opening political dialogue between black and white South Africans about genuine power-sharing have further diminished

"This is a grim prospect for the people of South Africa "

Mr Nickel said that, under pressure from a powerful right-wing Opposition it would have to face again in two years, it seemed unlikely that a government headed by Mr P W Botha would offer a framework for negotiation that even moderate blacks like Chief Mangosuthu Buthelezi would find acceptable.

Even the indaba process had suffered a painful setback

"That leaves the bleak prospect that the Government's formula for governing the country will be to rely on an indefinite and increasingly restrictive state of emergency."

Mr Nickel said that late in the US debate on sanctions, black American leaders "awakened to the realisation" that the first victims of drastic sanctions would be the Frontline States

They had sponsored an ambitious Bill to deal with the problem — but it carried a price tag which Congress was in no mood to pay

The former ambassador said there was some hope for a new US consensus based on the fact that Americans differed on the means, rather than the ends, of ending apartheid.

US policy in SA criticised by OAU

The Star Bureau

WASHINGTON — The secretary-general of the Organisation of African Unity (OAU), Mr Ide Oumarou, today meets the United States Secretary of State, Mr George Shultz, and will express sharp disapproval of American policies in southern Africa.

Mr Oumarou said at a meeting here that the Reagan administration's policy on South Africa had failed OAU hopes and aspirations. He said the United States should impose sanctions on South Africa for two reasons: apartheid and it's "illegal occupation" of Namibia.

Mr Oumarou told a news conference the United States should not have a hand in Africa in "inflicting damage through so-called liberation movements on sovereign nations". But it did, he said, citing Angola as an example.

Commenting on the Reagan administration's policy since the United States Congress imposed economic sanctions on South Africa seven months ago, he said: "We would have preferred the United States to take a leading role in the anti-apartheid struggle. That would mean the United States would not tolerate any longer the white racist regime in South Africa."

Questioned on what the OAU was doing to achieve reconciliation in Angola and Mozambique, Mr Oumarou said: "We do not interfere with internal affairs of our member countries."

PRESSURE

On Namibian independence, he said the United States should use the privileged relationship it had with South Africa to pressure it out of that territory.

The OAU expected America to at least abide by the United Nations peace plan for Namibia as described in United Nations Security Council resolution 435.

Mr Oumarou's visit to Washington marks the start of what an organised group of black members of the House of Representatives, known as the Congressional Black Caucus, has described as the forging of closer links between it and Africa.

Mr Oumarou is also scheduled to have talks with th Free South Africa Movement.

'Strong opposition' to Mugabe on sanctions

STAR 13/5/87

It is false to assume that once the Beira Corridor is operating Zimbabwe will no longer be dependent on South Africa for its external trade, says the head of the Africa Institute.

There are substantial and politically relevant groups in Zimbabwe which oppose the introduction of sanctions on South Africa, the director of the Pretoria-based Africa Institute, Dr Erich Leistner, has said.

Writing in the institute's *Africa Bulletin* after a visit to Zimbabwe, Dr Leistner said stereotyped views and growing acrimony on both sides were feeding on each other and might ultimately have serious consequences for the region as a whole.

"What is needed in both countries is cool and unprejudiced analysis of the other party's motives, strengths, weaknesses, interests and capabilities — in other words, an understanding of what lies behind official rhetoric and actions."

Dr Leistner said Prime Minister Robert Mugabe's threats of imposing sanctions on South Africa had frightened not only the Zimbabwean business community but also organised labour and ordinary citizens.

The many small black businessmen who feared for their livelihood if regular supplies from South Africa were disrupted were a political factor that Mr Mugabe could not ignore and the white business community had "discreetly but urgently" warned against sanctions.

The powerful Zimbabwean Congress of Trade Unions had also spoken about the negative effects of sanctions on the economy and "most ministers and senior politicians are in some way engaged in business and would be detrimentally affected by sanctions".

Dr Leistner said Mr Mugabe was therefore unlikely to impose sanctions

He said it was false to assume that once the Beira Corridor was operating Zimbabwe would no longer be dependent on South Africa for its external trade.

Zimbabwean businessmen had told him that the Beira port would not be able to handle more than 40 percent of Zimbabwe's external trade by 1990. However, Zimbabwe's dependence on South Africa would probably be greatly reduced through the use of other outlets.

Dr Leistner said Zimbabwe and South Africa continued to have a profitable trade despite political differences. In 1985, 18 percent of Zimbabwe's imports came from South Africa and 11 percent of its exports went to South Africa.

"According to a competent observer, approximately 60 percent of exports of manufactured goods are sold to South Africa and entail employment for about 30 000 Zimbabweans", he said.

South African business had also invested heavily in Zimbabwe and although no reliable data was available "a figure of R1 000 million is sometimes mentioned".

The foremost investors were named as Anglo American Corporation, Hullets and Old Mutual.

Dr Leistner warned that despite these relations and even if South Africa adopted a more accommodating approach towards neighbouring countries, "Zimbabwe would certainly be the least responsive among them".

He added, however, that "there are substantial and politically relevant groups in Zimbabwe which are anxious that economic relations with South Africa should not be impaired".

"South Africans generally appreciate their country's economic preeminence. What they comprehended too little, though, is the possibility of utilising this position to promote in a constructive fashion South Africa's security interests, while at the same time reaping economic returns." — The Star's Africa News Service.

(280) DP 14/5/87

EEC to call for tougher embargo?

BRUSSELS — Developing countries will ask for stronger sanctions against South Africa at talks starting tomorrow between the European Economic Community (EEC) and representatives of African, Caribbean and Pacific (ACP) nations.

The ACP president and Prime Minister of Dominica, Mr Eugenia Charles, said yesterday the 66-country group wanted the EEC to back its opposition to the South African Government.

"There has been a lot of talk but not much action so far," he said.

The EEC imposed symbolic sanctions against South Africa in September last year, including a ban on imports of gold coins, iron and steel and on new investment.

The sanctions affect less than 500 million dollars worth of South African exports to the community, worth about nine billion dollars a year.

After opposition from West Germany and Portugal, the community dropped a proposed ban on imports of South African coal, worth about 1,3 billion dollars a year.

Mr Charles said the ACP wanted EEC sanctions to include coal and a ban on all transport and communication with South Africa.

Meanwhile, the Anglican Archbishop of Canterbury, Dr Robert Runcie, has called for "targeted sanctions" against South Africa in areas such as banking and gold purchases.

Dr Runcie told a press conference targeted sanctions "will be much more comprehensive in terms of application by the leading economic powers and, although there will be suffering for a short time, the ends might be achieved in a short time". — DDC

Hit SA gold, banks says Runcie

CM 7/86 2.80

TOKYO. — The Archbishop of Canterbury, Dr Robert Runcie, yesterday called for "targeted sanctions" against South Africa in areas such as banking and gold purchases.

Dr Runcie, world leader of the Anglican Church, told a press conference that targeted sanctions "will be much more comprehensive in terms of application by the leading economic powers.

"Although there will be suffering for a short time, the ends might be achieved in a short time."

Asked about areas he had in mind, Dr Runcie said: "Banks and gold".

"The difficulty now is that sanctions can be resisted by the South African government because they are not nearly effective enough," he said.

If the great powers were to unite and call for effective sanctions, "we, as church people, would be supportive, recognizing also the continuing pain that is caused under a repressive system by rather moderate sanctions".

Dr Runcie attended the inauguration last September of Bishop Desmond Tutu, winner of the 1984 Nobel Peace Prize, as Archbishop of Cape Town.

He met an Anglican Church representative from South Africa in Singapore before going to Japan on Saturday.

Dr Runcie will attend the centenary celebrations of Japan's Anglican-Episcopal Church in Osaka on Saturday.

Earlier yesterday he paid a courtesy call on Prime Minister Mr Yasuhiro Nakasone. — Sapa-Reuter

Anti-SA drive by US unions

Euro-ads keep up pressure for Shell pullout

Star 14/5/87

The Star Bureau

WASHINGTON — American labour unions today intensified efforts to drive the multi-national oil company Royal Dutch Shell out of South Africa by buying full-page advertisements in European newspapers.

The Independent in London and the European edition of the *Wall Street Journal* were due to carry advertisements today placed by 25 US labour organisations telling shareholders "investing in apartheid is just not good business".

Campaigners

The advertisements followed an "alternate corporate report" published this week by American anti-apartheid campaigners who started their efforts in January last year.

They have targeted Shell to make an example of the company.

The advertisements, are headlined "What does Kodak know that Royal Dutch Shell doesn't?"

They compare Shell's policy of staying in South Africa against that of Eastman Kodak, which severed links with the Republic.

The advertisement added: "Kodak, along with more than 90 other corporations in the last two years, made a smart business decision — they pulled out of South Africa and thereby ended their corporate support of that country's brutalisation of its black majority population."

Repeating a line it took in the alternate Shell report two days ago, it said Shell subsidiaries worldwide were being boycotted because Shell supplied fuel to the South African military and police and the "apartheid economy".

Said Mr Richard Trumka, president of the United Mine Workers of America, who has been at the head of Shell boycott efforts in the US: "It's time for the company to wake up to the fact that its small investment in South Africa is not worth incurring a worldwide boycott."

The advertisements quote Eastman Kodak's chief executive, Mr Colby Chandler, as saying Kodak had hoped the pace of change in South Africa would enable it to forecast when it would be able to operate there free of an apartheid system.

"We reluctantly concluded our hopes were not justified and that we must make the business decision to withdraw," Mr Chandler reportedly said.

Sir Laurens

The Star Bure

LONDON — South African-bor van der Post's daughter, Lucia, fence over what some believe influence over Britain's futu Charles.

The Prince's recent desert so writer raised eyebrows in son daughter says there is nothing od

Quoted in a report by *Daily* Dempster today, Lucia, mother and daughter, says: "Sir Laur some people as a kind of Rasp entirely wrong. Nor is my father

'Hundreds of jobless back in Ciskei as result of sanctions'

280 POST 14/5/87

Post Correspondent

BISHO — Hundreds of unemployed people had returned to Ciskei because of the effects of sanctions on South Africa, President Lennox Sebe claimed at the opening of the first session of the Ciskei National Assembly today.

He said this was a phenomenon which affected Ciskei vitally because of factors over which it had no control.

It was indeed very sad but true that the people designed to be helped were the very people who had to bear the brunt of these sanctions.

He said another disturbing factor was the deteriorating situation in South Africa.

The past two years had seen acts of violence causing pain, suffering and death in a manner not previously encountered on the sub-continent

Because of Ciskei's proximity to some of the troubled areas, there had been a spill-over effect into Ciskei.

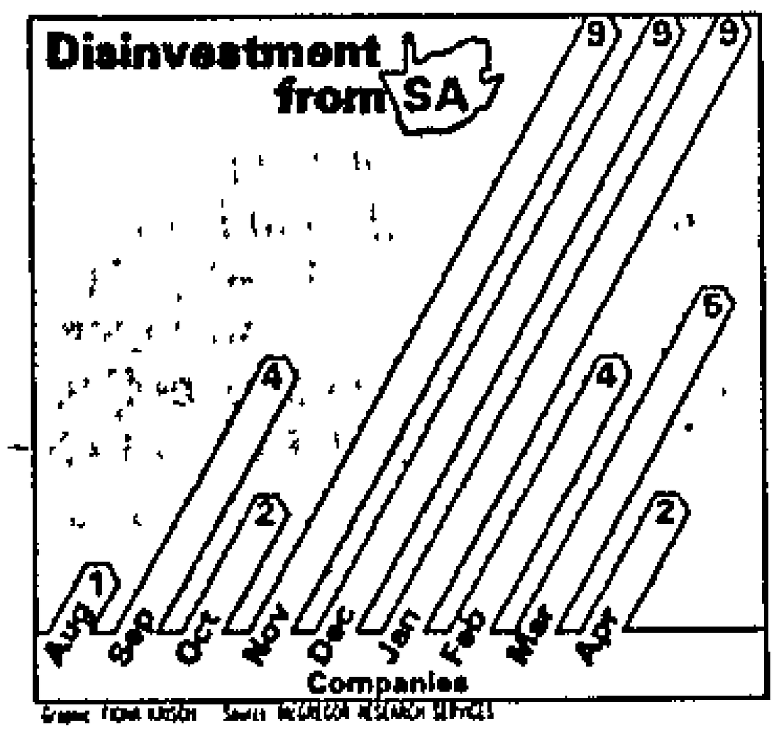
While conduct of this nature could not be tolerated and had to be met with all the opposition available, a question arose loud and clear: "Do the circumstances giving rise to this behaviour not also need examination to discover what remedial measures are necessary?"

He said a process of reform in South Africa held promises for everyone, but somehow the wheels of these dramatic changes had got bogged down and the tempo of what seemed to have been envisaged had slowed considerably.

Among those present were the South African Minister of Defence, Gen Magnus Malan, the Minister of Law and Order, Mr Adriaan Vlok, and the Deputy Minister of Foreign Affairs, Mr Kobus Meiring.

missioner had disallowed the — the tax years ended February 28,

Pressure on companies to disinvest 'not ended'



LINDA ENSOR

THE decline in company withdrawals from SA since January should not be interpreted as a sign that disinvestment is on the wane, warns RAU Institute for American Studies director Carl Nöffke.

"What we are probably experiencing is a lull. I don't think it is safe to say there is a decline. One can expect the pressure to continue," he says.

Figures compiled by McGregor Research Services show the number of companies disinvesting reached a peak of nine a month in November, December and January. Of the total of 27 companies which left in this period, 20 were from the US. The withdrawals then declined to two in April.

The concentration of US companies leaving towards the end of last year has been attributed to the change in US tax laws which made it advantageous for companies to leave before the new tax regime came into effect.

But observers say while the change may have hastened the process, it was not in itself a catalyst.

Nöffke, who keeps in a close watch on developments in the US, says there is a sense of disappointment there about the effect of sanctions and a determination to heighten the pressure both internally on the US government and multi-national corporations and on Western European countries and Japan.

On the positive side, the improvement in the South African economy and its greater attraction as a market for exports could work against both these trends, Nöffke says.

However, Frank Lubke, president of the American Chamber of Commerce disagrees with this view.

"Any upturn in the economy will not necessarily change a decision to pull out. The upturn will take place over a longer period of time and no impact will be felt immediately," he says.

(280) 80 1987.

Calls for Shell to quit SA

THE HAGUE — About 150 people protesting against the presence of the Anglo-Dutch oil giant Shell in South Africa disrupted the company shareholders' meeting yesterday, singing African songs and blocking the front of the hall.

Security men scuffled with a few protestors during the five-minute demonstration which came after a number of anti-apartheid spokesmen had put their case for the Royal Dutch-/Shell group to withdraw from South Africa

The protestors sang the African national hymn "Nkosi Sikele i'Afrika" (God bless Africa) as they marched to the front of The Hague's congress hall.

The group president Mr Lo van Wachem told the meeting: "We have a long-term stake in South Africa. We hope and expect to be there for the foreseeable future "

Organisations against Pretoria's apartheid racial segregation policy have selected Shell as a target for protests in an attempt to force the company to quit South Africa.

Mr Van Wachem said Shell was "determinedly opposed to apartheid" and trying to exert a positive influence."The US Baptist church leader Mr Andy Smith told the meeting that American anti-apartheid supporters had amassed 4 49 per cent of the company's outstanding shares.

They need 10 per cent to call a special meeting to vote on the group's presence in South Africa

Other speakers accused Shell of gross mismanagement because they said the whole group's profits were suffering as a result of boycotts against its South African interests, which amount to less than one per cent of its world business.

Speaking at the Shell Transport Annual General Meeting, the SA chairman, Mr Peter Holmes, said that neither disinvestment nor silence on the part of companies operating in SA would help solve the country's problems

Mr Holmes, however, said the campaign, supported by 70 organisations in the US alone, has to date had no perceptible negative effect on the company.

Sullivan to come on 'secret' visit to SA

280

Sowetan 15/5/87.

JOHANNESBURG — The architect of the US Sullivan Code, the Rev Leon Sullivan, is due to arrive in South Africa on May 24 for a "secret" visit to "see for himself whether apartheid has been eradicated".

According to a confidential letter circulated to members of the so-called Signatory Association and signed by the chairman of the group, Mr Roger D Crawford, Dr Sullivan has decided to come to SA "to gain personal insights and gather pertinent information" before making his announcement in June on whether American companies in South Africa should stay or leave.

Dr Sullivan's "secret" arrival in SA has been scheduled for May 24, with a departure date tentatively set for May 29.

During this period he will meet a "wide variety of opinion, church and labour leadership,

Mr Crawford stressed in his letter that "to be successful, the visit will have to have a low profile".

"Accordingly, I request that we all keep this news to ourselves and refrain from making public comments. It is my understanding that Dr Sullivan has a commitment to a low profile as well."

The chief executive of a US corporation, who divulged the secret letter to the Citizen newspaper, said it was common knowledge among members of the association that a decision had already been made by Dr Sullivan.

"His proposed visit to South Africa is merely an attempt to lend a measure of false impartiality to his announcement, which he is scheduled to make at a Press conference in Washington DC on June 3," he said.

Ford keeps SA interest

DETROIT — Ford Motor Company planned to retain its minority interest in the South African car firm, Samcor, despite pressure to quit the country in protest against apartheid, chairman Donald Petersen told shareholders at the company's annual meeting.

He said a Ford withdrawal would almost certainly cause Samcor, which had recently become marginally profitable, to fail and thereby cost 4 500 South African workers their jobs. The ripple effect would cause the loss of another 11 000 jobs. — Sapa-Reuter

Ev Post 19/5/87
(280)

Pandora's girls to take Aids test

16/5/87.

Sanctions doubts by UK envoy

STAR 16/5/87

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SATURDAY STAR FOREIGN NEWS SERVICE

LONDON — Mr Robin Renwick, who is to become British Ambassador to South Africa in July, appears to be sceptical of the value of sanctions.

In a book he wrote after his experiences as a member of the Foreign Office group that drew up the strategy that led to Rhodesia's transition to independent Zimbabwe, he wrote: "To abandon altogether the idea of recourse to sanctions in response to acts of aggression or other flagrant violations of international law or human rights would be to reduce the choice of responses to one between military action and acquiescence — an unattractive choice at the best of times."

But he added: "They may have some deterrent effect, though they are not likely to do so if the regime believes its survival in any event to be at stake.

"Once applied they may, if sufficiently effective, weaken the target regime, but they will not necessarily change its behaviour ... Exaggerated expectations should not be entertained as to the likely economic effects, or the time scale on which these may be felt; still less as to the probable political results."

Mr Renwick (49) was once head of the Rhodesia Department at the Foreign and Commonwealth Office, and acted as political adviser to Lord Soames, Rhodesia's last Governor.

He helped persuade Mr Ian Smith's army commander from mounting a pre-independence election coup, according to a Fleet Street columnist.

STAFF REPORTERS

The conservative Northern Transvaal town of Pietersburg is abuzz over its first escort agency — which will be opening soon amid controversy and speculation — and the news that escorts will need medical certificates saying they do not have Aids.

The agency has had a rough passage so far, with church leaders and other bodies lodging objections. The owner, Mr George Kleynhans, had his licence application turned down last year by the Pietersburg Town Council's licencing board, which claimed there was no demand for such an enterprise.

Mr Kleynhans successfully brought his case before an appeal board, which approved the application subject to certain conditions.

All "transactions" and the names and addresses of clients must be registered and each woman employed by the agency will have to produce a certificate from the district surgeon stating she is not a carrier of Aids or any similar disease.

It is this health condition which has fanned speculation about the nature of the agency's activities. Mr Kleynhans has stated emphatically that the agency, know as Pandora's Box, will merely "introduce female companions to clients".

A final decision on the matter still has to be taken by the town council Councillors approached by The Star refused to comment.

In Johannesburg, escort girls and agencies have come out in full support of the introduction of compulsory medical certificates.

Said escort hostess Natasha, from the Playmate agency "It is very good that it should be introduced, then it would be legalised."

Asked what would legalised, Natasha said she meant the hostess business.

"We all go for a medical check-up at least twice a month," she said.

'YOU NEVER KNOW'

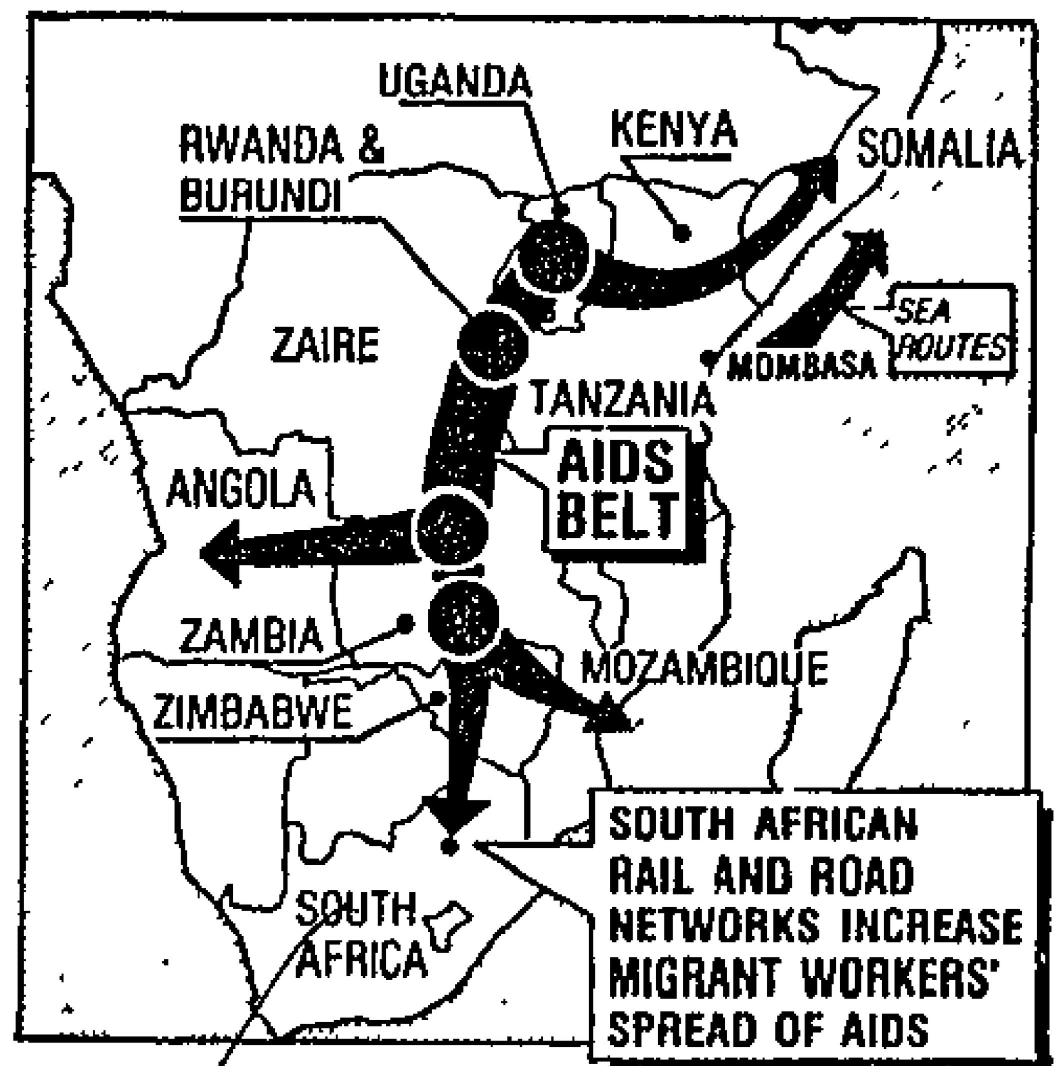
Christalline, from the Charmant agency, supported the move "because you never know whom you might meet."

Medical check-ups should not be limited to escort agencies, but to every man and woman, said Miki Bako, of Romance Escort Agencies.

When told about the Pietersburg agency, Johannesburg city councillor Mrs Molly Kopel retorted: "It's the Knippie Kommando, that's what its is!"

In the face of the serious political activity going on in her own council, the municipal representative for Ward 33 — Von Brandis — snatched at the chance of a little light relief.

She wondered whether the register of clients Mr Kleynhans had been told he would have to keep would be made available to the opposition in the Pietersburg Town Council



APPROACHING EPIDEMIC: A wave of Aids is spreading south by these routes.

She said she was not taking up arms ag[illegible] Pietersburg's lady escorts, but she was concerned that herpes had been discounted in the crackdown to save the health, if not the morals, of the Pietersburg male population.

Johannesburg had had escort agencies for years she said And Mrs Kopel speaks with the dubious distinction of being the public representative for at least 26 of these institutions in her own ward.

Johannesburg has tended to pull the blinds over the reality of the 26 thriving agencies circling Jack Mincer Square, plus all the others in the city.

"At present we have three zonings in Johannesburg residential, business and industrial," said Mrs Kopel. "Why not have a fourth — call it a "service" zoning — where such organisations can legitimately ply their trade?"

She suggested that on top of the list for rezoning should be the area in the vicinity of the corner of Claim and King George streets.

"Declare it a service zone, not a red light district, and make it legal It would not only become a tourist attraction, but people would know exactly where they stood when they went there."

● South Africa is already facing a widespread Aids epidemic among its black population, according to a report released recently by War on Want, the international charity

The study describes the road, air and rail routes by which infected migrant workers are bringing the disease south to the Republic as they flock to find work in urban areas.

South Africa is particularly vulnerable because of its excellent transport services, the Government's use of segregated populations of migrant workers, and because the large number of prosperous cities make the country a magnet for job-seekers.

US giant to stay in SA

Apr 17/5/87

280

AT the annual general meeting of the shareholders of the Colgate-Palmolive Company, held in New York on April 30, a motion to disinvest from SA was defeated by a 90 percent majority.

An overwhelming percentage of shareholders believe that by remaining in South Africa, the company can play a major role in bringing about peaceful change.

Colgate – a top Sullivan category rated company since the inception of the Sullivan Principles in 1977, has a broad social responsibility program embracing education, health, business development, recreation and the pursuit of social justice fo all South Africans.

The company will continue to support community programs and to be proactive in the pursuit of a fair and free society for all South Africans.

Leon Sullivan denied visa

Cape Times 18/5/87

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From SIMON BARBER

WASHINGTON. — The Rev Leon Sullivan has been denied permission to visit South Africa.

At the weekend he said it was all but certain he would call for total disinvestment and full sanctions.

Mr Sullivan said he had hoped to make the announcement in SA, but had been informed on Friday his visa application had been denied.

The Minister for Home Affairs, Mr Stoffel Botha, yesterday confirmed that Mr Sullivan's application had been rejected because of its "inopportune" timing, but might be granted at a later date.

Mr Sullivan said: "If by May 31 there is no change, I will call for all US companies to leave SA and for a total embargo of that country."

Mr Sullivan said that while he did not expect the US President, Mr Ronald Reagan, or Congress to heed his call, he hoped corporations and private citizens would take the initiative in stepping up pressure on Pretoria.

Reagan administration officials said yesterday they had been informed before the May 6 elections the Baptist preacher would be denied a visa.

The officials, who were also informed of the decision on Friday, said the SA government was reacting to pressure from the Conservative Party.

"The right is already screaming about our companies' activities. The government believes that having Mr Sullivan in the country as Parliament opens would make things even worse."

Sullivan takes hard line as SA visa is turned down

The Star Bureau

WASHINGTON — The South African Government's refusal to allow the author of the Sullivan Code into the country will heap more pressure on US companies to leave the country.

The remaining 170 or so American companies adhering to the Sullivan principles of fair and equal labour practices for employees in South Africa will now face a powerful call from the author of the code, the Rev Leon Sullivan.

Mr Sullivan has said he will, at the end of this month, tell all US firms operating in South Africa to get out. His move will probably constitute the largest single blow to those US companies in the country still fighting to stay on in the belief that they are doing some good.

Mr Sullivan was told on Friday he would not be given a visa for his final visit to South Africa, days before he was to stage a news conference here to make an announcement on his deadline, which he issued last year.

He had said he would call for total disinvestment if, by the end of this month, statutory apartheid had not been scrapped.

While Mr Sullivan was not available for comment last week, sources close to him indicated it was not certain that he would press automatically for a departure by American companies.

The code, endorsed and enshrined in law and a proclamation by the White House, State Department and US Congress, has lent Mr Sullivan legitimacy and immense political stature among Americans.

Sullivan to call for total US withdrawal

VIRGINIA — The author of the anti-apartheid Sullivan Principles said at the weekend that he would call for the total withdrawal of American companies from South Africa at the end of the month.

The Reverend Leon Howard Sullivan of the Zion Baptist Church in Philadelphia, who asked companies to change business policies in South Africa to help provide opportunities for blacks, said he had wanted to make the announcement in South Africa but had been denied permission to enter the country on Friday.

His plans to call for the boycott were instead announced during graduation ceremonies at West Virginia State College, the once all-black school that is his alma mater.

"If by May 31 there is no change, I will call for all American companies to leave South Africa and for a total embargo of that country," he said.

Mr Sullivan said he doubted that President Ronald Reagan or Congress would back his call but expressed the hope that citizens and corporations would step up pressure on the South African Government.

He had set the end-of-May deadline last year.

Many companies, including Coca-Cola, General Motors, International Business Machines and Eastman-Kodak, have already left South Africa or announced intentions to do so.

The Sullivan Principles were drafted in 1977 to set standards regarding pay, medical care, housing, non-discriminatory hiring, social justice and other issues for American companies doing business in South Africa.

● The Minister of Home Affairs, Mr Stoffle Botha, told Mr Sullivan the "time is not ripe" for him to visit South Africa.

Mr Botha yesterday denied allegations by the American civil rights leader that he had been refused a visa. — Sapa

BD 18/5/87 580

18/5/87 Sowetan (280)

'No' to Sullivan

REV A Sullivan . . . no visa.

MR STOFFEL Botha, Minister of Home Affairs, has told the Rev Leon Sullivan the "time is not ripe" for him to visit South Africa but denied allegations by the American civil rights leader that he had been refused a visa, *SABC Radio News* reported.

On Saturday Mr Sullivan, author of the Sullivan Code of Conduct for American companies operating in South Africa, said from West Virginia he would call for a total withdrawal of all firms from South Africa at the end of the month.

He said he had hoped to make the call from South Africa but was barred from entering the country on Friday.

A whipping boy who enjoys it

280
DD 19/5/87.

From SIMON BARBER in Washington

When is a sanction not a sanction? When the target derives benefit and pleasure from being sanctioned. On numerous levels, this is precisely what is happening as the West tries to pressure South Africa towards its own standards of civilised behaviour.

Far from knuckling under, Pretoria is saying — with good reason — oh please, do it again only this time harder. Here is a whipping boy who likes being whipped.

Unfortunately, at least for anyone who genuinely cares about a decent outcome, the point is lost not only on those like Transafrica's Mr Randall Robinson most anxious to crack the whip, but even on some who have thus far doubted the utility of trying to inflict pain on the "recalcitrant Boer" In particular, the Reverend Leon Sullivan

Evolving over more than a decade the Sullivan Code has successfully turned American corporations into a sort of siege engine burrowing into the walls of apartheid. To be sure, the walls have not yet fallen Given the relative smallness of US investment the effort has necessarily been on the margins.

It must also be conceded that many signatories have used the code more to protect their own hides than to advance the cause of change. Yet for all that, the principles have been a unique and not inconsiderable achievement.

By failing to usher in the Marxist millenium as fast as his critics would have wished, they have also left their author at the end of his intellectual and emotional tether. He told the graduating class at West Virgina State College (his alma mater) on Saturday that he was abandoning the cause

Last year, in a puerile attempt at blackmail and to his subsequent regret, he threatened to call for total divestment and sanctions if the walls had not fallen by May 31. Surprise, surprise, they haven't, and unlike a number of other erstwhile sanctioneers who have rethought in the light of post Comprehensive Anti-Apartheid Act reality (influential black columnist William Raspberry for example), he lacks either the courage or the acuity to admit a mistake.

On the surface, Pretoria's decision to deny him a visa to take a last look at what he was leaving might be considered the final straw. Yet, ironically, the reasons behind the denial ought to have been the strongest single argument to date for staying. The very people whose will Sullivan wishes to break were saying yes, get out and take your subversive companies with you, nothing would suit us better.

From here, at any rate, the assault on US corporations sounded by Rand Afrikaans University's Professor Karl Noffke (famous in Washington as the only member of the South African embassy to have voted No on the new constitution) and his ideological cohorts, appears neither graveyard bravado nor a Machiavellian attempt to staunch the exit of investment. There are solid reasons, economic, political and psychological, why these men are sincere.

In 1986, according to the annual Arthur D. Little audit, Sullivan signatories pumped R25 million into the education of black non-employees, R31,5 million into black housing and community development and R20 million into various "anti-apartheid activities" including legal assistance In addition, they purchased R22 million worth of goods and services from black businesses.

Mr RANDALL ROBINSON . . . anxious to crack the whip.

Marginal sums, maybe, in an $80 billion economy, but sums nonetheless, and every cent went towards the singular, if unspoken, purpose of undermining the artificial superiority of whites, however unproductive, economically ill-equipped and uncompetitive they might be.

Interference? Damn right, and interference utterly inimical to that great rump of white society who owe their livelihoods and position not to skill or effort or enterprise but to the vast state apparatus of apartheid. These are Professor Noffke's people, and no wonder they resent the new Sullivanised Hoggenheimers.

If the continued presence of US companies is a threat to the white ochlocracy, the departure is becoming a boon for white entrepreneurs who are not only picking up significant assets on the cheap, but are also dispensing with the expensive paraphernalia of the Sullivan siege engine.

As the State Department, whose own educational and human rights programmes are also under fire from Pretoria, noted "with distress" last week: "To our knowledge, not one of the South African companies that have been left has continued the fair labour standards and social programmes of the Sullivan Code."

And why should they? They are free at last from the shackles of American do-gooders. The self-important moralising of state and local legislators refusing to purchase the products or the stock of US parent companies is no longer a problem.

The sons and daughters of the American middle class can demonstrate and decorate college lawns with oh-so-meaningful shanties to their hearts content. That monkey is off white South Africa's back. Wonderful, except that black South Africa is left even more friendless

In his speech on Saturday, Mr Sullivan urged "citizens" and companies to put "more pressure" on South Africa, a logically absurd suggestion displaying either profound ignorance of what it is he has been doing all these years, or, more likely, sheer intellectual rout.

By calling for complete divestment and a full-scale embargo he is helping ensure that neither citizen nor company can have even the faintest fulcrum for leverage. He is making that part of the outside world most interested in promoting honest change altogether irrelevant.

Again, what more could Pretoria ask?

Well, it could ask that the US and its allies pour millions of dollars of aid into infrastructure projects for the frontline states, whose public distaste for South African products is pure vapour. Is the South African Development and Co-ordination Conference going to waste its precious resources shipping in its needs across thousands of miles of ocean especially when it is rather inadequate in the harbour department? Of course not If Southern Africa's great leap forward is to be much more than a mirage, it will be built in large measure on South African imports and expertise.

Or as one jaded diplomat remarked, perhaps a little too facetiously: "We'll pay the South Africans to build it, then they'll bomb it, then we'll pay them to build it again "

Economic aid to the frontline is currently all the rage. Those sanctioneers with consciences (few) see it as a palliative for what they are wreaking with sanctions. The rest proclaim it part of their total strategy of isolating South Africa on the theory that the Benguela, Beira and other lines will soon be humming with commerce that would otherwise have had to pass through and enrich the Republic.

Unfortunately we will not be privileged to see the hugeness of this joke, because the aid, at least the American part of it, is turning out to be a phantom. The Senate last week decided to kill this year's helping on the grounds there was too little money to waste and better places to waste it.

So Pretoria will be disappointed in that regard. Otherise everything is going its way. The meddlers are being forced out and replaced by unmeddlesome locals and conveniently unquerulous foreigners like the Taiwanese and Japanese.

Sanctions and divestment have concentrated minds on finding fresh markets and seem to have stimulated the buccaneering entrepreneurial spirit By way of a paradigm, consider that more South African crayfish is being eaten in the US than ever before. As for the victims . . well done, Mr Sullivan.

Export order unglued by sanctions pressure

DANIEL SIMON

SANCTIONS pressure has caused more than one SA manufacturer to come unstuck on international markets.

The latest example is the appearance in Johannesburg shops of a high-strength glue, manufactured locally, but with French/English instructions only.

A spokesman for Pratley Manufacturing & Engineering said yesterday a large consignment of glue had been returned from a French-speaking country.

The order was absorbed locally, averting what could have been a sticky situation.

MD Kim Pratley said the order was returned at the end of 1985 and the firm was still trying to sort out the insurance claim and piece the shambles together.

Pratley has been pushing into the export market for two years in an effort to cement overseas ties.

"The reticence of overseas retail outlets to be seen doing business with SA is a problem.

"There are many anti-SA pressure groups roaming around looking for companies doing business with SA."

Because of exports going to a number of countries, Pratley said he might consider off-shore manufacture.

ay May 19 1987 (280) 19/5/87

Leading nations 'still have SA links'

25 countries apply sanctions

The Star Bureau

WASHINGTON — Twenty-five industrialised democracies have imposed various economic sanctions on South Africa in efforts to goad the South African Government into ending apartheid, according to a new US State Department report.

The study summarised South Africa's trade with 31 countries, 23 of which still maintained diplomatic links with the country, concluding that "all of the leading industrialised nations have significant economic relations" with South Africa.

The report was prepared in terms of the Comprehensive Anti-Apartheid Act of 1986, which imposed US sanctions on South Africa late last year.

It said common sanctions imposed by South Africa's trading partners included: a ban on new investment in South Africa by 20 countries, a ban on imports of gold coins (Krugerrands) by 18 countries, a ban on imports of South African iron and steel by 17 countries, and a ban on new loans to South Africa by nine countries.

All European Economic Community countries had adopted measures agreed to in October last year, including a voluntary prohibition on new investment in South Africa.

Of six Commonwealth countries reviewed, Australia, Canada and Singapore had enforced, or were implementing, sanctions agreed by the Commonwealth in August last year. Among these steps were a ban on coal, iron, steel, uranium, agricultural products, new investment and re-investment of profits earned in South Africa, a stop to air links with South Africa, and a ban on new bank loans.

South Africa produced many of the raw inputs used by industrialised economies — total exports equalled 35 percent of South Africa's gross domestic product. The country's major trading partners were ranked, in 1985, as the US, West Germany, Japan, United Kingdom, Italy, France, Switzerland and The Netherlands. The UK had the largest foreign investment in South Africa, with West Germany next and the US third.

Firestone SA's operations will not be affected by buyout - MD

Citizen 19/4/87

280

By MICHEL DESMIDT

THE acquisition by Federale Volksbeleggings of the remaining 25% interest in Firestone SA for an undisclosed sum will have no effect on operations, according to Firestone's managing director, Mr Bill Taylor.

Federale Volksbeleggings announced yesterday that with effect from April 1 it had boosted its 75% shareholding in Firestone by acquiring the remaining 25% stake previously held by the American Firestone Tire and Rubber Company.

Firestone (SA) is now a wholly-owned subsidiary of Federale and intends changing its trading name.

Mr Taylor said although the management agreement with Firestone in the United States had expired in March, long-term technical and trademark agreements would remain in force "into the next century".

This meant that the South African company would continue to manufacture and sell Firestone tyres, tubes and related products using Firestone technology.

Signs and the company's advertising campaign would continue under the Firestone banner.

No decision had yet been made on the company's new trading name and a separate listing on the Johannesburg Stock Exchange of the wholly South African-owned company was not being contemplated, he said.

Mr Taylor, who succeeded Mr Peter Morum as chief executive in November last year, said there would be no change to production and staff levels.

Argus 20/5/87
280

CITY/INTERNA

US court topples import ban on SA steel products

From ALAN DUNN
The Argus Foreign Service

WASHINGTON. — The US Court of International Trade has rejected part of the Reagan Administration's sanctions package against South Africa, overturning a ban on the import of steel products.

The ruling effectively allows a US importer to resume the import of cable used to reinforce concrete. Shipping stopped in November in terms of the Comprehensive Anti-Apartheid Act of 1986.

But Mr Justice James Watson found in a New York case that the ban on steel covered basic forms of steel and not advanced steel products.

The judgment was welcomed by a spokesman at the South African Embassy here who said: "It is a major breakthrough for South Africa. I commend the US importer for taking the bull by the horns; showing the Administration it went too far in looking after its own interests in keeping out foreign imports."

DISMAY

It is understood makers of American wire, wire products, pipe and tube lobbied intensively at the time U S government officials were implementing the sanctions, to have competitive items included in the list of banned commodities.

This sparked dismay among South African officials and was the subject of behind-the-scenes discussions and representations to US officials.

Sources close to the US import community said yesterday other importers would consider following the judgment with their own court actions challenging other aspects of the Administration's enforcement of the steel ban.

Mr Justice Watson found in favour of Springfield Industries Corporation which sold mainly South African pre-stressed concrete strand for building construction before the sanctions. The defendant was the US Government.

SPECIFIED

In his judgment, Mr Justice Watson said: "To hold that Congress intended the word steel to mean all steel products would be rife with inconsistencies."

Congress would have specified steel products if it had wanted to do so, he said.

The logical inference was that the lawmakers had deliberately refrained from going beyond banning basic forms of steel.

The judge found that including pre-stressed concrete strand in the ban was "arbitary and capricious".

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Call for total US sanctions, disinvestment looms

SULLIVAN . . . expected to quit

HAMISH McINDOE

IN ELEVEN days time, the Rev Leon Sullivan will tell corporate America to get out of SA and make a powerful call for total sanctions.

Exactly how Sullivan intends to manoeuvre this will not be known until June 3, when he is scheduled to address Sullivan Code signatories in Washington.

But it is widely expected he will quit as leader of the Sullivan Code movement, in keeping with his threat to Pretoria to scrap apartheid laws by May 31 or face the call for full sanctions and disinvestment.

As matters stand, it is an open question who will monitor how US companies treat their black SA workforce if Sullivan bows out.

But the Johannesburg-based American Chamber of Commerce (Amcham) is widely tipped to take over the code's administration.

Chamber president Ian Leach says Amcham's Sullivan signatories must now decide whether to "keep the present name without the individual".

New labour yardstick

Otherwise, he is non-commital on the code's future.

The Reagan administration is also punted as a serious contender, with observers saying Washington's Fair Labour Standards Code — mandated in last year's Comprehensive Anti-Apartheid Act — could become the new labour yardstick.

Sal Marzullo, chairman of the Industry Support Unit of Sullivan Companies, says: "Despite many problems, the Sullivan principles are still evolving . . . and they will continue to evolve with or without the Rev Sullivan.

"Our only leverage to exercise change in SA is in our presence. Withdrawal is a tragic error."

Sullivan himself, however, recently said the principles of the movement he founded 10 years ago would outlive his leadership.

Nobody seriously expects Sullivan's reform-or-sanctions deadline will trigger a corporate run from SA. At worst, notes a US source, Sullivan's total sanctions call will "add significant pressure on companies to leave".

But the pace of disinvestments is equally likely to be quickened because of the outcome of the May 6 election and government's Group Areas crackdown.

Nearly 80 US companies have pulled out of SA recently, including IBM, General Motors and Xerox.

A Business Day poll of US companies operating in SA found little agreement on the effects of Sullivan's promised action All pointed, however, to the positive aspects of their presence as an agent for political change.

The view at earth-moving equipment manufacturer Caterpillar is that no "pro-active" measures can now be taken to defuse the situation.

Disinvestment call

One US company official says the "snowballing" support of US shareholders to stay in SA will overrun Sullivan's call for disinvestment and sanctions. The official asked not to be named

Reacting to Press reports on Sullivan's speech, Hewlett-Packard MD Marius Furst says Sullivan's disinvestment call comes as no surprise.

Furst adds that only 9,6% of shareholders at Hewlett-Packard's February annual general meeting in California did not support management policy that "the struggle against apartheid can best be fought by an on-the-ground presence".

Goodyear spokesman Mike London says Sullivan's deadline for dismantling apartheid laws is unrealistic. "But US companies are committed to the code's principles and acknowledge all the good Sullivan has achieved."

Pretoria last week refused Sullivan permission to visit SA.

Sanctions biting into coal export business

B/Day 24/5/87

ADAM PAYNE

SANCTIONS have hit the coal export trade, with this year's target through Richards Bay an estimated 10% lower at 36-million tons, against the original estimate of 40-million tons.

The Richards Bay Coal Terminal Company says: "The revised estimate has been brought about by a number of factors — principally the present over-supply situation in world coal markets, cost pressures and sanctions."

Steve Ellis, chairman of Trans-Natal Coal, said last night: "I consider the main reason for the drop in exports to be the effect of sanctions by Denmark and France.

"They were brought in last year by Denmark and are taking effect this year. Added to that, France is applying sanctions and also has reduced demand because of increased nuclear capacity.

"The over-supply situation for coal overseas is exacerbated by the fact that there has not been great growth in demand. On top of that there are new suppliers such as Colombia. China is also starting to make itself felt as an exporter.

"The Australian mines are finding it difficult to survive."

(280) STAR 20/5/87

More US firms may fight bar on SA goods

Court lifts ban on steel imports

By Alan Dunn, The Star Bureau

WASHINGTON — The United States Court of International Trade has rejected part of the Reagan Administration's enforcement of economic sanctions against South Africa, overturning a ban on the import of steel products.

The ruling effectively allows an American importer to re-start shipping in steel cable used to reinforce concrete which was stopped in November when the United States Treasury issued a list of definitions stipulating what items the steel ban prohibited.

The Treasury guidelines, given to United States customs officers, were the Reagan Administration's interpretation of what the Comprehensive Anti-Apartheid Act of 1986 meant by halting steel imports.

But Mr Justice James Watson found in a New York case: "The court holds that the ban on steel covers basic forms of steel and not advanced steel products."

The judgment was welcomed by the economics envoy at the South African Embassy here, Mr Arnold Mentz· "It is a major break for South Africa. I commend the US importer for taking the bull by the horns, showing the Administration it went too far in looking after its own interests in keeping out foreign imports."

It is understood makers of American wire, wire products, pipes and tubing lobbied intensively at the time American government officials were implementing the sanctions, to have items competing with theirs included in the list of banned commodities

This sparked some dismay among South African officials at the time and was the subject of behind-the-scenes discussions and representations to US officials.

Sources close to the American import community said yesterday other importers would consider following the judgment with their own court actions challenging other aspects of the Administration's enforcement of the steel ban.

Mr Justice Watson found in favour of Springfield Industries Corporation which sells mainly South African pre-stressed concrete strand (PC strand) for building construction.

The defendant was the United States government. It is not yet known whether the US Justice Department will appeal against the judgment.

On the definition of the term "steel", the judge said: "To hold that Congress intended the word 'steel' to mean all steel products would be rife with inconsistencies."

Congress would have specified steel products if it had wanted to do so, he added.

280 20/5/87

Firestone sells off last SA interest

AKRON (Ohio) — Firestone Tire and Rubber has sold its last 25 percent interest in Firestone SA to the holding company that acquired a 75 percent interest in the company in 1981.

Federale Volksbeleggings signed a management agreement with Firestone when Federale became the controlling shareholder in 1981.

When the management agreement expired in March, Firestone said, it asked Federale to consider buying its minority interest.

Under the 1981 agreement, Firestone was prohibited from selling its 25 percent interest to a third party without Federale's approval.

IMMATERIAL

Federale responded with an offer and Firestone agreed to buy. The terms were not released.

Firestone said the transaction's impact on earnings would be immaterial.

Akron-based Firestone said it would continue to honour trademark and other long-term agreements with Federale until their expiry dates.

Firestone said its board of directors would still meet a commitment made in 1985 to spend the equivalent of about R1 million a year for three years.

The money was to support education and training programmes for blacks in South Africa. — Sapa-AP.

US pressure seen forcing pace

Israel to study possibility of SA sanctions

B/Day (280) 21/5/87

JERUSALEM — A committee has prepared a report for Israeli Cabinet approval on sanctions against SA, in line with those adopted by Western nations, says the Foreign Ministry.

The ministry yesterday declined to elaborate on the report.

Ministry officials have said Israel, in protest against apartheid, is considering banning new investment in SA, reducing trade and barring ministerial visits.

Israeli leaders have been under US pressure to reduce ties with SA. They asked the committee to propose trade and cultural sanctions two months ago, when Israel banned new military contracts.

"In principle, the report will conform to Israel's stated policy... Israel will follow Western democracies in the steps to take on SA," the ministry said.

Several Cabinet Ministers have said sanctions could harm SA's 110 000 Jews who have a unique agreement with Pretoria enabling them to transfer funds for investment in Israel.

Israeli newspapers say sanctions could cost Israel $500m, mainly in lost defence sales.

But the US Congress has threatened to cut military aid to nations identified as defying the UN embargo.

Israeli officals say arms deals with SA could endanger the annual $3bn US assistance package.

Last September, the 12-nation European Community, despite British and West German reluctance, banned iron, steel and gold coin imports from SA and new investment in SA. — Sapa-Reuter.

Parsons: sanctions breather

280 BD 21/5/87

JOHANNESBURG — South Africa has gained a "breathing space," with the tide of sanctions and disinvestments having waned, at least temporarily, the chief executive of the Association of Chambers of Commerce (Assocom) said yesterday.

Mr Raymond Parsons said this had been created primarily by the economic recovery in South Africa, overseas preoccupation with other issues and doubts as to the economic and political efficacy of primitive measures.

Just how long the pause would last would depend on a number of factors:

- Overseas political perceptions of South Africa in the period ahead. This would reflect the overseas assessment of whether, in the aftermath of the general election, South Africa blended stability and reform in the right proportions.
- The extent to which the participation in other markets by international business was adversely affected as a result of actions by anti-South African lobbies overseas in protest against their continued presence in South Africa.
- Whether the economic recovery in South Africa was sustained. This required an economic policy, particularly in the June 3 budget, geared to securing a three per cent economic growth rate this year.
- The ability of the South African business community to continue to successfully evade or neutralise economic sanctions. — Sapa

Cape Times 21/5/87 280

'Sanctions' Sullivan gets egg on his face from defiant Pretoria

Washington Letter
by SIMON BARBER

WHEN is a sanction not a sanction? When the target derives benefit and pleasure from being sanctioned.

On numerous levels, this is precisely what is happening as the West tries to pressure South Africa towards its own standards of civilized behaviour.

Far from knuckling under, Pretoria is saying — with good reason — "Oh please, do it again only this time harder".

Unfortunately, at least for anyone who genuinely cares about a decent outcome, the point is lost not only on those like Transafrica's Randall Robinson most anxious to crack the whip, but even on some who have thus far doubted the utility of trying to inflict pain on the recalcitrant boer. In particular, the Reverend Leon Sullivan.

Evolving over more than a decade the Sullivan Code has successfully turned US corporations into a sort of siege engine burrowing into the walls of apartheid. To be sure, the walls have not yet fallen, given the relative smallness of US investment, but the effort has necessarily been on the margins.

It must also be conceded that many signatories have used the code more to protect their own hides than to advance the cause of change. Yet for all that, the principles have been a unique and not inconsiderable achievement.

By failing to usher in the Marxist millenium as fast as his critics would have wished, they have also left their author at the end of his intellectual and emotional tether. He told the graduating class at West Virgina State College (his alma mater) last week that he was abandoning the cause.

Final straw

Last year, in a puerile attempt at blackmail and to his subsequent regret, Sullivan threatened to call for total divestment and sanctions if the walls had not fallen by May 31. Surprise, surprise, they haven't, and unlike a number of other erstwhile sanctioneers who have rethought in the light of post-comprehensive Anti-Apartheid Act reality (influential black columnist William Raspberry for example), he lacks either the courage or the acuity to admit a mistake.

On the surface, Pretoria's decision to deny him a visa to take a last look at what he was leaving might be considered the final straw. Yet, ironically, the reasons behind the denial ought to have been the strongest single argument to date for staying. The very people whose will Sullivan wishes to break were saying yes, get out and take your subversive companies with you, nothing would suit us better.

From here, at any rate, the assault on US corporations sounded by RAU's Karl Noffke and his ideological cohorts appears neither graveyard bravado nor a Machiavellian attempt to staunch the exit of investment. There are solid reasons, economic, political and psychological, why these men are sincere.

In 1986, according to the annual Arthur D Little audit, Sullivan signatories pumped R25 million into the education of non-white non-employees, R31,5 million into non-white housing and community development and R20 million into various "anti-apartheid activities", including legal assistance.

In addition, they purchased R22 million worth of goods and services from non-white businesses. Marginal sums, maybe, in an $80 billion economy, but sums nonetheless, and every cent went towards the singular, if unspoken, purpose of undermining the artificial superiority of whites

Interference? Damn right, and interference utterly inimical to that great rump of white society who owe their livelihoods and position not to skill or effort or enterprise but to the vast state apparatus of apartheid.

If the continued presence of US companies is a threat to the white ochlocracy, the departure is becoming a boon for white entrepreneurs who are not only picking up significant assets on the cheap, but are also dispensing with the expensive paraphernalia of the Sullivan siege engine.

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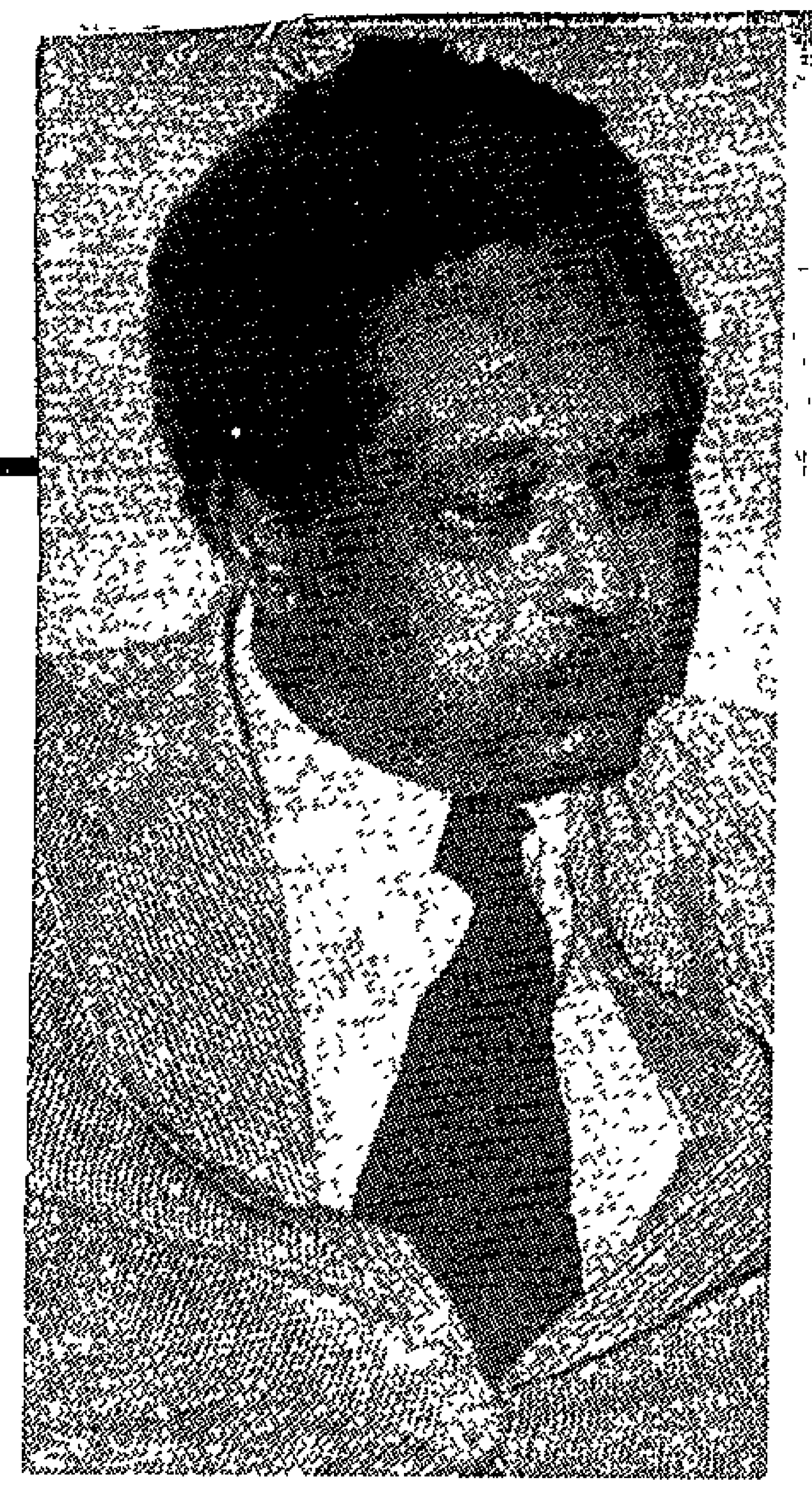


The Rev Leon Sullivan ... Lacks courage to admit a mistake.

That monkey is off white South Africa's back. Wonderful, except that black South Africa is left even more friendless.

In his speech last week Sullivan urged "citizens" and companies to put "more pressure" on South Africa, a logically absurd suggestion displaying either profound ignorance of what it is he has been doing all these years, or, more likely, sheer intellectual rot.

By calling for complete divestment and a full-scale embargo he is helping ensure that neither citizen nor company can have even the faintest fulcrum for leverage. He is making that part of the outside world most interested in promoting honest change altogether irrelevant. Again, what more could Pretoria ask?

Jaded diplomat

Well, it could ask that the US and its allies pour millions of dollars of aid into infrastructure projects for the frontline states, whose public distaste for South African products is pure vapour.

Is the South African Development Co-ordination Conference going to waste its precious resources shipping in its needs across thousands of miles of ocean especially when it is rather inadquate in the harbour department? Of course not. If Southern Africa's great leap forward is to be much more than a mirage (doubtful), it will be built in large measure on South African imports and expertise.

Economic aid to the frontline is currently all the rage. Those sanctioneers with consciences (few) see it as a palliative for what they are wreaking with sanctions.

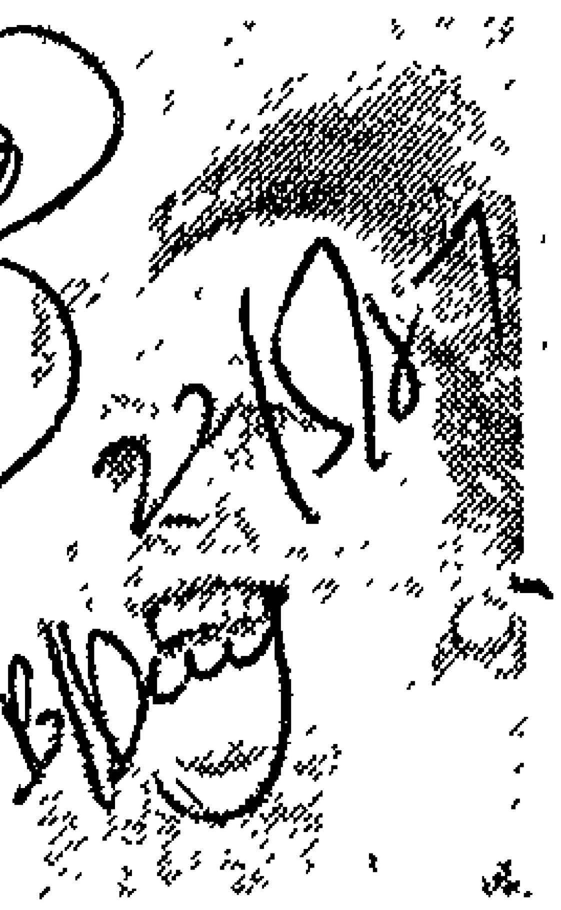
The rest proclaim it part of their total strategy of isolating South Africa on the theory that the Benguela, Beira and other lines will soon be humming with commerce that would otherwise have had to pass through and enrich the Republic.

Unfortunately we will not be privileged to see the hugeness of this joke, because the aid, at least the American part of it, is turning out to be a phantom. The Senate last week decided to kill this year's helping on the grounds there was too little money to waste and better places to waste it.

Also, by way of a paradigm, consider that more South African crayfish are being eaten in the US than ever before. As for the victims ... Well done, Sullivan.

Thatcher advises on sanctions issue

Don't push SA too hard



THATCHER

IAN HOBBS

LONDON — Sanctions had driven SA back into the laager at the point when President P W Botha was "coming our way fast", British Prime Minister Margaret Thatcher said yesterday

While repeating her continued opposition to sanctions, Thatcher told the Daily Telegraph that SA had to be encouraged and treated with patience.

Her comments underlined that she felt even more strongly that sanctions were a mistake and that she would continue to fight them.

Asked: "Are there any international initiatives you would like to implement?", she said it would be contact with Moscow to enlarge freedom for the Soviet people.

She then returned to the subject of South Africa and said: "The Southern African problem requires a great deal of patience. In our hearts, everyone knows it's got to be tackled. I think most white South Africans know.

"Mr Botha was coming our way fast when there were no sanctions. Once other nations started to put sanctions on, everything one predicted would happen did.

"Now it's a case of trying to keep them going forward without feeling that we're telling them what to do — because they would recoil — and without destroying that fantastic economy.

"It is a fascinating time to be living in. It is an even more fascinating time to be having just a little bit of influence on it."

Her statement was one of the first references to SA heard so far in the June 11 election campaign.

Both the opposition Labour Party and the Alliance have so far virtually ignored SA as an issue, concentrating entirely on domestic matters.

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27/5/87

Thatcher: sanctions made PW step back

LONDON — Sanctions had driven South Africa back into the laager at the point when the State President, Mr P. W. Botha, was "coming our way fast", the British Prime Minister, Mrs Margaret Thatcher, said in a press interview yesterday.

Making clear her continued opposition to sanctions, Mrs Thatcher told the Daily Telegraph that South Africa had to be encouraged, and treated with patience — without its fantastic economy being disrupted.

Asked the question "are there any international initiatives that you would like to implement?", she said, contact with Moscow to enlarge freedom for the Soviet people — and then concentrated on South Africa.

She said: "The Southern African problem requires a great deal of patience.

"In our hearts, everyone knows its got to be tackled.

MRS THATCHER

"I think most white South Africans know.

"Botha was coming our way fast, when there were not sanctions. Once other nations started to put sanctions on, everything one predicted would happen did," she said.

"Now its a case of trying to keep them going forward without feeling that we're telling them what to do — because they would recoil — and without destroying that fantastic economy".

"It is a fasinating time to be living. It is an even more fascinating time to be having just a little bit of influence upon it," she added.

Her statement is one of the first barely audible references on South Africa heard in the June 11, general election campaign so far.

Both the opposition Labour Party and the centrist Alliance have so far virtually ignored the South African issue in an election conentrating entirely on domestic matters. — Sapa

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DD 22/5/87

Matutu makes international call against disinvestment

280

Dispatch Reporter

UMTATA — A Transkei MP, Mr Richmond Matutu, made an international call against economic sanctions and disinvestment in South Africa yesterday.

Taking part in the debate on the second reading of the Appropriation Bill, 1987, in the National Assembly, Mr Matutu, the MP for Butterworth, called on international leaders to renounce their calls for disinvestment and economic sanctions.

Mr Matutu said that economic sanctions and disinvestment in South Africa had resulted in the loss of jobs and the economic strangulation of thousands of Transkeians.

Mr Matutu said he himself had initially supported the economic strangulation of South Africa, but he had since changed his mind and now supported the call by the British Prime Minister, Mrs Margaret Thatcher, to stop disinvestment and economic sanctions.

He said: "Economic sanctions and disinvestment are a devil".

Mr Matutu said he had failed to understand the predictions that sanctions would have an impact on Transkeians and other blacks in South Africa.

"I plead with Archbishop Desmond Tutu to stop advocating disinvestment and economic sanctions.

"He should descend from his pulpit and stop his propaganda against apartheid as many of our people are now dying," Mr Matutu added.

Mr Matutu said that while the whole of Southern Africa was being effected by the economic sanctions, the World Council of Churches the South African Council of Churches was doing nothing for the people.

He said the problem was intensifying and it affected both educated and uneducated.

CIT Times 22/5/87

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Sanctions 'drove SA back into laager'

Own Correspondent

LONDON. — Sanctions drove South Africa back into the laager at the point when President P W Botha was "coming our way fast", British Prime Minister Mrs Margaret Thatcher said yesterday.

Making clear her continued opposition to sanctions, Mrs Thatcher told the Conservative Daily Telegraph that SA had to be encouraged and treated with patience — without its "fantastic" economy being disrupted.

"Botha was coming our way fast, when there were not sanctions. Once other nations started to put sanctions on, everything one predicted would happen, did.

"Now it's a case of trying to keep them going forward without feeling that we're telling them what to do — because they would recoil — and without destroying that fantastic economy."

□ Meanwhile, the Anti-Apartheid Movement (AAM) yesterday launched a campaign here to press for sanctions against SA as an issue in the election.

Their hopes are boosted by the fact that, with SA a major international issue here now, they would be able to get considerable mileage out of the subject.

AAM president Bishop Trevor Huddleston said the movement was able to make SA a vital issue in this election for the first time in the 28 years of its existence.

US makes stand on cross border raids

280

SMR 2.4.87

WASHINGTON — The US Senate voted by a wide margin today to ban aid to Southern African nations unless they halt all guerilla attacks across their borders with South Africa.

The vote on the amendment to a supplemental appropriations bill was carried by 77 to 15.

The amendment, sponsored by Senator Larry Pressler, a South Dakota Republican, also said aid would not be extended to any of the states that did not denounce "necklacing" of blacks, a form of mob justice in which a tyre filled with petrol is placed around a victim's neck and ignited.

The amendment would bar use of any United States funds for the Southern African Development Co-ordination Group, the so-called "Frontline states" actively supporting organisations fighting apartheid racial segregation in South Africa.

The amendment was part of the $9,4-billion (R19-billion) supplemental appropriation bill for fiscal year 1987, which ends on September 30.

When the Senate completes work on its bill, it will go to Congress to sort out differences with the House bill and the agreed version will then go to both houses for a final vote. — Sapa-Reuter.

Xerox vote will delay SA pull-out

SM 22/5/87

ATLANTA (Georgia) — Xerox Corporation stockholders yesterday rejected a resolution to strengthen the company's plans to withdraw completely from South Africa.

Xerox, based in Stamford, Connecticut, announced in March that its European affiliate, Rank Xerox Ltd, would sell its South African subsidiary to Fintech, owned by a South African electronics and electrical products company.

Counsel for an institutional fund said yesterday that Xerox equipment is still being used to support apartheid.

But chairman Mr David Kearns said Xerox had responsibilities to customers and employees in South Africa that would prevent it from completely banning products there.

Xerox is the 32nd largest US industrial company, with 1986 sales of $9,38 billion. — Sapa-AP.

Kaunda still set on sanctions

The Star's Africa News Service

LUSAKA — Zambia was still determined to implement sanctions against South Africa, President Kenneth Kaunda said yesterday.

At a Press conference here he added, however, that sanctions would only be implemented when an agreement was reached with other countries in the region.

Zambia would like to ban flights to and from South Africa but this move would only have an effect if other countries in the region took similar measures.

Mr Kaunda said he saw no hope for a peaceful solution to South Africa's problems and accused the West of supporting the South African Government.

Mr Kaunda said that this week he would announce major changes in the structure of the boards of State-owned firms.

Some executives in State enterprises were bullies, while others were stealing a lot of money, he said.

Mr Kaunda said his Government had broken off negotiations with the International Monetary Fund because the IMF was only concerned with debt repayment, not with the development of countries.

280 STAR 22/5/87

Sanctions 'unlikely to bring political change'

280

SMR 26/9/87

A South African international affairs researcher has found that, in the short term, trade embargoes may have hurt the people of a target state more than they did the regime, writes Gerald L'Ange, editor of The Star's Africa News Service.

It may take 10 years before sanctions against South Africa start to bite…

Paradoxically, they could hit blacks and English-speakers harder than the ruling Afrikaner elite. And they could bring about military rule.

They may increase the cost of white domination but are unlikely to bring about significant change in the political dispensation.

These points are made by Mr Andre du Pisani, director of research at the South African Institute of International Affairs in Johannesburg, in a paper presented to the Exporters Club of South Africa and now released as a SAIIA publication

In it he measures the current sanctions campaign against previous international experience with sanctions.

He says South Africa could experience far greater consequences from a combination of social factors such as uncontrolled urbanisation and ethnic conflicts than from sanctions.

"The debate about sanctions and their political and economic implications, especially in the case of South Africa, is highly inconclusive," he says.

One factor accounting for this is that arguments for and against sanctions are often based on questionable assumptions.

Mr du Pisani argues that sanctions have achieved qualified successes in different contexts. They nearly always have had a medium or long-term impact. But in the short term they may have hurt the people of a target state more than they did the regime

"In the South African case, it is more than likely that black South Africans will be hurt more than whites (and certainly more than the regime) in the short term, but this may change in the medium to long term."

If judged realistically — in relation to specified goals and timeframes — sanctions probably have as good or bad a record as any al-

Mr du Pisani.

ternative strategy, Mr du Pisani says.

One study made in 1985 for the Washington-based Institute for International Economics found a 36 percent success rate for 103 cases analysed, including Chile, Rhodesia, Uganda and Iran (where United States pressure helped topple the Mossadegh regime in 1953).

The British journal, *The Economist,* found that South Africa emerged in the "high risk" category, scoring 20 out of 33 points, when measured against a basic set of economic vulnerability factors: falling gross domestic product, high inflation, capital flight, foreign debt as a proportion of GDP, decline in food production per person and a high percentage of raw materials in exports.

On the other hand, notes Mr du Pisani, the South African economy has a viable industrial base, can generate a significant proportion of its capital needs internally, has a considerable technical capacity and a strong potential for sanctions-busting.

The Economist found that South Africa again scored high when measured against a list of political vulnerability factors.

Discussing one of these — the authoritarian nature of the state — Mr du Pisani notes that, paradoxically, blacks and English-speakers will be hurt more than Afrikaners, many of whom fall within a well-insulated power elite.

Over the long term (10 years and beyond) the impact of sanctions might be greater, especially in terms of challenges to the legitimacy of the Government.

Mr du Pisani says sanctions in combination with economic, demographic and social factors may increase the cost of white domination but are unlikely on their own to "result in significant political reorientation of the regime, let alone result in its sudden collapse".

Another paradoxical effect of sanctions seen by Mr du Pisani is an increase in the political influence of the military … "the spectre of military rule cannot be discounted completely, and with it the prospect of greater instability".

Economic and social hardships caused by sanctions could enhance the appeal of the African National Congress, he says. But while negotiations will be essential at some stage, the Government is unlikely to engage in dialogue with the ANC unless weakened by sanctions and other factors, such as increasing internal conflict, rising costs of white rule and serious fiscal and financial problems.

Mr du Pisani says that "a combination of social factors such as uncontrolled and imbalanced urbanisation (especially in a situation of economic decline and stagnation) and internecine ethnic conflict may have far greater political consequences than sanctions and disinvestment"

Asking, "How deep a bite is enough?" he answers that it depends on perceptions and political factors. But he says some indications are given in the study of the 103 cases. In 36 of these, it took a 4 percent reduction in Gross National Product to destabilise the regime and a 5,9 percent cut to bring about significant political changes.

On this basis one academic, William Minter, has calculated that to destabilise or reform South Africa, with a 1984 GNP of R150 billion, would require sanctions costing the country R6 billion to R10 billion a year.

FOR SUBSCRIPTION INQUIRIES — TELEPHONE EAST LONDON 26141 280 DD 26/5/87.

Rhodes professsor says sanctions here to stay

Dispatch Reporter

GRAHAMSTOWN — Sanctions were not going to go away and people had better believe it, the director of the Institute of Social and Economic Research (ISER) at Rhodes University, Professor Peter Vale, said.

He and Mrs Vale have just returned after three months overseas during which Professor Vale took up a Friedrich Stiftung Fellowship at the Institute of the Social Democratic Party in Bonn, West Germany, for a month and subsequently spent six weeks at the Free University in West Berlin as a visiting Fellow in the Institute of African Studies.

He also attended a conference in Britain arranged by the British Foreign Office at Wilton Park, Sussex.

"About ten South Africans were present. We met a number of people including senior diplomats, journalists and politicians from Western countries," Prof Vale said.

The theme of the conference was the South Africa crisis.

There was a "fairly frank" exchange of views, Professor Vale said.

Commenting on the talks he said it seemed that the mood was one of deepening concern about South Africa. It revealed an increased need to formulate carefully calibrated, targeted sanctions against South Africa but that sanctions should not punish the victims of apartheid.

Professor Vale said the sanctions debate was now entering a "most interesting" phase. He predicted there would be a broad, co-ordinated western response and that the British Prime Minister, Mrs Margaret Thatcher, would be "more over the barrel" even if she won the election on June 11.

He said running together with the question of sanctions and apartheid was the perceived need to strengthen the Southern African frontline states.

The need to formulate some defence for these countries was receiving priority.

"The West will work very hard at this," Professor Vale said.

The couple were in Berlin when the South African election results were announced.

Professor Vale said: "The elections were not a number one news item. It seemed people had predicted the way things would go and that the National Party would get the mandate they had sort."

In certain liberal circles, however, there was hope that the Progressive Federal Party would do better.

Professor Vale said Dezeit, a weekly liberal paper, had run a series of articles with a strong liberal message.

He and Mrs Vale also met the president of Rhineland, Westphalia, the biggest German state, Mr Johannes Rau.

"We had fruitful discussions. He expressed deep concern about South Africa and was very knowledgeable."

Professor Vale said he thought West Germany would continue funding victims of apartheid as long "as the window is open". They were deeply committed, he stated.

"Bella" Berlin was the way he described the German capital.

"You can't escape feeling the history of the post-war years when Berlin was the scene of momentous decisions. In the same way you can't escape the fact that you are living cheek by jowl with the Soviets."

He said the Western city was still under occupation in many ways. The Soviets could and did patrol West Berlin while the United States, Britain and France patrolled East Berlin fairly regularly.

Professor Vale said it had become an on-going international, constitutional conflict with the East Berliners' desire for their city to be a capital city.

"This is in conflict with it being a city under occupation. There is a conflict of sovereignity, law, east-west trade and east-west relations," Professor Vale said.

There was also a need for an international agreement on matters like drains and sewerage.

He said: "In a silent way the East and the West are committed to planning the city in the hopes that eventually it will become one city."

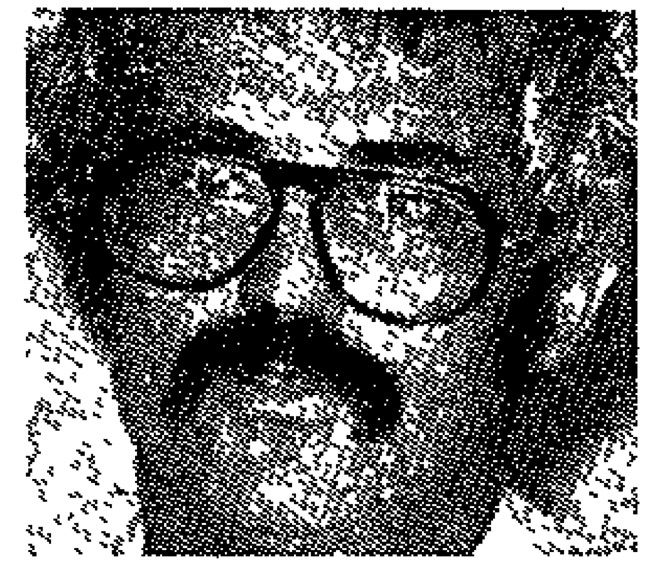
The Vales also visited East Berlin.

Professor Vale said: "As we drove around we detected clearly the huge differences in living standards."

He said West Berlin was a western city in the contemporary sense. But East Germans were working very hard at preparing their "half" in time for the 150th anniversary of the city.

Professor Vale said there was some splendid re-building in former bomb sites to the neglect of older cities like Leipzig and Dresden.

He said the division of the city was interesting.



PROF VALE

East Germany had taken the old part while West Berlin was like an outlying suburb only developed in the last 40 years.

"Everybody pays a high price. East Berliners can only leave their part with State permission," he said.

The Free University was developed because of the increasing Marxist tenor of courses offered at the old university, he said.

Professor Vale said: "It (Free University) grew almost overnight with the first medical students bringing their microscopes from home. Now of course, it is fully developed.

He said it was particularly interesting living in "another divided society, policed on both sides.

"It makes for a clearer understanding of the South African divisions," he said.

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SANCTIONS ARE NOT EFFECTIVE – ILO

SOWETAN CORRESPONDENT

ONLY the removal of apartheid could provide for an internationally acceptable society in South Africa, said the director-general of the International Labour Organisation in his annual report.

The report by Mr Francis Blanchard on the labour and social situation in South Africa, will be considered by the Committee on Apartheid at the International Labour Conference in Geneva.

It records "a year of widespread unrest, fundamental instability, worsening economic prospects in particular for the black population and an absence of peaceful progress towards ending apartheid."

Turbulence continued in the labour field and the stayaway of more than 250 000 mineworkers on October 1, 1986 in memory of 177 victims of the Kinross disaster set a record as the largest stoppage in any single industry.

Mr Blanchard said there was an apparent decline in the significance attached to codes of conduct. The emphasis switched to a demand for sanctions to bring about internal change.

"After noting that various surveys of black opinion showed workers and business circles supported sanctions, the report said that while many of the measures might cause South Africa inconvenience and austerity, they did not appear to have been applied in areas in which the country was most vulnerable — the financial sector.

Unemployment remained a significant feature of the economy.

The official unemployment rate remained at 8,4 percent for blacks, but various economists put the rate at 25 percent and rising, he said.

The average annual growth rate in black employment was lower than population growth every year between 1950 and 1985 and the authorities were turning to birth control as a solution to structural unemployment rather than the eradication of apartheid policies which continued to make significant contributions to black unemployment.

Amid fears for SA prof's safety . . .

E) Day 27/5/87 280

US university bars teaching of Afrikaans

SIMON BARBER

WASHINGTON — A Stellenbosch professor has been barred from teaching Afrikaans at Portland State University because administrators fear they would be "unable to guarantee her safety".

Anna Feinauer had been scheduled to teach an eight-week course as part of the university's programme in July and August.

The class, designed primarily for academic linguists as opposed to practical-language students, was dropped amid concerns of serious campus unrest.

Protests against the course have been brewing since it was advertised last month. Up to 240 students signed a petition asking Feinauer's invitation to be withdrawn.

Portland State's Association of African Students president Aggrey Oswe told director of the summer programme, Charles White, that offering Afrikaans was "offensive and totally an embarrassment to Africans in this school".

Afrikaans, Oswe said, was "an instrument to dominate blacks in SA".

Associate prof of black studies Candice Goucher denied academic freedoms were being violated.

She said: "It's a question of resources, and the employment by Portland State of someone from SA is a direct violation of the international academic boycott of SA."

White, in telephone conversations with Feinauer who remains in SA, said he was worried about her physical security, though other members of the faculty disagreed that this was an issue.

Academic affairs associate vice-president Michael Reardon said: "I was not that worried about her safety but it is quite conceivable that we would have so much turmoil that we could not have the course go on . . . her students would be under constant harassment."

The Portland Oregonian quoted Feinauer as saying she had considered suing for breach of contract but had been dissuaded by the potential cost.

Serote 'clear' on a 'cluttered issue'

South 27/5-2/6/87

THE issue of the cultural and academic boycott against South Africa came into the limelight recently when the University of the Western Cape declared its stand on the issue saying it would apply selective boycotts to visiting academics". Last year, the fracas surrounding visiting lecturer Conor Cruise O'Brien, drew the issue to the editorial pages of newspapers, with editors hastily taking a point of view. And this week UCT launched an opinion poll to test campus and community views on the academic boycott.

SOUTH correspondent HEIN WILLEMSE spoke to South African exiled poet Mongane Wally Serote.

We invite readers to debate on the issue on these pages.

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THE cultural boycott of South Africa was an integral political tactic for the imposition of mandatory and comprehensive sanctions against the apartheid regime, poet Mongane Wally Serote said in an exclusive interview with SOUTH in London this week.

In clarifying the rather muddled area of the cultural and academic boycott, Serote, who lives in London, emphasised the close relationship between the boycotts and international sanctions.

"The cultural boycott is a practical, political offensive aimed to assist in isolating the South African Government and aiding the people in attaining power," he said.

"The cultural boycott will have meaning only if it helped the oppressed to undermine the power base.

He said a good example of how the boycott could be applied was seen recently with the boycott and placarding of Robert Kirby's play, "The Bijers Sunbird", in London as well as the Conor Cruise O'Brien incident at the University of Cape Town last year.

"The paucity of foreign entertainers at Sun City can be attributed largely to the cultural boycott," he said.

The question that should be asked is whether particular actions further the struggle.

On the question of criteria when applying the cultural and academic boycotts, Serote said the central criteria should be political.

"The question that should be asked is whether particular actions further the struggle for liberation in South Africa."

To achieve a common sense of purpose, cultural workers and academics should form their own organisations linked to the mass democratic movements such as the United Democratic Front, the Congress of South African Trade Unions and the National Education Crisis Committee.

"South African artists who support or lend their work, expertise or reputation to perpetration of apartheid and the system, should be automatically isolated and barred from the international forum, stage and festivals," Serote said.

The cultural and academic boycott was selective. "We'll allow the people to show their culture, but we will not allow the ruling class to show theirs."

"Apartheid culture" for Serote is based on the domination of a minority over a majority. It is about the conscious, systematic and deliberate educational deprivation which prevent efforts of cultural unity.

"Any academic speaking on behalf of the SA Government should be boycotted, whilst others sent by the UDF to speak on behalf of the people, should not be boycotted."

On cultural exchange, the positions regarding artists seem to be clear-cut.

"There are students, trade unionists, musicians studying and working outside the country. They are equipping themselves to play a constructive role in a free South Africa. Their exposure abroad is helping them to hone their skills for the task ahead.

"Inside South Africa there are committed playwrights, poets, artists whose work is helping to shape the future consciousness of our nation. They too must be beneficiaries of cultural exchange in the form of study, workshops and performance opportunities that do not often exist for them inside the country."

Because of the "climate of misinformation", it is essential that the mass democratic movement be consulted on which artists are true representatives of the people.

Serote expressed himself strongly on the Paul Simon issue. Recently the Anti Apartheid Movement picketed a Simon concert in London and issued a pamphlet saying the "UN cultural boycott is about not going to South Africa to perform, record or promote records", a policy Simon says he supports.

It is essential that mass democratic movements be consulted.

The pamphlet further says: "Let Simon say then that he will not return to South Africa until apartheid is dismantled. That is what the UN Special Committee on Apartheid has asked of him.

"But Paul Simon has not given that commitment. He seems to think he is above politics. But he can't ignore the politics in which South Africans are dying for basic human rights."

Serote said he "agreed totally" with the AAM statement and supported their position.

The involvement of popular South African artists Hugh Masekela, Miriam Makeba, Stimela and Ladysmith Black Mambazo, Serote said, had cluttered the issue.

"In spite of all the evidence that they have broken the cultural boycott, I hope they are not consciously fighting the people.

"I feel it is still important to go and talk to them. The question to ask is whether Simon and the people around him are setting themselves against the liberation forces."

A recent picture of Mongane Wally Serote.

UDF slams vote to end US aid

2.80 60

28/5/87

JOHANNESBURG — The United Democratic Front (UDF) supported the position taken by Zimbabwe, Botswana and Zambia in denouncing the US senate vote to cut off aid to Frontline states if they did not stop supporting the African National Congress.

In a statement yesterday the UDF's acting publicity secretary, Mr Murphy Morobe, attacked the Senate vote as "blackmail tactics".

"The last thing these proud Africans would want to be are 'house-niggers' at the beck and call of the American dollar," he said.

"What the Senate has exposed is American arrogance and chauvinism which it thinks it can freely use against small countries to whip them into line."

The UDF, he said, agreed with Zimbabwe's Prime Minister, Mr Robert Mugabe, that the vote was "supported by racists who tacitly supported white rule in this country because in the end it (white rule) does not really conflict with American interests of domination".

"We shall be waiting to see with keen interest whether their House of Representatives will endorse this Senate resolution," he said.

"Whichever way it goes, the world will have once again seen that American aid has very little to do with humanitarianism but seeks to promote rabid American imperialism." — Sapa

Anti-apartheid plays exempt from boycott

CNC Times 29/5/87

~~287~~ 280

Own Correspondent

LONDON. — The ANC is lifting the cultural boycott against South Africa in the case of plays which come from strong anti-apartheid sources.

This follows the mixed feelings that have been aroused in ANC and Anti-Apartheid Movement (AAM) circles here over such shows as the Paul Simon "Graceland" production, which was picketed and boycotted by some AAM groups.

However, this does not mean there would be a general relaxing of the cultural boycott, allowing a free interchange of artists and productions between the two countries, it was made clear.

It also did not mean that there would be any let-up in other boycotts against SA, such as the sports boycott or those against SA produce.

Journalists report from Germany that ANC sources there have said an easing of the academic boycott against SA was also being considered.

SA will succeed against sanctions says Magnus

DD (280) 29/5/87.

LONDON — South Africa had turned the tables on the United Nations arms embargo and the same would happen to economic sanctions, the Minister of Defence, General Magnus Malan, said in an interview published here yesterday.

"South Africa's reaction to the arms embargo is indicative of our nation's response to boycotts," Gen Malan told a leading military journal, Jane's Defence Weekly.

He said the arms embargo had been a blessing in disguise.

South Africa had responded to being "thrown out into the cold" by achieving self-sufficiency and becoming a "prominent world leader in the field of weaponry" in over just two decades, Gen Malan said.

In addition, thousands of jobs had been created, South Africa had entered the international arms market with success and South Africa's political negotiating position had been strengthened.

Gen Malan said the details of export achievements were secret but that the partnership between the government and private enterprise, with Armscor as the go-between, had been successful.

"South Africa has the resourcefulness to maintain the momentum achieved so far in the area of weapons development. We have come this far and we can only go further," Gen Malan said. — Sapa

SA theatre welcomes easing of ANC boycott

w/e ARGUS 30/5/87

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Weekend Argus Reporter
and The Argus Foreign Service

THE easing of the African National Congress cultural boycott has been welcomed as "good news for the theatre", with a significantly higher international profile predicted for South African work.

Plays by committed anti-apartheid performers are exempted from the ban, it was announced in London at the Canon Collins Memorial lecture in memory of the late anti-apartheid campaigner.

ANC leader Oliver Tambo delivered the lecture.

The move could well include an easing of the academic boycott.

Baxter Theatre director John Slemon said the boycott had encouraged indigenous work to flourish here.

Capab's head of drama, Johan Esterhuizen, said the announcement was "obviously very good news for theatre".

Controversy

"This makes these slightly random boycotts a little more sensible."

Many musicians, actors and other artists — not only in the theatre — have found themselves embroiled in controversy or simply denied international opportunities as a result of the cultural boycott.

The rigidity of the embargo, however, has also earned the ANC and anti-apartheid activists abroad considerable ridicule. Much of the work banned from international exposure has been strongly anti-apartheid in tone and content.

Recent furores include the picketing of Robert Kirby's play *The Bijers Sunbird* at a Hammersmith theatre, the milder demonstrations against Percy Mtwa's play *Bopha*, at the National Theatre in London, and the public castigation of Paul Simon over his *Graceland* recording and the subsequent tour with leading black South African musicians.

The Cape Town band Amampondo has also fallen foul of the ban.

Wide appeal

It is not certain, though, what criteria are to be used in deciding what "committed anti-apartheid artists" are.

Baxter director Slemon said: "The Western style of work we would have been able to import in the absence of a boycott would not necessarily have appealed to everybody," he said.

"We might get some very interesting plays. Then again they might be of interest to only a certain section of the community.

"Indigenous works have a wide appeal."

The Baxter's present record-breaking hit, *District Six*, was a case in point.

Mr Robin Welch, manager of programmes and acquistions for M-Net, said that if the boycott was lifted "M-Net would be delighted to take a new look at available British drama with a view to adding more zest and spice to our programme package".

He said that after discussions with Equity members he did not think the ANC link with Equity was "as strong as many people believe".

Kani: ANC 'defined' boycott

CAPE TIMES 30/5/87 (280)

By ANDREW DONALDSON

THE African National Congress has not "eased" its cultural boycott on South Africa — it has merely defined a selective boycott that has existed for years, according to one of the country's top actors and producers.

Mr John Kani, newly-elected associate director in production at Johannesburg's Market Theatre, was reacting to reports that overseas anti-apartheid pressure groups would ease their protests and actions against South African productions staged in their countries.

Progressive artists inside South Africa would, if necessary, wholly support a blanket cultural boycott, Mr Kani said.

"Just as there's a total onslaught against any form of black uprising in this country, there was also a total onslaught against apartheid; inside and outside the country," he said.

There were various aspects to this onslaught, which included, among other things, economic sanctions, the arms embargo, industrial and military action.

"It also included the cultural boycott. One cannot isolate it on its own; it has to be seen as part of the whole wheel. Therefore it must be understood that we, as artists, support the boycott 100% as far as overseas artists coming to South Africa is concerned.

"That much we've always understood. It's been the reverse, with South African exports, that's never been defined."

SA boycotts to stay in force

CAPE TIMES 30/5/87

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From IAN HOBBS

LONDON. — The total sports isolation of South Africa is under "intense review" but will not yet be even partly lifted as part of the ANC's new flexibility on boycotts.

But it was made clear in London last night that there will be no further obstruction to international contact between South Africans and the outside world over a far wider area than just the arts — which was first disclosed yesterday.

South African culture in the broadest sense — theatre, academics, education, religion and even areas of business life — will be welcomed abroad.

'Could be welcomed'

However, this applies only where groups or individuals have the backing and respect of the "democratic movement" and the "support of their peers", said a senior member of the British Anti-apartheid Movement.

She said a business or theatre group, for example, could be welcomed rather than boycotted abroad if they had the support of a movement like the UDF.

On the other hand, it was explained, boycott action would be enforced with greater intensity on anyone seen as a government sympathizer and "apartheid fellow traveller" or unwilling to identify with "the democratic movement of the majority".

Mr Sam Ramsamy, chairman of the UDF-aligned South African Non-Racial Olympic Committee (SAN-ROC), said it had been decided the "time was not ripe" for the doors to be opened.

□ Kani: ANC 'defined' boycott, Page 3.

air defence

...ded was one of Mr ...s at the club. ...daredevil type," Mr ... Western military attache, who said a four-seater aircraft would have had to fly at an altitude of less than 30 metres to avoid detection.

ANC remains firm on sanctions

B.Day 2/6/87

PATRICK BULGER

THE ANC had no intention of altering its support for economic sanctions, a spokesman said in Lusaka yesterday.

He was reacting to reports that the ANC was reviewing its sanctions stance in line with its review of the cultural boycott.

"We remain committed ~~to sanctions~~," the spokesman said.

(280)

He denied the ANC had softened its stance on the cultural boycott in terms of which visiting artists and academics were blacklisted after visiting SA. The spokesman said it was now felt the outside world should have access to cultural happenings that depicted life in SA.

2/6/87 (280) B/Day

Sullivan to unveil new plan of attack

SIMON BARBER

WASHINGTON — The Rev Leon Sullivan is hinting he may not call for total US disinvestment now that his two-year deadline for the abolition of apartheid has expired.

But the alternative he claims to be considering may well have the same effect, corporate officials say.

In a weekend interview with United Press International, Sullivan said he was debating whether to call for increased "commercial, civil disobedience" by signatories to his employment code.

"We have to determine now what would be the best way to wield corporate force in the face of government recalcitrance," he said.

He is to announce his decision in Washington tomorrow. Business representatives will be briefed in a closed session and a Press conference will follow.

Sullivan said he had not ruled out remaining true to his initial threat and that if he did, he would rally his supporters for a mass divinvestment drive.

His supporters controlled $80bn in SA-related companies, he said.

Several executives have warned that increased corporate disobedience, including the deliberate violation of the Group Areas Act for housing blacks workers, will trigger an intolerable backlash from Pretoria.

"It is simply not realistic to say you can only stay on if you violate the law. Pretoria will do the disinvestment lobby's job for it," says one.

Sullivan could not be reached yesterday for further comment.

Frontline sanctions against SA would give the Great Uhuru Railway another chance

STAR 2/6/87

LUSAKA — The Great Uhuru (Freedom) Railway from Zambia to the Indian Ocean failed dismally in the days of Mr Ian Smith's white-ruled Rhodesia.

Now it is again gearing up to try to rescue the Frontline States in the event of a disruption of trade through South Africa.

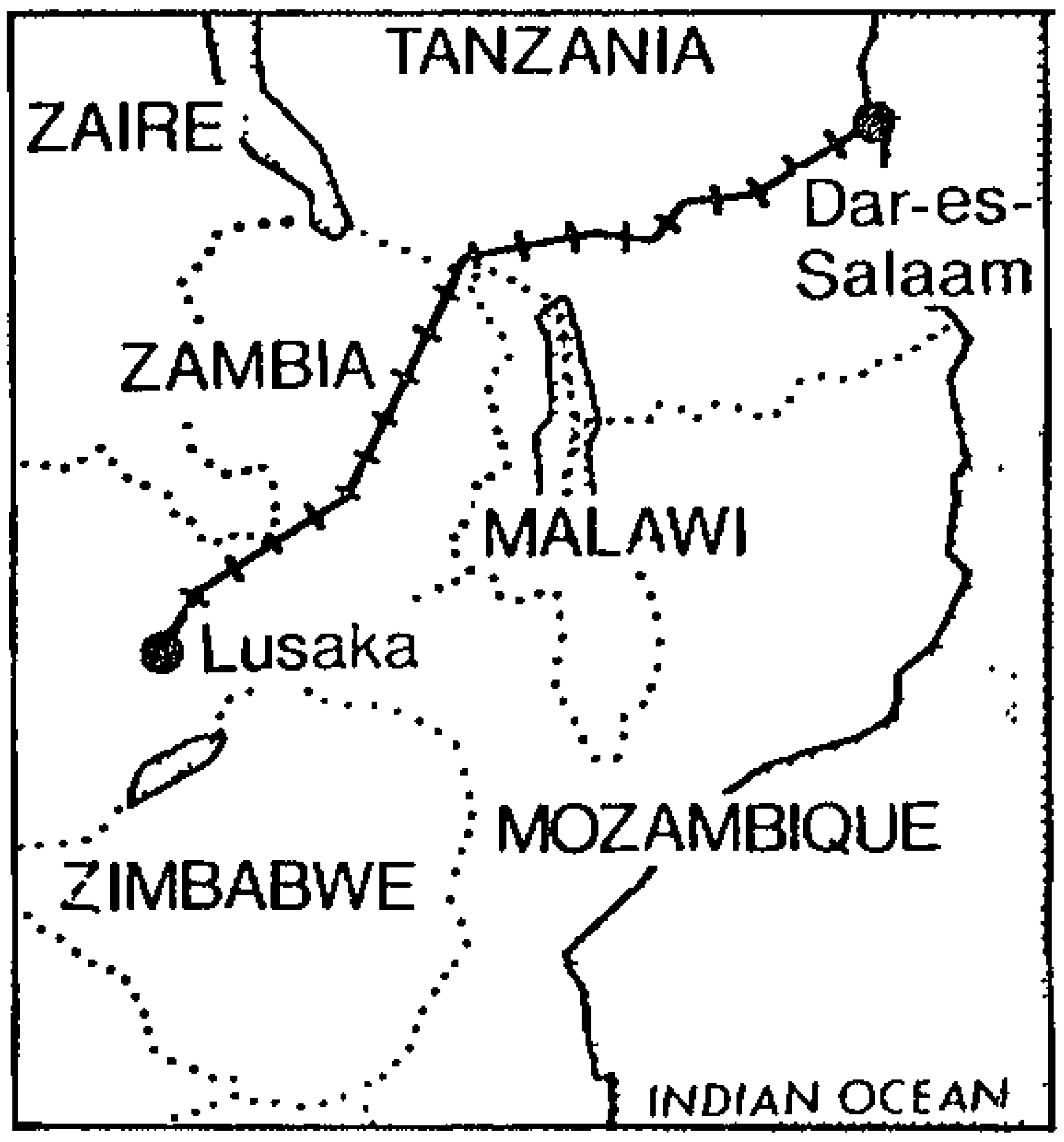
The Chinese-built Tanzania-Zambia railway (Tazara) runs across 1 860 km of rugged and often sparsely populated terrain from Kapiri Mposhi junction, near the Zambian copper mines, to steamy Dar es Salaam.

But, since it was opened in 1976, its practical performance as Zambia's trade lifeline has left much to be desired. The railway, jointly owned by Tanzania and Zambia, has been plagued by managerial and technical difficulties which are only now beginning to be overcome with a 10-year development plan and an injection of funds from donor countries.

The line's designed capacity is 2,5 million tons of goods a year but, in the financial year to June 1986, it carried less than 1 million tons. General manager Mr Standwell Mapara predicts more than 1,1 million tons for the current year and insists that there is some spare capacity. Tazara also carries more than a million passengers a year.

In the recent past Zambia's vital copper exports were shared between Tazara and the southern rail route but this year Zambia announced that all the copper was going by way of Tazara or Beira to avoid South Africa.

Almost immediately there was a bottleneck, apparently caused by the inadequacies of Zambia Railways, and Zambia ran short of foreign exchange, 90 per-



cent of which comes from copper.

Tazara is hauling most of Zambia's exports and about half its imports, as well as some trade for Zaire, Malawi and even a tiny amount from Zimbabwe.

The Tazara line, although its bridges are guarded by soldiers, is vulnerable to South African attack, a danger of which Mr Mapara is well aware. He has photographs above his desk of the Tazara bridges blown up by Rhodesian commandos in 1975.

Tazara is also facing stiff competition from the road, rail and pipeline corridor linking Zimbabwe to Beira, a favourite of international donors seeking to protect the Frontline States from the effects of economic sanctions against South Africa.

Perhaps the most depressing scenario of all for Tazara would be the one in which the Frontline States shelved the idea of their own sanctions against South Africa. Traffic is already likely to be reduced in the long term by the exhaustion of Zambia's copper mines in the next 20 years.

In the short term, Zambia's decision to break with the International Monetary Fund will reduce the volume of its imports but optimistic Tazara staff are looking further ahead to the days of black rule in South Africa.

"We are already planning for a passenger train to Cape Town," joked an official in Dar es Salaam. — Financial Times.

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AAM: no govt study has been done

UK job loss of 120 000 over SA is an 'evil lie'

LONDON — A warning by Cabinet Minister Lord Young that the proposed Labour sanctions on SA would cost 120 000 British jobs was an "intimidating and evil lie", the Anti-Apartheid Movement (AAM) said yesterday.

Lord Young, the Employment Secretary, said at an election meeting on Monday that more jobs would be lost if a Labour government enforced sanctions and "SA retaliated".

Lord Young stood by estimates that up to 250 000 Britons would lose their jobs if trade with SA was cut.

But, AAM's companies expert Stuart Bell said Lord Young's claims were "election propaganda of the vilest and crudest dishonesty.

"There has been a lot of mud-slinging in this campaign but it is despicable when a politician uses complete dishonesty to frighten people about their jobs. When he does it to justify the Conservative policy of propping up apartheid, it is even worse."

Bell said Lord Young's estimates of job losses to sanctions were not based on any scientific study — and had frequently been shown to be "an exaggeration".

He said the most reliable estimate of the cost to jobs of SA sanctions had come

IAN HOBBS

from the Fabian Society last August, based on scientific studies and Treasury models.

It found that, at worst, full trade and investment sanctions would cost 10 000 British jobs over three years — without compensatory factors being taken into account.

Lord Young's mention of sanctions was the first time SA has been mentioned prominently in the 10-day old campaign for the election on June 11.

The AAM's call last week to thousands of activists at 300 branches throughout the country to try and make SA an election issue has fallen on stony ground.

All the parties have been locked into strictly domestic issues and personality mud-slinging which, nearly all commentators agree, have been often stupifyingly boring.

TV and radio stations have been inundated with protests from the public over their excessive and dull covereage.

The latest Marplan poll yesterday showed the Conservative Party surging back to 44%, with Labour 33% and the Alliance on 21% (a big drop from a high of 27%) — which would give Margaret Thatcher a safe working majority.

Sullivan speaks his mind today

HAMISH McINDOE

CORPORATE America will know today whether civil rights leader Rev Leon Sullivan will call for sanctions and total disinvestment from SA.

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Sullivan is scheduled to address about 150 Sullivan Code signatory companies in Washington today.

President of the American Chamber of Commerce in Johannesburg Ian Leach said yesterday Sullivan had made it clear only "himself, his wife and God" knew what would be said at the meeting.

Last month, however, Sulivan warned he would call for sanctions unless Pretoria scrapped apartheid laws by May 31.

Sullivan has also vowed to renounce the leadership of the movement he started 10 years ago if Pretoria misses this deadline.

BDay 3/6/87

AAM claims its action has hit SA conference

DAILY DSP 3/9/80

Dispatch Correspondent

LONDON — The Anti-Apartheid Movement (AAM) said here yesterday it had reduced the pending conference on high-speed photography in Pretoria to a "totally unrepresentative" gathering.

South Africa had spent almost R4 million on the conference, which had "backfired".

The AAM also said the only Briton who had intended to attend the conference next week had withdrawn.

He is the head of the department of applied chemistry at the University of Wales Institute of Science and Technology, Professor David Williams.

According to the AAM, not a single state-sponsored organisation in Britain will attend the conference, which is being held under the auspices of the Human Sciences Research Council.

The AAM believes its action will discourage the holding of other international conferences in South Africa.

"We cannot see any international bodies risking holding a conference in South Africa in future," said the AAM's director, Mr Mike Terry.

Although national delegates will attend the conference from Britain, the United States, France, Taiwan and Israel, Mr Terry said a number of countries had informed the organisation they would not be attending.

Two speakers from Australia who were due to deliver papers and one national delegate have pulled out, along with six speakers from Japan, one from Sweden and one from Finland.

No national delegates will attend from Austria, Belgium, China, Czechoslovakia, East Germany, the Netherlands, Norway or Pakistan.

No one has proposed attending from Greece, Hungary, India, Ireland or the Soviet Union. Four delegates from the United States have pulled out and Kodak has withdrawn its South African subsidiary from the conference's organising committee.

In addition, five French scientists have withdrawn with six from West Germany and about 10 of the UK's 17-strong delegation.

Three categories of visitors are attending the conference: national delegates, speakers delivering papers and ordinary participants. A meeting of national delegates was due to be held last night.

The AAM claimed the conference's discussion would include military matters.

The next conference of its kind is due to be held in Peking in 1988. The AAM believes it is unlikely South Africa will be allowed to send delegates and may seek to have the venue changed.

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'It is a subject which tortures everybody because we abhor apartheid,' says Shultz. NEIL LURSSEN of The Argus Foreign Service reports from Washington.

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ARGUS 3/6/87.

More sanctions 'not the answer'

US Secretary of State Mr George Shultz says he does not know what Western countries can do to make South Africa change — but more sanctions are not the answer.

"It is one of those very difficult questions. I do not have the answer, except I know apartheid is wrong," he said.

"I know what is right — a different kind of government."

Mr Shultz was speaking on the eve of his departure with President Reagan for the economic summit meeting of seven Western leaders in Venice starting next week.

A discussion of South Africa's problems is on the agenda.

US imposed more sanctions than most

The State President, Mr P W Botha, has written to the seven leaders, asking them to help end South Africa's cycle of racial violence.

Asked where the Reagan Administration stood on tougher sanctions, Mr Shultz said the US had imposed more sanctions than most other countries.

"It is a subject that tortures everybody because we abhor apartheid. We know what we are against — we are against apartheid.

"We know what we are for. We are for a different pattern of government where everybody can have a chance to take part and where the economy of South Africa — and for that matter Southern Africa — can measure up to its really tremendous potential."

Great concern that goal not reached

But it was a matter of "great concern" that this goal was not being reached — and he did not know that further sanctions would necessarily advance the cause.

Mr Shultz said the US needed to keep stating its view and pushing on what was right and what was wrong.

"It is also necessary to support those who are working for the right answers in South Africa.

Mr George Shultz

"It is interesting to see that leaders in the Afrikaner Church are saying apartheid is not compatible with Christian principles. There are all sorts of ways of trying to keep the moral facts very much in front of people."

He said it was not clear to him what could be gained by taking the bread and butter out of the mouths of black workers — the workers who were being punished by sanctions.

"It is a very hard issue. If I had the answer, I would give it to you," he said.

"I know what what needs to be done to get there. The people in South Africa who have leadership roles need to be able to talk to each other and negotiate something different. So that means the white government needs to be willing to do that.

"To do that, they have to release from prison people like Nelson Mandela. They have to be ready to sit down with the leaders of the SA blacks and talk to them about change. So far they do not seem to be willing to do it."

ARGUS 3/6/87

Arms embargo a 'blessing in disguise'

By MICHAEL MORRIS
The Argus Foreign Service
Dateline: LONDON

THE world's arms embargo against South Africa is a "blessing in disguise," says Minister of Defence General Magnus Malan, because it has boosted the country's self-sufficiency in armaments.

And, writing in the authoritative Jane's Defence Weekly magazine, the General says South Africa's "reaction to the arms embargo is indicative of our nation's response to (all) boycotts.

"South Africa has the resourcefulness to maintain in the future the momentum achieved so far in the area of weapons development. We have come this far, we can only go further."

His article, under the headline "South Africa: not humbled by the UN arms embargo," continues: "When the United Nations arms embargo was imposed on South Africa 10 years ago, the rest of the world expected us to put our tail between our legs and recede quietly into isolation.

"What they did not bargain for was our determination to fight back and our refusal to give up when the odds were against us.

"Thrown out into the cold and left to rely on our own resources ... we set about establishing our own armaments industry."

The result was that South Africa had become the only sub-Saharan country with an indigenous arms industry.

"Ironically," General Malan observes, "if it were not for that arms embargo of 1977, this country would not be as self-sufficient as it is today."

Tutu calls for sanctions

ANGLICAN Archbishop Desmond Tutu supports the call by the Rev Leon Sullivan for a total economic boycott of South Africa and a cut in diplomatic ties by the United States.

The Archbishop of Cape Town said in a statement released in Cape Town yesterday that he would continue to do so until anybody can convince him of a more effective non-violent way to bring about justice and peace in South Africa.

Sowetan 3/6/87

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DD 3/6/87

AAM slams sanctions cost jobs claim

Dispatch Correspondent

LONDON — A warning from a Conservative Cabinet Minister, Lord Young, that proposed Labour sanctions on South Africa would cost 120 000 British jobs was an "intimidating and evil lie", the Anti-Apartheid Movement (AAM) said yesterday.

Lord Young claimed even more jobs would be lost if a Labour government enforced sanctions and "South Africa retaliated".

However, the AAM's companies expert, Mr Stuart Bell, said Lord Young's claims were "election propaganda of the vilest and crudest dishonesty imagineable".

"There has been a lot of mud-slinging in this election campaign but it is despicable when a politician uses complete dishonesty to frighten people about their jobs.

"When he does it to justify the Conservative policy of propping up apartheid, it is even worse," he added

Mr Bell said Lord Young's estimates of job losses to sanctions were not based on any scientific study and had frequently been shown to be "a horrifying exageration"

"They were initially conjured up by the now defunct United Kingdom/South Africa Trade Association — which means they probably came from Pretoria.

"Britain is already losing a large amount of trade and jobs because of its links with South Africa.

"We are confident that jobs wll be gained, mostly from independent Africa, rather than lost, if full sanctions were imposed.

"Lord Young is scaremongering and we challenge him to come clean. If Whitehall did a proper scientific study I am confident our position would be far, far closer to the truth," Mr Bell said.

● Britain's major betting chain, Ladbrokes, yesterday made the Conservatives 8-1 favourites to win the general election on June 11.

Ladbroke's had Labour trailing at 9-2 with the Alliance out of sight at 150-1.

Labour victory the end of page 3 girls?

LONDON — Britain's biggest-selling newspaper, the Sun, told its readers yesterday a Labour Party election victory would spell the end of their daily diet of topless models.

The tabloid, which sells around 4 500 000 copies daily, is Britain's most widely-read newspaper and a keen supporter of the Prime Minister, Mrs Margaret Thatcher's Conservative Party.

Yesterday's edition featured a large blank space on page three that is usually reserved for a picture of a bare-breasted woman. Under the headline "Going Short?", the Sun said the page would always look that way if Labour won the June 11 poll.

"What a drab unhappy place the world would be," the tabloid warned.

It said one of Labour's left-wing members of Parliament, Mrs Clare Short, would try to outlaw topless photographs in newspapers as pornography. The proposal is not contained in the party's manifesto but the Sun made no mention of this. — Sapa-RNS

US Congressman hints at tougher sanctions policy

ST 3/6/87

WASHINGTON — A leading congressional foe of South Africa's racial segregation policy said yesterday that further US sanctions might have to be imposed against the nation — unless there was progress soon in dismantling apartheid.

After a private meeting with the US Ambassador to South Africa, Mr Edward Perkins, Congressman Mr William Gray urged the envoy to carry that message back to Pretoria, according to an aide.

Gray told Perkins that there would have to be progress in the next few months to avoid sanctions, the aide told Reuters after the meeting in Gray's congressional office.

Mr Gray played a big part in efforts that led to economic sanctions against South Africa, such as banning US imports of SA textiles, steel, farm products, uranium, coal and gold coins.

In addition, the US barred new bank loans and exports of computer technology.

The meeting between Mr Gray and Mr Perkins followed a pledge by the ambassador before he was confirmed by the Senate last year to keep Mr Gray informed of developments in SA.

President Reagan nominated Mr Perkins last year as the first black US Ambassador to South Africa.

(280) STAR 3/6/87.

Sanctions not answer for change — Shultz

WASHINGTON — United States Secretary of State Mr George Shultz says he does not know what Western countries can do to make South Africa change — but more sanctions are not the answer.

"It is one of those questions that is very difficult. I do not have the answer. I know what is wrong — apartheid," he said. "I know what is right and that is a different kind of government."

Mr Shultz was talking on the eve of his departure with President Reagan for the economic summit meeting of seven Western leaders in Venice next week. A discussion of South Africa is on the agenda, and President Botha has written to the seven leaders asking them to help end the country's cycle of racial violence.

He noted that the United States had imposed more sanctions than most other countries:

"It is a subject that tortures everybody, because we abhor apartheid. We know what we are against, we are against apartheid.

"We know what we are for: a different pattern of government where everybody can take part and where the economy of South Africa — and for that matter southern Africa — can measure up to its tremendous potential."

It was also necessary to support those working for the right answers in South Africa. Leaders in the Afrikaner Church were saying that apartheid was not compatible with Christian principles.

"There are all sorts of ways of trying to keep the moral facts very much in front of people."

Mr Shultz said it was not clear to him what could be gained by taking the bread and butter out of the mouths of black workers — the workers who were being punished by sanctions.

"The people in South Africa who have leadership roles need to be able to talk to each other and negotiate something different. The white government needs to be willing to do that.

"To do that, they have to release from prison people like Nelson Mandela.

A leading black Congressional foe of apartheid has said further US sanctions may have to be imposed unless there is progress soon in dismantling apartheid.

After a private meeting Mr William Gray asked US Ambassador to South Africa Mr Edward Perkins to carry that message back to Pretoria.

Mr Gray was a leader of congressional efforts that led to the banning of US imports of South Africa textiles, steel, farm products, uranium, coal and gold coins and the barring of new bank loans and exports of computer technology to Pretoria.

He also urged Mr Perkins to speak out against the detention of black children, which he said numbered 8 000 — a figure disputed by the white government.

Mr Perkins also was told to express concern about black refugees in neighbouring countries. — The Star's Foreign Service and Sapa-Reuter.

Time to pull out, Sullivan tells firms

4/6/87 280

By Alam Dunn, The Star Bureau STAR

WASHINGTON — American corporations in South Africa are reassessing their operations following a new ultimatum to them from the Rev Leon Sullivan to withdraw from the country within nine months.

Mr Sullivan yesterday abandoned his respected Sullivan Principles, a code of fair treatment he created for black workers of American companies in South Africa. He warned that investors holding shares worth more than R160 billion in US companies doing business there would sell those stocks to support him.

He also called for a complete end to trade between the countries, and sent a telegram to President Reagan urging him to halt all diplomatic relations with South Africa.

Early assessments of the impact the Sullivan announcement will have on US corporations varied between "many more companies" to the final straw for those in South Africa.

Industrial analysts said US companies were reviewing their positions in the light of Mr Sullivan's hardline announcement.

Some of the 125 Sullivan signatories are set to resist and defy his call: "We owe a great debt to Leon Sullivan," said Mr Allen Murray, chief executive of the Mobil Corporation and co-chairman of the US Corporate Council on South Africa, "but we will have to carry out Sullivan Principles without Sullivan."

The Reagan Administration has rejected the Rev Leon Sullivan's move to push US companies out of South Africa.

The Administration doubted whether the causes of peace, justice and economic development in South Africa — in short, bringing apartheid to an end — would be served by a US corporate withdrawal, he added.

The Star's Political Correspondent reports from Cape Town that the Government would not allow itself to be threatened by the Rev Leon Sullivan's call for a total disinvestment of American companies from South Africa, Foreign Minister Mr Pik Botha said today.

Cosatu takes detailed look at sanctions

MIKE ROBERTSON

LONDON — There's a new SA sanctions document doing the rounds here. While there's nothing remarkable about that, this one is causing a stir because it has been prepared for the Congress of South African Trade Unions (Cosatu).

Despite carrying a note that it is a rough draft intended for limited circulation, the document is already the subject of much speculation.

One school inclines towards the belief that because of its gloomy description of the SA economy and frank assessment of the impact of sanctions on jobs, the document points to a backdown on calls for the economic isolation of SA.

Another group, perhaps more realistically, sees the document as a refining of attacks by the pro-sanctions lobby This would involve the targeting of specific sectors or companies rather than relying on broad sanctions measures

Still others believe the document, prepared by the Community Resource and Information Centre, will serve merely as a background paper for Cosatu when it eventually gets around to discussing sanctions and disinvestment

What is certain is the document provides Cosatu with a detailed assessment of the effectiveness of sanctions and the cost of implementing them

This is significant, given that support for sanctions from within SA has relied more on emotion than reason. As the document notes "To date the business community has undoubtedly done more to assess the effects and to plan counter-offensives which will neutralise the sanctions measures."

Gloomy picture

In a detailed assessment of the SA economy, the document paints a gloomy picture of economic mismanagement, mounting political pressure and falling profits

Quoting from the Frost Sullivan agency, it notes the return on investment for US companies plummeted from an average 30% in 1980 to just 7% in 1983.

It said pressure groups at home and abroad were able to take advantage of the deteriorating investment climate.

"It matters little to the campaign that disinvesting companies are acting in their own self-interest, so long as their actions have the effect of isolating the apartheid government and the business community.

"The political hassle factor that comes with investing in SA is simply not counter-balanced by the economic benefits Low levels of productivity, and high levels of unionisation and politicisation, make us a poor option compared to a country like Taiwan. Our productivity growth rate in the last 12 years has been a low 0,3% compared to 6,1% in Taiwan, and our real wages for black workers compare badly against those in other new industrialised countries.

"Black textile workers in Johannesburg in 1982 earned 33% more than their counterparts in Hong Kong, 66% more than in Rio de Janeiro, and a full 300% more than they would in Seoul, Singapore, Manila and Bangkok."

Despite this picture of an unhealthy economy, the document said that sanctions measures already adopted would not place much pressure on the SA business community or the apartheid regime, even if strictly applied and effectively monitored.

Pointing the way for future talks within Cosatu, it says· "It is worth considering, however, how these political and economic effects (of the US sanctions package in particular) will contribute towards the organisation of resistance in SA Will it open up new scope for action, particularly by organised workers, and will it reinforce existing campaigns?"

Early indications of sanctions on coal and steel were that SA businesses would succeed in finding alternatives and maintain reasonable profit margins.

On disinvestment, the document said the effect and already chronic unemployment in SA was likely to be limited.

Loosely used

It said the term disinvest had been loosely used and there was no definition of what groups were demanding when they called for it "Do they want companies to immediately withdraw their existing investment? Or, do they want to make continued and further investment contingent on political reform?"

Outlining the various options for companies wishing to pull out, the document said selling to another foreign investor would have little impact on SA apart from the transfer of ownership to less concerned and vulnerable interests whichwere willing and able to operate in SA

Selling assets to local management was an unattractive option because it was likely to involve huge losses on the part of the disinvesting company

"Most companies taking this route have probably got something up their sleeves Either their local operation was worthless or they do not intend leaving — so the whole exercise is really just an evasive tactic designed to get the disinvestment campaign off their backs".

Dealing with the effects of sanctions on unemployment, the document states bluntly that: "The impact of economic sanctions on SA's growth will have a crucial effect on future levels of unemployment and under-employment. Regardless of whether sanctions amount to the 'worst case' or turn out to be rather ineffectual, the effects on employment levels will come on top of the already devastating retrenchment policies pursued by employers in recent years"

Quoting JCI economist Ronnie Bethlehem, it says sanctions will add 2-million to the number unemployed by 2000. They will also reduce blacks share of total income.

But, it says, the assessment of the effects of sanctions on jobs and the economy needs to go beyond the quantitative impact to the more qualitative question of their political potential.

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Boya wants to talk to PW on dangers of more US sanctions

B/Day 4/6/87

SOPHIE TEMA

PRESIDENT of the United Municipalities of South Africa (Umsa) Tom Boya is to request an urgent meeting with President P W Botha to discuss Umsa's concern about the prospect of intensified US sanctions.

Boya returned at the weekend from the US, where US Congressmen, he said, had told him intensive sanctions would be applied unless there was dramatic change in SA.

Boya was part of an Umsa delegation that attended, as observers, a conference of the International Institute of Municipal Clerks (IIMC).

Boya annnounced, on his arrival at Jan Smuts Airport, that he and the Umsa executive would try to meet Botha at the earliest date available to discuss the possible actions the US might take against SA.

Boya said: "Flowing from the discussions I had with US Congressmen, it became clear that stronger sanctions may be imposed on SA if the government does not do away with its apartheid policies.

"We have to meet Botha and try to break the deadlock that exists between the government and the black leaders of the country.

"We will have to convince him that it is important to meet and talk to leaders like Mandela, Sisulu and all organisations, including the ANC, to discuss the problems affecting both black and white in this country," Boya said.

Speaking from his home yesterday Boya said: "US Congressmen said they will review the effects the present sanctions have had on SA.

"It will then depend entirely on the reports they receive from their different committees whether they continue with the present sanctions or impose punitive ones.

"But they made it clear that if need be they may have to take stronger action against this country by way of sanctions."

The imposition of sanctions on SA became effective in October last year.

Boya was accompanied by his deputy Sol Rammala and Umsa secretary Aloysius Shongwe — both members of IIMC.

He also addressed US Congressmen and businessmen in New York on disinvestment.

Sanctions will go if there's change, UMSA group told

(380) 5/6/87

Post Correspondent

JOHANNESBURG — A group of black civic leaders, led by Mr Tom Boya, president of the United Municipalities of South Africa (UMSA), returned home this week from a world municipal congress in the United States — carrying the message that overseas delegates were "worried" about reform progress in South Africa.

The delegates had also said sanctions would be abandoned almost immediately if dramatic change took place in the Republic, said Mr Boya.

He said they had made it clear that if the change did not come about, more intensive sanctions were already in the pipeline and would be applied soon. Mr Boya added that he intended approaching the State President, Mr P W Botha, shortly to convey this message.

He would, at the same time, make it clear that the UMSA stood by its declared principles on participation in the National Council. But certain preconditions were not negotiable.

They included the release of all political prisoners, the unbanning of political organisations and the scrapping of the Group Areas Act and the Population Registration Act.

The group were the first black town clerks from South Africa to attend the annual conference of the International Institute of Municipal Clerks held in Fort Worth, Texas.

Mr Boya said the South African town clerks had found the experience invaluable and they would benefit frpm attending future congresses.

Sullivan declares trade war on SA

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4/6/87
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WASHINGTON — The Rev Leon Sullivan, author of a fair-employment code for United States firms in South Africa, said he was abandoning the Sullivan Principles and calling for an economic embargo.

"I am taking a step now beyond the Sullivan Principles and am attempting to use whatever ability I have along with others to bring every moral, economic and governmental force to bear for the cause of justice and freedom," he told a news conference.

Mr Sullivan also urged total disinvestment by companies in SA and criticised President Ronald Reagan's SA policy.

Mr Sullivan said his fair-employment code had benefited South African blacks. But he conceded that it had not helped end apartheid.

He called on all US firms to leave South Africa within nine months and said Washington should institute a total economic embargo.

The US Corporate Council on South Africa responded to Mr Sullivan by saying that companies which had signed the principles would continue to comply with them as long as they remained in SA.

The US State Department said it deeply regretted the disinvestment call and rejected it.

In Cape Town the Minister of Foreign Affairs, Mr Pik Botha, said Mr Sullivan's call for US firms to pull out within nine months was neither in the interests of workers in SA nor in the interests of the US. — Sapa-Reuter

Sullivan calls for total disvestment

DD 4/6/87

Dispatch Correspondent

WASHINGTON — True to his threat two years ago, the Reverend Leon Sullivan yesterday abandoned his ten-year-old employment code and called for total US divestment from South Africa and a complete trade embargo.

In response, the US corporate council on South Africa expressed "profound regret" but vowed that Sullivan signatories would continue to comply with the code "as long as they remain in South Africa".

The council, comprising 104 chief executives of US companies involved with South Africa, also called on signatories to "renew and increase their efforts to end the apartheid system and to support the efforts of dedicated individuals and organisations in South Africa to bring about a non-racial and democratic society".

Mr Sullivan, who could not predict the short term consequences for black employees, issued an eight-point set of guidelines for the withdrawal, which he said should be completed in nine months.

These included a demand that companies "end all business relationships with buyers, including logo, trademarks, components, materials, consulting services and other supporting services, excluding certain special consideration for support of undeniably black owned and initiated businesses".

US firms "should sell their businesses only to buyers who agree to promote equal rights for blacks, to black labour representation and to company ownership plans making possible broad black participation."

Mr Sullivan said he had commitments from investors controlling more than $80 billion worth of stock in US companies to use their stock to pressure "non-co-operating" firms, and called upon them to do so.

He urged Congress to enact a watertight trade embargo, including strategic minerals, gold and diamonds, and to penalise foreign countries that sought to fill the US vacuum.

Of these he singled out Japan, already a popular congressional target, as the worst offender.

The respected Investor Responsibility Research Centre noted that the Baptist minister's call "will add to the considerable pressures US companies already feel to withdraw".

The group's senior SA analyst, Mr David Hauck, also predicted several positive developments, including increased emphasis on preparing black executives for management buyouts of departing firms.

The American Chamber of Commerce (Amcham) was disappointed by the move but its executive director, Mr Adrian Botha, made it clear the Sullivan principles had been a positive force for improving the lot of South Africa's black workforce.

ZIMBABWE

Divestment blues

South Africa is not the only country where disinvestment by foreign multinationals is a controversial and important issue.

At a time when Zimbabwe desperately needs to attract new foreign capital inflows, controversy has broken out over disinvestment by foreign companies and the increasing significance of government investment in the private sector.

The first signals of looming divestment occurred soon after independence when two South African companies — Argus Newspapers and Nedbank — sold their interests in what is now Zimbabwe Newspapers and the Zimbabwe Banking Corporation, to the Zimbabwe government.

At the time, these were largely non-controversial moves since they occurred when it was confidently forecast the country would become the recipient of massive inflows of foreign capital. But this has not happened. And while the private sector — through such organisations as the Confederation of Zimbabwe Industry and the Zimbabwe National Chambers of Commerce — continues to plead the case for more foreign investment, recent events are disconcerting evidence of a trend in the opposite direction.

The latest developments started with the announcement that Astra Corporation, part of the South African-controlled Barlow Group, had sold 85% of its equity to the Zimbabwe government for a publicly-quoted Zim$25,5m. Astra had net assets valued at some Zim$46m and pretax profits in 1986 of Zim$23m.

Clearly, the Zimbabwe government secured a bargain-basement deal. The benefit to Barlows was that it was able to repatriate the proceeds immediately, rather than having to follow the normal procedure of buying 4% divestment bonds with a 20-year maturity, which allows firms to repatriate funds on an instalment basis from year eleven onwards.

A good deal for both parties — assuming Barlows wanted out of Zimbabwe — but no new jobs created and an increased outflow of scarce foreign currency.

Next in line was the British-owned Kenning Motors Group, which sold its Zimbabwe motor trade subsidiary to local private sector interests for an undisclosed amount. The government has a small indirect stake of 12% in the business via the state-owned Industrial Development Corporation.

More controversial was the decision of the British Woolworths Group to divest through the sale of its four department stores in Harare and Bulawayo, valued at Zim$10m, to the business arm of the country's ruling political party, Zanu-PF.

While some comfort may be drawn from the fact that a socialist party committed to Marxist-Leninism is going into profit-orientated activities, two disturbing elements remain. These are that the overseas parent has decided to disinvest from Zimbabwe at a substantial discount — the remitted proceeds are put at less than half the value of the assets — and once again foreign capital and

Harare ... waving goodbye to foreign capital

expertise is leaving the country.

The new owners, Zidco Holdings, took over operational control last month.

Earlier, one of the country's largest companies, Delta Corporation, successor to SA Breweries in Zimbabwe, announced it would sell 31,5% of its equity to the Zimbabwe government. There is a major disinvestment element here too, as the government is buying just over half of SAB's stake in Delta.

SAB will retain a 30% stake — but the government will buy at least 20% of the equity listed on the Zimbabwe Stock Exchange now held by minority investors, thereby securing a majority stake in Delta. The company has a monopoly in the clear beer industry, is a major seller of traditional beer through Chibuku Breweries, and owns one of the country's two largest supermarket groups through its OK Bazaars chain.

In addition, it operates a number of hotels throughout the country. Financial details of the agreement are still to be released.

Other similar deals are reportedly in the pipeline. These include the possible sale of Triangle Sugar Estates to the government; divestment by Britain's Legal and General Insurance Co of its Zimbabwe subsidiary to the stock exchange-listed conglomerate TA Holdings; and a deal linking the French-owned total Oil company with the State-owned National Oil Company of Zimbabwe.

Aside from the concern over Zimbabwe becoming a capital exporting nation, controversary has centred on the guidelines set out by the government for disinvestment deals. These specify that proceeds may only be remitted abroad where control is sold to the State, or to a co-operative controlled by black Zimbabweans or firms controlled by black Zimbabweans.

The country's leading financial newspaper, the Financial Gazette, has sharply criticised what it sees as racial discrimination in Zimbabwe's divestment policy, pointing out that this is in conflict with the 1980 constitution.

Government ministers have supported the principle of localisation, but have deflected criticism of the principle of disinvestment and the obvious racial element in the guidelines. ■

9/6/87 FM

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Tutu supports total US sanctions

Schwarz rejects Rev Sullivan's call as irresponsible

CAPE TOWN — The Anglican Archbishop of Cape Town, The Most Reverend Desmond Tutu has supported the call by the Reverend Leon Sullivan for a total economic boycott of South Africa and a cut in diplomatic ties by the United States.

The Archbishop said in a statement yesterday that he would continue to do so until anybody can convince him of a more effective non-violent way to bring about justice and peace in South Africa.

But the Progressive Federal Party spokesman on Finance, Mr Harry Schwarz, has rejected Mr Sullivan's call as "irresponsible," and the Minister of Foreign Affairs, Mr Pik Botha, has said he "suffers from a persecution complex for which, apparently, nothing can be done."

"What he is doing is neither in the interests of the workers of South Africa nor in the interests of the United States," Mr Botha said.

The reactions came in the wake of Mr Sullivans calls to go beyond the principles he laid down, which included integration of company facilities, equal employment practices, equal pay, training for nonwhites, an increase in black managers and improved living conditions for employees, and he urged the US government to impose an economic embargo against South Africa, and sever diplomatic relations.

Archbishop Tutu said Mr Sullivan's campaign was "a devastating comment on the bankrupcy of the South African government's policies."

He called on American companies not to indulge in "cosmetic disengagement" and reiterated the statement of the presiding Bishop of the Episcopal Church of the United States, the Most Reverend Edmond Browning: "any disinvestment which merely re-arranges ownership while leaving intact policies or operations which support oppressive governmental acts, cannot be judged as either ethically sound or economically pragmatic.

"When will those who oppose the severing of ties between South Africas and other countries wake up to the fact that the real issue facing this country is not boycotts it is whether we destroy apartheid by violent or non-violent means? I desperately hope that non-violent pressures such as this will have the desired effect," the Archbishop said.

However, Mr Schwarz said those genuinely concerned with removing apartheid should consider not only the method of change which their proposed actions would bring about but the society that would follow.

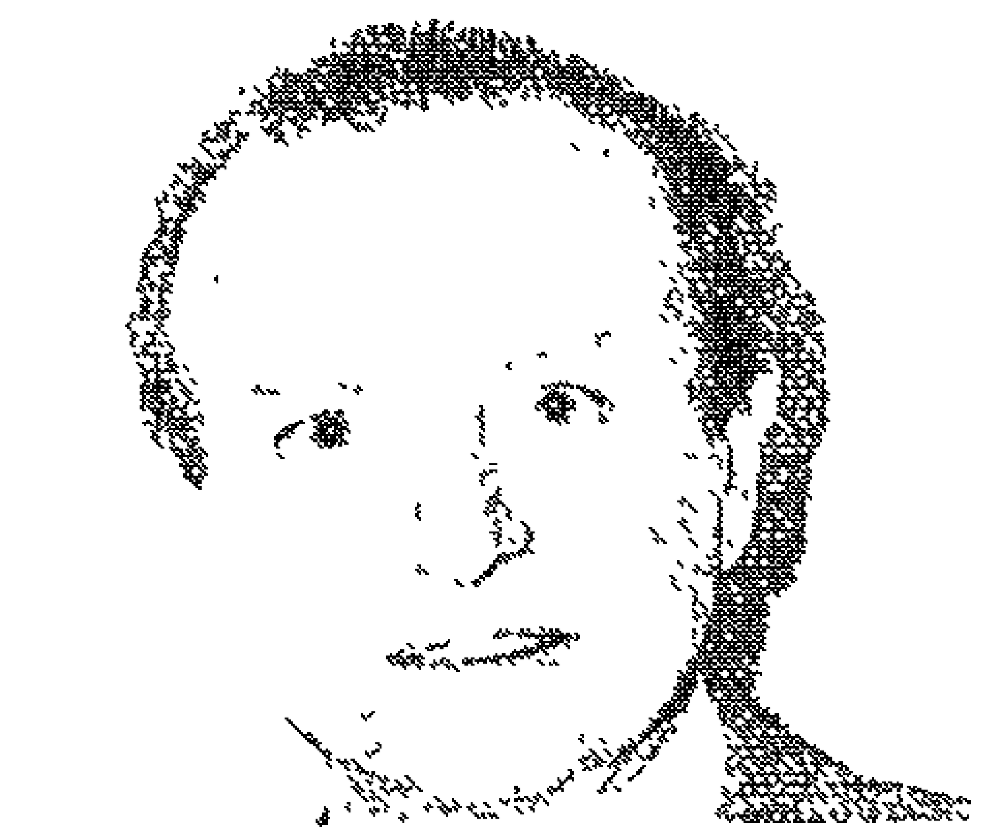
He said disinvestment and trade boycotts would encourage violent and not negotiated change, and would not help bring about the type of society in which Western political and economic philosophies were followed and East bloc regimes were rejected.

"To satisfy one's own moral objections to apartheid by advocating actions the natural consequences of which are disregarded is irresponsible," Mr Schwarz said.

"One hopes US businessmen and Americans generally will give thought not only to what they wish to remove, but how it can best be done and what should take its place."

Meanwhile, Mr Sullivan, conceding that American business and government leaders are offering little support for his call for total South African disinvestment, said yesterday the public "is apathetic because our leader is apathetic".

BISHOP TUTU



MR SCHWARZ

"In fact, our leader in the United States has been negative towards the South African situation," Mr Sullivan said. "Strange that we can send battleships to the Gulf, talk about freedom in Poland, use covert money for covert wars in Nicaragua and Central America, and yet we cannot stand up for black people's rights in South Africa."

Mr Sullivan yesterday acknowledged his new position lacked support in some quarters.

"From the businesses I don't think I have much, from the administration I don't think I have much, from South Africa I don't think I have any — but from the Lord I think I have a lot."

Most American companies in South Africa, which are signatories to the Sullivan Code, are unlikely to heed Mr Sullivan's call, the executive director of the American Chamber of Commerce in South Africa, Mr Adrian Botha, said

Mr Botha said there would undoubtedly be an intensification of pressure for disinvestment, but indications were that most signatories would not disinvest.

"We sincerely regret the Reverend Sullivan's call for total disinvestment as we believe that the principles have been a positive force for improving the quality of life of black employees and the broader community.

"The presence of US companies, the enlightened employment practices of these companies and the programmes initiated and supported by them have had a positive effect.

"We are justifiably proud of their achievements in the areas of education, community development, training and advancement, housing, health care and business development and of their commitment to a free, just, and peaceful society in South Africa," he said. — Sapa-AP

US to end SA tax agreement

Cape Times 5/6/87

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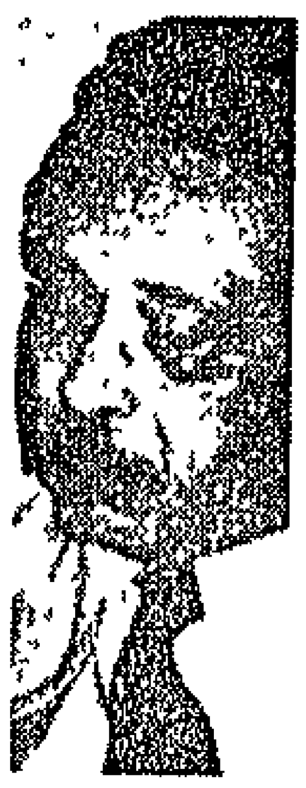
NEW YORK. — The Rev Leon Sullivan yesterday called for a global debate on ending apartheid through an economic embargo of South Africa.

"I feel it's time because the Lord is with me on this one," the Baptist minister said from Philadelphia. "I hope this idea spreads to other countries."

☐ In Johannesburg the American Chamber of Commerce, representing US firms in South Africa, expressed regret over Mr Sullivan's call.

☐ In Akron, Ohio, Goodyear and Standard Oil said Mr Sullivan's call would not lead them to abandon their investments in South Africa. — Sapa



Mr Sullivan

Political Staff

THE United States has told South Africa that it intends to cancel the double taxation agreement between the two countries.

The move seems likely to accelerate the flight of foreign investors from South Africa and it comes on the heels of Rev Leon Sullivan's call on US firms to withdraw from the Republic.

In a further development yesterday, the Archbishop of Cape Town, the Most Rev Desmond Tutu, supported Mr Sullivan's call and hinted that disengaging companies should not sell out to local management.

The US gave notice yesterday of its intention to cancel the double tax convention from July 1.

The termination of the agreement will mean that the 10% tax on interest accruing to any US resident or company will now be payable if the debtor is "ordinarily" resident or carries on business in SA; and a withholding tax of 15% on payments to such residents or companies for imparting commercial know-how will also be payable from July 1.

On Wednesday Mr Sullivan called for a total US economic boycott of SA and a cutting of diplomatic ties.

Archbishop Tutu supported the call, but said US companies should not indulge in "cosmetic disengagement". He said Mr Sullivan had run a long campaign on the hope that the interaction between companies with US-SA ties would help bring about change.

'I support his call'

"That campaign has failed to effect fundamental change," he said.

"I support his call and will continue to do so until anybody can convince me of a more effective non-violent way of bringing about justice and peace in our country"

He quoted Rev Edmond Browning, of the Episcopal Church of the US, as saying: "Any disinvestment which merely re-arranges ownership while leaving intact policies or operations which support oppressive governmental acts cannot be . either ethically sound or economically pragmatic."

Bishop Tutu continued: "When will those who oppose this severing of ties between South Africa and other countries wake up to the fact that the real issue facing this country is not boycotts; it is whether we destroy apartheid — by violent or non-violent means. I desperately hope that non-violent pressures such as this will have the desired effect."

The PFP yesterday "completely rejected" the latest call by Mr Sullivan.

The finance spokesman, Mr Harry Schwarz, said that those outside South Africa who were genuinely concerned with the removal of apartheid should consider not only the method of change which the actions they proposed would bring about, but also the nature of society which would follow such a change.

☐ Comment — Page 8
☐ Potential blessing — Page 8

Sullivan calls for global embargo

SMN 5/6/87

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NEW YORK — US civil rights leader Reverend Leon Sullivan, who has abandoned his own guidelines for American firms in South Africa in favour of tougher action, yesterday called for a global debate on ending apartheid through an economic embargo of Pretoria.

"Now I want to see some movement from the President, the Congress and the companies involved," he said.

Mr Sullivan yesterday abandoned fair employment guidelines for American companies and urged the United States to break relations and impose a total embargo.

In Akron, Ohio two companies said yesterday that his call for withdrawal by March will not make them abandon their investments.

Goodyear has an investment of about R200 million and 2 500 workers at its plant in Uitenhage.

"Withdrawal would not be in the best interests of black people, and our own employees have urged us not to leave," the company said.

Standard Oil, which holds a 42,5 percent share in Richards Bay Minerals, which employs 1 600 people, said: "Standard Oil continues to believe it can accomplish more by continuing to stay in South Africa than by leaving." — Sapa-Reuter-AP.

● See Page 9.

Sullivan call is fuel for curbs

By Alan Dunn,
The Star Bureau

WASHINGTON — American legislators intend using the Rev Leon Sullivan's abandonment of his code of fair conditions for black South African workers when apartheid again becomes the focus of Congressional attention in October.

"Mr Sullivan's move will figure quite prominently is the drafting of legislation this Fall (September/October)," said an aide to a Democrat congressman who has been prominently in favour of sanctions.

CONGRESS 'FED UP'

"Those recommendations by Mr Sullivan will be taken seriously and will probably be part of whatever sanctions package is put together," she said.

"Mr Sullivan's call on Wednesday for an end to United States trade with South Africa and total withdrawal of all American companies from the Republic added ammunition to the arsenal of lawmakers wanting to impose tougher measures against South Africa, she said.

"Congress is truly fed up with South Africa. The sense is that the time for soft-pedalling has ended."

Liberal Democrats, who led a successful charge last year for stiff sanctions against South Africa, apparently now believe that those against sanctions have lost their justification for not imposing them — the Sullivan Principles.

Congress is expected to turn to the South African issue again in October because the law imposing sanctions, the Comprehensive Anti-Apartheid Act of 1986, was enacted against President Reagan's wishes on October 2 and authorises further sanctions after a year has lapsed.

The Reagan administration repeated and strengthened its rejection of Mr Sullivan's call which included an end to diplomatic relations:

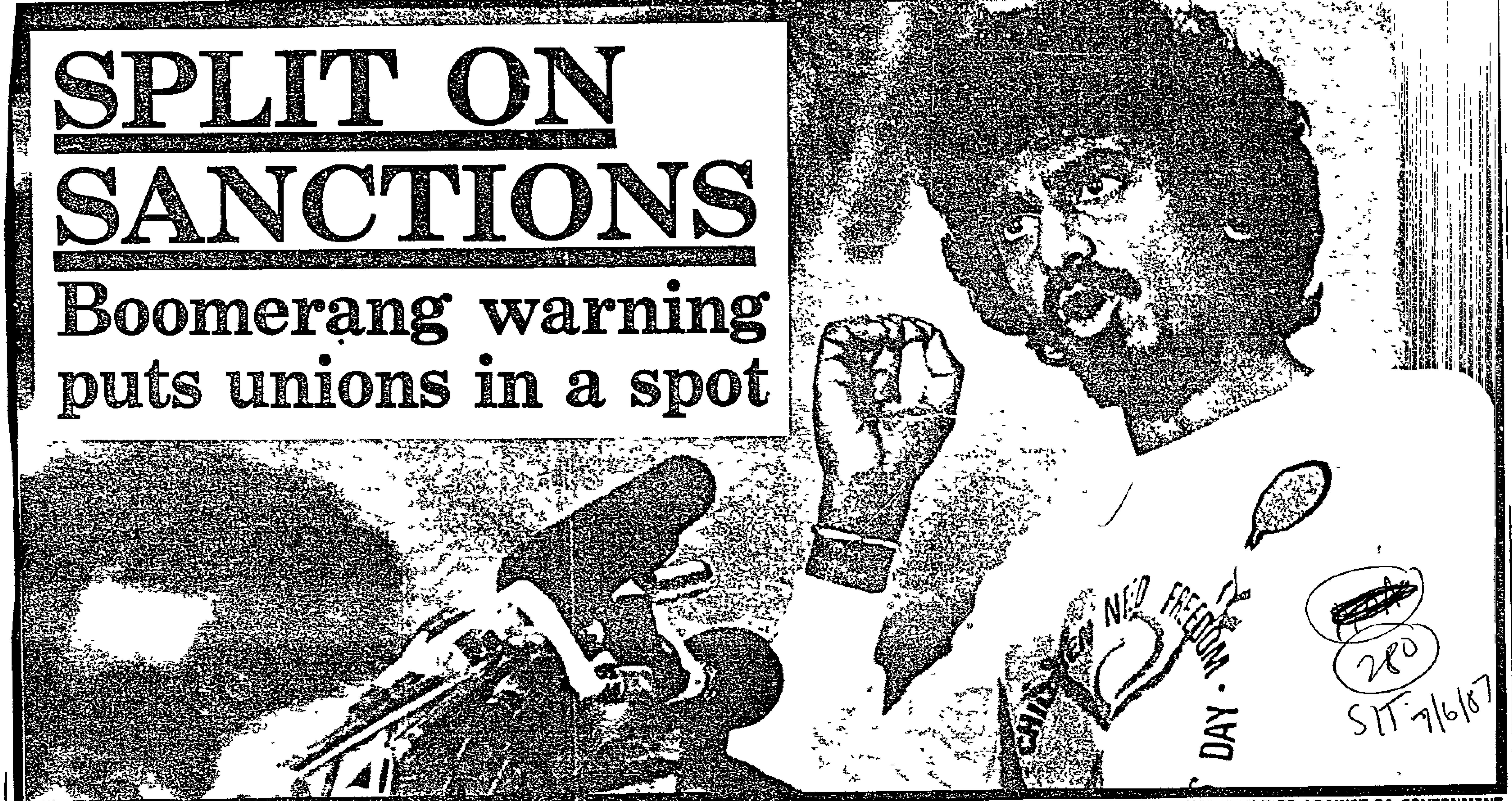
"A committed United States diplomatic and economic presence is vital if we are to fulfill our potential as a force for change in South Africa," a spokeswoman said yesterday. "We feel strongly that the US has an important role to play in the complex South African situation."

Mr Sullivan also urged Congress to create penalties for America's trading partners which picked up American business as they disinvested from South Africa.

Several major American companies have rejected Mr Sullivan's move, saying they intended staying in South Africa and practising his equal employment code without him.

SPLIT ON SANCTIONS

Boomerang warning puts unions in a spot



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ST 7/6/87

JAY NAIDOO .. NO DEVIATION FROM RESOLUTION SUPPORTING INTERNATIONAL PRESSURE AGAINST SA GOVERNMENT

NEWS ANALYSIS by DAVID JACKSON ... on how a leaked report has confused Cosatu ranks

ANTI-South African boycott campaigners are set to take a hard, new look at their strategies after this week's leak of a controversial report which suggests that indiscriminate sanctions could boomerang.

The report, prepared for the Congress of South African Trade Unions (Cosatu) by a range of top economists and researchers, has already divided unionists into rival camps.

Cosatu, which was not commenting officially this week on the document's premature release in London, is already committed to supporting international economic pressure on South Africa.

But the implications of the report suggest that anti-apartheid campaigners may now be persuaded to opt for more selective sanctions measures

The document, drawn up by the Community Research and Information Centre, argues that across-the-board sanctions and disinvestment moves, applied non-selectively, could push up the jobless figure by as much as two million in the next few years

Cosatu has not yet accepted the report as a working document. It is still studying the findings, which are being intensely debated by unionists.

REJECTED

It has raised the question of whether Cosatu will back-pedal on its stated disinvestment stance — given the report's warning on the effects of further sanctions on unemployment.

But Cosatu general secretary Jay Naidoo said this week that there was "no deviation" from the resolution passed at Cosatu's congress in November This said that "all forms of international pressure on the South African Government, including disinvestment or the threat of disinvestment, are an essential and effective form of pressure on the South African regime"

At the same time, Cosatu sources indicated that the movement rejected "simplistic" calls for across-the-board sanctions without a thorough assessment of the effects on black workers

This is said to be the essence of the debate now taking place in unionist ranks.

"Black workers will not bear the brunt of sanctions," Mr Naidoo said. "In any withdrawal, there would have to be negotiations so that workers would get the benefits owed to them. An essential element would be negotiations with union representatives on the terms of the withdrawal.

"We have not taken a superficial view of sanctions and disinvestment. This report was a serious study, and we commissioned a number of economists and researchers in full consultation with us."

Mr Naidoo said initial Press interpretations of Cosatu's likely posture in the light of the document had been "completely wrong"

ATTACK

"The whole mood within the trade-union movement is to call for firmer action — not a relaxation of international pressure.

"This is a non-violent response to a violent attack on the movement by the Government."

One school of thought is that the document could be modified extensively — and union observers believe its minimum bottom-line effect will lead to a "streamlining" of disinvestment strategy

The document says sanctions measures already adopted would not place much pressure on the South African business community — or on apartheid — even if strictly applied and effectively monitored

It said preliminary assessments of coal and steel sanctions were that South African businesses would succeed in finding alternatives and maintain reasonable profit margins

A claim in the report — quoting JCI economist Ronnie Bethlehem — that sanctions would add two million to the number of jobless by the end of the century was dismissed by Cosatu sources

Disinvestment measures had hardly been a factor in an already deteriorating jobs outlook, they say

They point to the fact that, because of the recession, rationalisation measures and alleged government mismanagement of the economy, 200 000 workers in the manufacturing sector had lost their jobs since 1983

Jobs in the steel and engineering sector had shrunk by 100 000 since the early 1980s, and a further 40 000 workers in motor-manufacturing plants lost their jobs last year

GLOOMY

But the report paints a gloomy scenario of likely employment losses through sanctions

It says "The impact of economic sanctions on South Africa's growth will have a crucial effect on future levels of unemployment and under-employment.

"Regardless of whether sanctions amount to the 'worst case' or turn out to be rather ineffectual, the effects on employment levels will come on top of the already devastating retrenchment policies pursued by employers in recent years."

‘Isolation is not the answer’

US firms warn on call to disinvest

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SAR 8/6/87

By Alan Dunn,
The Star Bureau

WASHINGTON — The Sullivan signatories have warned that isolating South Africa would, if anything, prolong confrontation in the country and reduce the effectiveness of any future American reform initiative.

"We do not believe that isolating South Africa will hasten the end of apartheid," said Mr Sal Marzullo, a spokesman for 125 United States companies which follow a labour code for black workers in South Africa known as the Sullivan Principles.

Mr Marzullo was reacting to a call last week by the code's author, the Rev Leon Sullivan of Philadelphia, for all American firms to leave South Africa starting immediately. Mr Sullivan's move has sparked widespread debate in the United States.

In *The New York Times* yesterday, Mr Marzullo said: "We remain committed to making our presence an effective force for peaceful change. We cannot, as companies or a nation, influence the course of events in South Africa if we are not present as active participants in that process."

The group of signatories have, however, stressed that each company must itself decide whether or not to divest.

In eight years, Sullivan signatories have spent more than R460 million on black education, housing, legal assistance, black business development and training programmes.

A force for change

Mr Marzullo said the Sullivan Principles had, whatever their limitations, helped to make genuine changes in laws and labour policies in South Africa. They were never meant to guarantee quick and simple solutions to all the injustices, he added.

The US Catholic Conference has announced its intention to sell off R10,6 million of its shares in US firms still operating in South Africa.

A report by the bishops said the outcome of the recent elections and clampdown by the Government since "indicate the grave abuse of human rights continues and that the situation is likely to deteriorate even further".

The body also recommended that 185 local dioceses and Catholic institutions in America consider disinvesting any stock they have in South Africa-linked companies. The Bishops' Conference started what it called "prudent and fiscally responsible" disinvestment of shares worth R36 million last September, but stated it would end this if it saw significant progress in ending apartheid.

280 B Day 9/6/87

Sanctions have 'limited' effect on SA trade

HAMISH McINDOE

THE impact of trade sanctions on the SA economy — bar the iron and steel embargoes — has been fairly limited so far.

But a British Trade Policy Research Centre report, published in the SA Foundation's latest bulletin, warns that tougher sanctions could cut SA's merchandise export earnings by a quarter.

Imports of goods and non-factoring services would then have to be sliced by more than a third to keep the required surplus on current account.

The report's author, former British diplomat Philip Hayes, estimates a near-cessation of capital inflows coupled with the continued repayment of foreign debt, may lead to a stagnation of SA's GDP.

Hayes, however, rejects as "too severe" a recent Federated Chamber of Industries sanctions report projecting a 17% GDP drop over five years.

Pretoria's response to tougher sanctions, suggests Hayes, would be import controls and an "increase in the already excessive government regulations, leading to greater economic inefficiency".

The report punts heavily the view that further embargoes will trigger higher unemployment, more politcal violence and "repressive measures".

Against the widely publicised effect anti-SA sanctions will have on the economies of Frontline states, Hayes says gains could be made by those nations prepared to play host to "activities designed to circumvent sanctions on SA".

If some neighbouring countries imposed sanctions on SA, they could gain by suspending interest and dividend payments and financial transactions to SA.

Hayes sees reverse sanctions as the greatest threat to the region and does not rule out the possibility of Pretoria going beyond its current "cat-and-mouse" tactics against its neighbours.

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Answers to Sullivan

280 9/6/87

Nothing exceeds like excess.

The Reverend Leon Sullivan, for ten years a lone voice of anguished sanity in a sea of glandular unreason, last week became excessive, and in the process, irrelevant. His baroque call for total sanctions and disinvestment has put him in a place -- the "narrow left" as he himself described it --where neither the companies he shepherded nor his countrymen as a whole will follow him.

His announcement, long predicted and discounted, caused scarcely a ripple on Capitol Hill. The only panic was in the State Department's Africa bureau, an office so universally beseiged and gun-shy that the faintest boo sends it into paroxysms of nail-biting. No one else had any illusion that Congress would take the preacher at his word.

To be sure, there was a rumour (or as the Washington Post would put it "widespread reports") that the usual suspects were busily concocting a formula to put Mr Sullivan's guidelines for corporate departure into law. But this was hard to take seriously. Mandating that companies leave a country is one thing, specifying to whom they should sell their assets is quite another and pushes well beyond the envelope of constitutional legality.

Besides, whatever senators Alan Cranston and Edward Kennedy, the congressional black caucus and congressman Howard Wolpe of the House Africa subcommittee might want you to believe, there is no longer much of an appetite for this kind of thing. The reason, extraordinary as it may sound, is reason.

The Comprehensive Anti-Apartheid Act

WASHINGTON LETTER

From SIMON BARBER

(CAAA) passed last year because the large rump of moderate opinion in the Senate, especially on the then majority Republican side of the aisle, felt it had no choice. The bill's contrary effects, especially the results of the May 6 elections, have sown sufficient doubts to prevent it happening again.

Indeed, one Republican senator who was instrumental in drafting the bill and ensuring its passage over the president's veto, recently asked his advisers to prepare a measure that would repeal the whole thing.

The fact that repeal would have the chance of the proverbial snowball in hell does not diminish the central point in the absence of contrary evidence that the sanctions thus far enacted are doing any good to anyone (save perhaps Eugene Terr'blanche), the great American public would have to elect hundreds more Cranstons, Kennedys and Wolpes for Congress to go further. And whoever it picks as president next year, this the great American public is not going to do

The bottom line here is that the CAAA has already plumbed the limits of what Congress can do to Pretoria without inflicting pain on its own consitituents And there are as many, if not more, ordinary hard-working citizens who stand to get hurt by the arbitrary denial of SA's market and raw materials as there are soft-handed activists screaming for an embargo. Prod those citizens hard enough and they can get active too.

Consider the people of western Kentucky and southern Illinois whose livelihoods depend heavily on Allied Corp's uranium conversion facility in Metropolis, and the Department of Energy Martin Marietta enrichment plant in Paducah. Unemployment in this region runs between 12 and 20 per cent, well above the national average, but Senator Kennedy, safely ensconced in Massuchussets, would like to make it worse

These plants, already operating as well below capacity, depend for up to 30 per cent of their business on South African uranium. At both installations, that 30 per cent represents the margin of viability. Without it, both would quite likely close, putting at least 1 600 out of work and having a devastating ripple effect on the surrounding communities.

Kennedy, Wolpe, the black caucus et al. insist that the CAAA's uranium ban applies to all uranium imports, even if temporary and under bond The Treasury Department has granted an exemption for the latter which expires on July 1, and has invited comment from interested parties to aid its final decision.

The bulk of that comment has come in the form of letters, mostly handwritten, from the local population. It is unanimous and it is angry. Here is a sampling.

Mrs Ronnie Haskins writes: "Maybe Senator Kennedy and the other senators pushing for the prohibition of uranium processing of South African imports would like to visit our area and speak face to face with the people they are trying to destroy. They might even want to bring along some of their new pay raise they needed so badly and spend it in our area Their raise was more than some people in our area make in a year If they have their way we may all end up on the welfare roll, then the government will have more to support

"We strongly urge our government to weigh the matter carefully and think of the honest, hard-working people who have always been the backbone of this nation, and to not be swayed by fancy words of Senator Kennedy and others like him."

Mrs Joe Ann Mallory wonders, in a bold decisive hand "Why are we having to save our Paducah gaseous diffusion plant? Our men and women have done their job well. .the issue seems to be'will the United States continue to sacrifice our lives and livelihood to make a point in someone else's country'. We seem to be burying ourselves in debt but still handing out money and telling everyone else how to live when we should save ourselves before there's nothing left to save.. the American government should provide for the American people first Nobody else ever will, and that's the bottom line"

Mr Keith Anderson opines: "I do not approve of the situation over there in the least, but I also do not approve of the action we are taking. If this would possibly slow down or stop their economy, what would that do? All would starve and be poor? Are we trying to show the leaders there how they treat their blacks by treating them the same way?

"The main reason I am writing is to try and help save the one to two thousand jobs in western Kentucky that could be affected by this action. What's the point? Is that many jobs going to convince South Africa we're serious? We lose the jobs, what control we have in the enrichment market, along with future production, to end up with the same end we had with the 1980 Soviet grain embargo. The farmers still haven't recovered and neither would western Kentucky.

"If it's a moral decision, then why didn't the government do the moral thing and turn down their raises. Maybe it's easier to throw away others' raises and whole sources of income for moral than it is your own."

Get outside the Washington beltway into places where people work and vote rather than play with policies and laws and position papers, and you will hear a lot of talk like that. More sanctions -- and strategic minerals about about the only things left to ban -- will lead to more such talk as more such citizens suddenly find themselves being shafted.

The shaftees won't be a majority any more than the sanctions lobby is a majority, but there will be enough of them to ensure that what Mr Sullivan is now preaching is not forseeably agreed to by both House and Senate

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US govt to get tough on code

WASHINGTON — At least two US companies in South Africa that have not signed the Sullivan companies' code may be penalised for failing to answer a State Department questionnaire on their employment practices.

Since 1985, all non-Sullivan US companies owning or controlling South African entities with more than 25 employees have been subject to a code.

The State Department is readying a report, based on a questionnaire sent out last year, on the performance of these companies.

Currently evaluating and grading the responses to the questionnaires, the State Department is giving companies a chance to appeal their scores before the final report is issued.

The deadline for completing the forms was January but was postponed because of the newness of the system, which is to become an annual exercise.

Canadian plan on SA given a summit brush-off

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10/6/87 STAR

By Neil Lurssen, The Star Bureau

WASHINGTON — Britain and West Germany have thwarted Canada's plan to win support for renewed actions against South Africa at the Big Seven economic summit in Venice.

According to sources here, the Canadian Prime Minister, Mr Brian Mulroney, offered a five-point plan on South Africa when the seven leaders gathered for a private dinner in a palazzo on the historic Italian city's Grand Canal.

But his proposal was rejected by British Prime Minister Mrs Margaret Thatcher.

Although Mr Mulroney was able to circumvent British objections to a discussion of the issue and proceeded to outline his plan, South Africa was not mentioned in the official communique following Tuesday's session.

And the summit chairman, Italy's caretaker Prime Minister Mr Amintore Fanfani, could not get permission to refer to South Africa in his verbal remarks summarising the conference progress because of objections by West German Chancellor Mr Helmut Kohl.

Canada's failure to focus attention on South Africa was a big disappointment for Mr Mulroney. The problem of what to do about South Africa's race policies was one of two central issues he placed on the Venice agenda. The other was his concern that agricultural subsidies were pushing down farm prices with serious consequences for Canadian farmers

Mr Mulroney's five-point plan proposed that the summit leaders:

- Address the apartheid problem.
- That they issue an important statement that would focus attention on the problem.
- That they initiate a dialogue with leaders in southern Africa.
- That they monitor the situation in the region.
- That economic aid be offered to the Frontline states

While the brief outline of the plan hardly seems like new pressure on Pretoria at first glance, analysts here noted that it could have set in motion another set of pressures for international sanctions and that the West — notably the United States, Britain and West Germany — was not eager for another sanctions debate at this stage.

France, Japan and America supported Mr Mulroney in condemning South Africa's race policies.

Total sanctions call draws no converts

Cape Times 11/6/87

Washington Letter
by SIMON BARBER

280

NOTHING exceeds like excess.

The Rev Leon Sullivan, for 10 years a lone voice of anguished sanity in a sea of glandular unreason, last week became excessive, and in the process, irrelevant.

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The reason, extraordinary as it may sound, is reason.

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The bill's contrary effects, especially the results of the May 6 elections, have sown sufficient doubts to prevent it happening again.

Indeed, one Republican senator instrumental in drafting the bill and ensuring its passage over the president's veto recently asked his advisers to prepare a measure that would repeal the whole thing.

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Prod those citizens hard enough and they can get active too.

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These plants, already operating at well below capacity, depend for up to 30% of their business on South African uranium that is shipped to the US by Spanish, Taiwanese and Japanese utilities for processing and re-export.

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"Why are we having to save our Paducah gaseous diffusion plant?

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"Nobody else ever will, and that's the bottom line."

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Town councils refuse to purchase products

Shell may take UK boycotters to court

11/6/87 B/Day 280

BRIAN ZLOTNICK

LONDON — Shell (UK) may decide to take legal action against UK local authorities that are illegally boycotting its goods.

So far the Lewisham and Leceistershire local councils have said they refuse to buy Shell's products since it continues to operate in South Africa and supplies the SADF in Nambia despite a ban by the United Nations.

Shell is now understood to be preparing to request the High Court for a judicial review of the councils' right to boycott its products on these grounds.

Shell, of course, is hoping that the councils will review their stance, but will almost certainly go to the High Court if they refuse.

Any legal action it takes could occur after the election.

A few weeks ago Shell blitzed the UK national daily newspapers with a full page advert saying it intended remaining in SA.

Last year the Tories attempted to introduce legislation to ban such boycotts.

However, the moves were abandoned at the committee stage because of the immense difficulties involved in drafting the necessary legislation.

The thorny issue could, however, come to the fore sooner than expected should the Camden Town Council decide to go ahead with a boycott of the products of about 25 companies who have maintained their business interests in South Africa.

It is believed that the two councils, Lewisham and Leceistershire, are adamant they will not review their stance.

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US sanctions have stalled progress — report

By Neil Lurssen,
The Star Bureau

WASHINGTON — A new American report has concluded that US economic sanctions have not only failed to speed up the demise of white rule in South Africa but have stalled progress towards political reform.

Mr William Pascoe, a policy analyst at the Heritage Foundation, a Washington thinktank with influence in the Reagan Administration, writes: "Apartheid's supporters have been strengthened while those seeking reforms have been weakened.

"When dealing with Afrikaners, the carrot works better than the stick," he said.

The report — entitled "The Results are In" — is to be released in the US today when Congress is to start a new series of oversight hearings on whether the Administration properly enforced sanctions measures in last year's Comprehensive Anti-Apartheid Act.

Mr Pascoe wrote that sanctions were counter productive and had set back the anti-apartheid struggle by several years.

"Negative reactions to sanctions have overtaken many positive changes that have taken place over the past years within the Afrikaner leadership," he wrote.

Congress would soon be looking at South Africa again to impose new and harsher sanctions, he said. June 12, the first anniversary of the state of emergency, would probably be used by Congress and media liberals to focus attention on the lack of progress in eliminating apartheid.

But instead of calling for new sanctions, the Congress should examine closely the results of sanctions already imposed by the West.

"US influence in Pretoria is down sharply, without an offsetting increase in influence throughout the black community in South Africa," he said.

12/6/87

Cosatu defends pressure stance

JOB losses can be stemmed only by the creation of a new economy curbing the trend to decreasing investment in manufacturing and to greater stock market investment, says Cosatu.

SUSAN RUSSELL

Cosatu yesterday denied speculation it was backing down on support for international pressure against SA.

It said the pro-investment lobby based much of its argument on supposed concern over job losses.

The union said in the last three years 300 000 jobs had been lost in the manufacturing and metal sectors alone because of rationalisation, monopolisation and the disastrous economic policies of government and employers.

The only time it would call for international pressure to end was when apartheid had been dismantled and conditions created for the practice of democracy.

The union said it was issuing its statement to clarify deliberate confusion caused by the leakage of confidential documents currently under discussion by Cosatu.

"We reiterate that — as our inaugural congress resolution on the issue states — Cosatu supports all forms of international pressure against apartheid.

"Our resolution called for economic pressure to be intensified, if this government remained intransigent towards the reasonable and constructive demands being made by the majority of our people."

Cosatu said it had commissioned research to assess the impact of sanctions and to study ways of defending the gains made by the union as the organisation in the forefront of the fight for workers' rights.

"The only way to transform the economy to meet all the needs of the majority is to start by ending the political crisis."

answer.

Ford wants to give 42% interest in SA venture to workers

280 TWO 13/6/87

DETROIT — Ford Motor Company is trying to give more than half of its 42% interest in a South African joint venture to workers, but South African union leaders say it's unlikely they'll accept the offer.

Since February, Ford has proposed that workers get 24% of the South African Motor Corporation and take two seats on the board of directors, said plant chairman Sam Tsiane, who is also an official in the new union National Metalworkers of South Africa.

Union leaders said Ford would sell its remaining holdings to the South African conglomerate Anglo-American Corporation, which already owns the majority of the company.

Peter Pestillo, Ford vice president of employee and external affairs, said the company could either stay in South Africa, withdraw from the country or give workers ownership.

"It is our view that the (worker ownership) is the one way the operation can succeed," Mr Pestillo told the Ford World Auto Council in Chicago on Friday.

But workers aren't interested in the Ford offer because it offers no broader solution to South Africa's apartheid system, South African union leaders said.

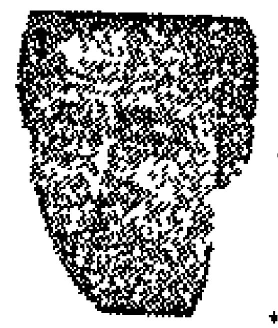
"Our answer is likely to be 'no'," Mr Tsiane told the Detroit Free Press.

Several US universities and companies, including industry leader General Motors Corporaton, have divested their holdings on South Africa as a way of pressuring the Government to end its system of apartheid.

Ford officials are "not sure we want to be out of there", cautioned Ford spokesman Mr George Trainor. — Sapa-AP

14/6/87 280

Clegg faces ban if he performs



By SIPHO JACOBS

JOHNNY Clegg has been threatened with a cultural ban by the British Musicians' Union should he perform in South Africa during his brief visit here

The BMU threatened Clegg with expulsion from the union's membership should he visit South Africa

A co-founder of the now-defunct Juluka band with Sipho Mnchunu, Clegg has been a forceful opponent of the country's apartheid system

Initially, the BMU tried to cancel Clegg's performances in the UK It objected to the UK's Department of Employment, accusing the South African-based artist of "taking work away from British musicians who could have done just as good a job"

BMU's secretary, Sid Allen, is believed to have written a letter informing Clegg of the BMU's move Contents of the letter have been leaked to a London weekly tabloid and part of it reads.

"I must ask you to give me an undertaking that you will observe the embargo in South Africa, and I must bring to your attention that if you are not prepared to give this undertaking you will be charged under the musicians' union rules and therefore risk expulsion "

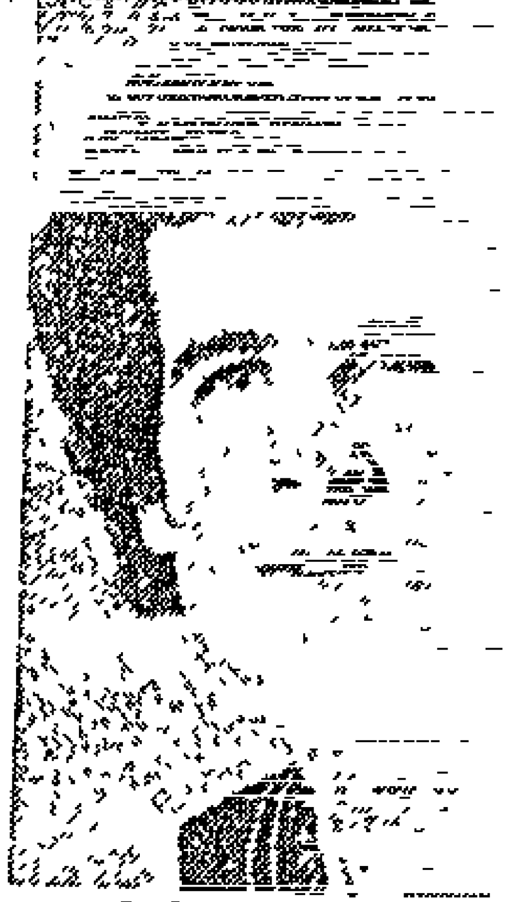
In an interview with *City Press* this week, Clegg admitted that he has a copy of the BMU letter.

Clegg has a series of show dates lined up for him at the Market Warehouse with his new band Savuka

Clegg's visit to South Africa is being taken in a serious light by the BMU Though reported to have been reluctant to discuss the Clegg affair, MBU's Allen has voiced his own feelings about the issue

"It's too delicate a matter to discuss with the Press," he was reported to have told newsmen

Clegg's British spokesman has lashed at the BMU move, saying "What are the musicians' union trying to do to him? They don't want him to play in the country of his birth and they don't want him to play in the country he lives in "



CITY PRESS

Johnny Clegg

Sentence for fiery Cilliers

A FORMER member of the Oudtshoorn police was sentenced to 200 days imprisonment or R400 for malicious damage to property

In addition, Barend Cilliers, 30, was also sentenced to a further four months' imprisonment, suspended for five years, and a compensatory fine of R2 974 to be repaid at R150 a month

The case arose from an incident in November last year when Klaas Jansen and eight other "riverslaapers" lost their shelters and belongings as a result of a fire in the river area where they were seeking shelter

Cilliers, who was in the employ of the SAP until the end of April this year, claimed in court he had set fire to reeds in the particular part of the river where the nine were living in order to promote the irrigation water

The court found that he had purposely set the reeds alight -- Sapa

Living wage for 3

14/6/87

By DAN DHLAMINI

A POTCHEFSTROOM employer, who underpaid his workers, was this week ordered to pay them according to Industrial Council stipulations.

Aaron Dlavani, Isaac Phakedi, Gabrial Moletlo, Matthews Sehularo and Abraham Juda told Small Claims Court commissioner WE Scott that their employer paid them R25 each a week.

They said he promised them a higher salary but were surprised that he gave them R40 each the following week. They said they refused to accept the money, demanding a living wage.

Steve van Rensberg, of Potchefstroom's Steve's Welding Works, told the commissioner that he only employed the plaintiffs on a temporary basis. He said he did not actually need them but merely wanted to help them because of the unemployment crisis in the country.

The commissioner decreed that Van Rensberg must pay each of the plaintiffs R80, the minimum wage a week as set by the Industrial Council.

Dlavani said the judgment was a victory.

Don't miss the excit...

BIC

Write for Li...

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Shopping Centres sc...

DURBAN: 27th June, Westville Mall and Game City. PRETORIA: 4th J... stad. BLOEMFONTEIN: 25th July, Sanlam Centre. PORT ELIZABE... Greenacres Centre. CAPE TOWN: 8th August, Golden Acre and Parow... JOHANNESBURG: 15th August, Carlton Centre and Sandt...

BIC gives school children of all races the opportunity to win prizes totalling R27 500 of equipment for their schools.

Ford pullout on the cards

280 B/Day 15/6/87

Business Day Reporters

ANGLO-American and other parties were yesterday locked in negotiations after reports that Ford was to disinvest from SA.

Reports from Detroit said that since February Ford had been trying to arrange a pullout by giving 24% of its 42% stake in Samcor to workers. The remaining 18% would reportedly be taken up by majority shareholder Anglo-American.

The AP report said workers would also get two directorships on the board. But National Union of Motor Workers of SA (Nmwsa) spokesman Sam Tsiane said the union was unlikely to accept the offer.

'Not interested'

The AP report quoted Tsiane as saying: "The answer is likely to be no."

Union leaders were not interested in the offer because it offered no long-term solutions to the problems of apartheid.

Anglo spokesman Neville Huxham confirmed yesterday, shortly before Business Day went to press, that a meeting between parties was underway in Johannesburg.

Samcor chairman Les Boyd said a clarifying statement would be issued later in the day.

Ford spokesman George Trainor was quoted by AP as saying Ford "are not sure we want to be out of there". A second spokesman, Peter Pestillo, said Ford could "stay, withdraw or give ownership".

Speaking at the World Auto Council in Chicago on Friday, Pistello said "our view is that 'worker control' is the one way the operation can succeed".

The attempt to involve workers in the pullout is said by union leaders to be an attempt to avoid the strikes and violence associated with the General Motors disinvestment.

15/6/87 B/Day

Dhlomo hits out at sanctions

NEW YORK — Apartheid could not be destroyed by remote control in the board rooms of New York, Paris, London and Bonn, Oscar Dhlomo said here at the weekend.

The Inkatha secretary-general and KwaZulu Education and Culture Minister was addressing the US Council for International Business' Task-Force on SA at the Harvard Club.

Dhlomo said sanctions and disinvestment had pushed blacks back into the dark ages of SA politics.

And he presented a list of traumatic setbacks the anti-apartheid cause had suffered because of those policies.

Dhlomo said there was a full awareness of the pressures on US companies to withdraw and of the accusation that they were propping up the system.

But the view that foreign withdrawal would cripple the economy to the extent that government would dismantle apartheid and give blacks political rights ignored two crucial considerations.

The first was that, if sanctions and disinvestment did cripple the country, there would be no strong and vibrant post-apartheid economy capable of redressing the disparities caused by decades of apartheid neglect.

The second was the importance of distinguishing between SA ("the country black South Africans wish to govern in future") and apartheid ("the evil policy that must be destroyed if those black political aspirations are to be realised").

Dhlomo said simple logic dictated that those who supported the aspirations of the black people should help them destroy apartheid — and not SA.

The advocates of disinvestment had to be asked: "How do you expect to free prisoners from a cell by bombing the cell itself?"

Disinvestment lobbyists should be told: "We want to be liberated on our feet . . . not as corpses."

Dhlomo said Inkatha could not support any anti-apartheid moral indignation which fed on black unemployment and starvation.

And he said government had become even more intransigent and the white electorate had withdrawn into the laager. — Sapa.

ARGUS 15/6/87

280

US panel meets on sanctions

By ALAN DUNN
The Argus Foreign Service
Dateline: WASHINGTON

A US congressional panel will hold a hearing on the Reagan Administration's implementation of economic sanctions against South Africa on June 16, "Soweto Day".

The House of Representatives' Africa Sub-committee will hear evidence from the State Department's Africa chief, Dr Chester Crocker, and Defence, Treasury and Commerce officials on how their departments have imposed the measures.

It will be the first such review by lawmakers since they passed a string of sanctions on October 2 last year in the Comprehensive Anti-Apartheid Act of 1986, and will also involve US academics assessing all aspects of the sanctions.

The Democrat-dominated sub-committee is likely to press Dr Crocker on his southern Africa policy in general, and is sure to clash with him on the principles and effects of sanctions against South Africa.

Criticism of the Reagan Administration's implementation of sanctions may also prove peripheral because officials have been at pains to avoid just such accusations — both liberal Democrats and, in the other corner, South African officials have sounded their disappointment in the ways sanctions have been imposed.

In a joint resolution presently circulating on Capitol Hill, 16 congressmen are proposing the week of June 15-21 as "National Anti-Apartheid Week". They have also urged that June 16 be designated "National Anti-Apartheid Day".

'Ford and its cars will stay' - MD

280 Ev Post 15/6/87

By MICHEL DESMIDT

THE proposed divestment by Ford Motor Company of its 42% share in Samcor will not affect the company's operations in South Africa.

Giving this assurance today, the managing director of the Pretoria-based South African Motor Corporation, Mr Spencer Sterling, said the future of the former Ford engine plant at Struandale, Port Elizabeth, was "bright".

"The move by Ford has no relationship to our product decisions and on-going business. In fact, Ford's objective is to ensure things stay in place.

"There is no complication whatsoever — everything stays exactly the same," he said.

Mr Sterling said Ford did not want to withdraw its products from South Africa.

It rather wanted to restructure its equity to enable it to do business with those countries that had enacted laws barring trade with the Republic and at the same time leave its products in place here.

All agreements would remain in force, including those regarding use of the trade mark, technology and the supply of components. The Ford dealer body would remain intact.

On the future of the Port Elizabeth engine plant, Mr Sterling said it was not entirely true to say the Kent engine was obsolete overseas as it was still used in the European Fiesta range and locally in the Sierra.

Production of the Kent engine and components comprised a small percentage of output, most of which was exported. Also considering the manufacture of the Essex engine, as well as motor components for competitors and non-automotive parts, the plant's future was bright.

(280) DD 15/6/87

Ford may quit SA

DETROIT — Ford Motor Company is considering pulling out of South Africa, possibly by turning over the bulk of its current holdings to employees, the company said yesterday.

Ford's chief spokesman for international operations, Mr George Trainor, said several options were being studied and the result would probably be for Ford to end its direct South African investment.

"We may just decide it's business as usual — but that's unlikely."

Only a month ago Ford shareholders decisively rejected an anti-apartheid coalition's proposal that Ford withdraw from South Africa.

Mr Trainor said Ford was exploring several options on what to do with its South African holdings — a 42 per cent stake in South African Motor Corp (Samcor) — but said no decision had yet been taken.

In Johannesburg, the chairman of Samcor, Mr Leslie Boyd, said Ford was negotiating with employees the transfer of a major Samcor share to a trust for the benefit of workers.

"We have confirmed that Ford is exploring ways to, in effect, protect the 4 500 employees of Samcor — 70 per cent of whom are black."

If Ford can assure the viability of Samcor, which executives say only recently became profitable, then "that would permit us to disinvest," he added.

An official of the National Metalworkers of South Africa, Mr Sam Tsiane, said workers were unlikely to accept the employee trust scheme. — Sapa

Another report P13

Growing pressure is forcing Ford pullout

14/6/87 STAR

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By Alan Dunn
The Star Bureau

WASHINGTON — Growing anti-apartheid pressures in the United States — such as businesses with links to South Africa being disqualified from bidding for certain contracts — were behind the Ford Motor Company's imminent disinvestment, a spokesman said.

"I am sure it has cost us something — I don't think anybody has put a price tag on it — but it's a developing trend," Mr George Trainor, a company official, said in Detroit.

The US State Department yesterday expressed regret at Ford's decision.

Mr Trainor said Ford's negotiations to rid itself of a 42 percent holding in the SA Motor Corporation (Samcor) was a response to pressures from state, county, city and local governments in the US which had passed legislation prohibiting companies with operations in South Africa from bidding for their contracts.

Mr Trainor said anti-apartheid groups were also urging pension funds, universities and other investors to sell off Ford shares and shares of other companies with interests in South Africa. Most recently, he said, some areas had passed laws forbidding the buying of commercial paper issued by the Ford Motor Credit Company.

But Ford was trying to keep Samcor a viable company, protecting jobs and people in it, while responding in some fashion to those pressures, he said.

Mr Trainor denied that the Rev Leon Sullivan's recent abandonment of his fair labour code for South African workers employed by US companies had anything to do with Ford's withdrawal. The present talks between Ford, Anglo-American, labour leaders, politicians, educators, workers, union representatives and church leaders had started in February, he said.

"We're trying to find a plan that would be acceptable to as many people as possible."

Asked if South Africans unanimously urged Ford not to leave, Mr Trainor said: "Despite tremendous pressures in the past few years, that's the way we have responded. And it may well be that we would decide to stay the course as we have done up to now.

"On the basis of what we know right now, we would never get unanimity of opinion to stay because of some elements already expressing themselves," he said.

There was no deadline on the negotiations, he said.

"They've asked for time to consider this unique proposal and time to consider their options and we're not pushing them up against any particular timetable."

Mr Trainor gave the assurance that Samcor's social programmes would continue — part of any withdrawal deal would ensure that Anglo-American continued them.

The primary feature of Ford's departure plan is a donation of 24 percent of Samcor stock to a trust for its 4 500 workers and the sale of the balance of 18 percent to Anglo-American.

A State Department official said US companies in South Africa were a positive force for change and had spent eight to 10 percent of their personnel costs on social improvement projects.

"Such programmes come under threat in a climate of increasing disinvestment."

In Johannesburg, the National Union of Metalworkers (Numsa) said the Ford plan was still under consideration by union members at Samcor plants in Pretoria and Port Elizabeth.

"Once the implications have been considered and clear proposals have been formulated," said spokesman Mr Les Kettledas, "the matter will be further discussed with the company".

17/6/87 Cape Times

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Boesak: West doesn't give a damn

STOCKHOLM. — Dr Allan Boesak said here yesterday that most Western nations did not "give a damn" about the plight of blacks in South Africa and would only start caring when white children were killed on the streets.

Dr Boesak criticized the West for ignoring deteriorating conditions for black people in South Africa under the state of emergency.

"I don't think that most of the Western countries in the international community give a damn about our children," Dr Boesak said.

He is visiting Sweden at the invitation of Prime Minister, Mr Ingvar Carlsson.

Yesterday he addressed a news conference to mark the 11th anniversary of the Soweto uprising.

Sweden, one of the world's most outspoken critics of South Africa, has declared unilateral trade sanctions against the Republic. Firms have till November to sell their assets. — Sapa-Reuter

Belt-up call

DURBAN. — Callers reporting drivers not wearing seatbelts have swamped the National Road Safety Council since the council's appeal to the public to report motorists not wearing belts. So far letters to owners of more than 12 000 registration numbers have been sent. — Own Correspondent

Britain backs UDF call, says envoy

Own Correspondent

DURBAN. — The outgoing British ambassador, Sir Patrick Moberley, said here yesterday that the British government agreed with the call by the United Democratic Front for a free, non-racial, democratic country.

However, Sir Patrick, speaking to the South African Institute of International Affairs, indicated that the British government did not support a one-man, one-vote system in a unitary South Africa.

He said the British government wished to see universal suffrage as a basic moral and democratic right for all.

"We have never attempted to say how it should be applied in the particular circumstances of South Africa," he said.

He said it did not necessarily follow that the British government expected the Westminster system to be adopted in all its details in other countries.

"Democracy and universal suffrage can be practised in many ways. We recognize the need for safeguards within any system which may suit the needs of a particular country."

Sir Patrick said the British government continued to call not only for an end to discrimination based on race and colour but for political rights to be extended to all South Africans.

The British government wanted to see the future of this country settled by negotiation between the South African government and freely chosen leaders of the black community.

"To talk to co-opted leaders would not be enough."

He said one reason why reforms over the past few years had not changed the perceptions of blacks was that the changes were felt to have come from above rather than emerging from deliberations.

"But in any case the reforms already tackled are only part of the problem.

"In the townships men, women and children still face many obstacles stemming for instance from the long-term effects of the Group Areas Act.

"Equally there is disappointment that a process of real dialogue, which we all wish to see, has yet to get off the ground."

Bishop calls on British banks to end aid to SA

The Star Bureau

LONDON — The Bishop of Oxford, the Rt Rev Richard Harries, has criticised British banks for standing by while their credits were "misused" by the South African Government.

Bishop Harries, chairman of End Loans to Southern Africa, sent letters of protest to 12 British banks after Finance Minister Mr Barend du Plessis announced on June 3 that money owed to foreign creditors would be used to finance the Budget.

The bishop called on the banks to give no further assistance to South Africa.

He said the banks' credits were being used to finance a Budget which included massive aid to the military "and thereby gives South Africa the capacity to continue and intensify its aggression in the Frontline states, Namibia and its own townships".

STAR 16/6/87

The Star

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Apartheid: the big foe of pragmatism

FORD MOTOR COMPANY'S dilemma about whether or not to quit South Africa has stirred discussion somewhat different from the usual disinvestment debates which have been sweeping the region as rapidly as multinationals have been leaving it. Ford is not the first American multinational to propose an employee-ownership scheme instead of a straight sellout deal but it is one of the first which has had to discuss the proposal with a strong, blue-collar and predominantly black union... even though the share participation plan is for all employees, not union members per se. Ford, fortunately, has the benefit of the mistakes made by General Motors in its withdrawal.

Facing increased pressure to disinvest from South Africa, Ford is attempting to work out as painless a parting as possible. It is trying to find a precarious balance between being seen to respond to international moral pressure and to act responsibly towards 16 000 people who could lose their jobs. So far the National Union of Metalworkers of SA (Numsa) has remained lukewarm about acquiring shares in a company which has recently been only marginally profitable. But in Detroit, Sam Tsiane of Numsa is reported to have said the union was not convinced that Ford's withdrawal from South Africa would contribute to a broader solution of the country's apartheid problems.

The statement should not be taken as an instant reversal of the union's stand on disinvestment as a means to end apartheid, but it does reflect pragmatism based on a dilemma for black unions. While they must be seen to be doing all they can to force the abolition of apartheid, they must also be seen to act responsibly towards members whose jobs are at stake. The unions are precariously balanced between the two and realism is the price often required for staying intact in polarising times.

Apartheid is the foe of Ford, the unions and any thinking South African. Sadly it is also the enemy of pragmatism and is currently robbing the country of some of the world's best corporate citizens.

First Bank buys Citibank

(280) SDPL 17/6/87

Finance Staff

First National Bank (FNB) came out fighting with their announcement yesterday that it has bought Citibank South Africa, the local subsidiary of US-based Citicorp, for R130 million in cash. The deal is effective from July 1 and Citibank will change its name to reflect its new ownership.

Citicorp will be paid in financial rands in a dollar-transaction that will be worth only about $38,25 million at the present rate of exchange.

The deal will not however, sever Citicorp's ties with South Africa entirely, as approximately $700 million is still owed to the bank by various South African institutions which will now fall into the debt-standstill net.

Citibank has been operating in South Africa since 1959, primarily in the wholesale and corporate banking sector. At yesterday's Press conference Mr Ball, managing director of FNB, said that his bank will use Citibank as a vehicle to increase its penetration in the highly competitive corporate and merchant banking markets.

Spokemen for both FNB and Citicorp denied that the deal was in any way related to the Rev Leon Sullivan's recent call for a total pull-out by US firms in South Africa.

The chairman of Citicorp Mr John Reed, was quoted in New York as saying that "current constraints on Citicorp made it increasingly difficult to meet the needs of its South African clients in the manner they have a right to expect."

Banking analysts were, however, slightly surprised at the relatively high price paid for Citibank as after-tax profits in the current financial year to December 31 are only expected to be R9 million, rising to R15 million the year after The deal will contribute to FNB's earnings only in the 1988 financial year.

Senior general manager for FNB, Mr Jimmy McKenzie, was adamant that the deal will have outstanding potential in the medium to long term. "Obviously price was an issue during the negotiations, but we're happy with what we got. In recent years Citibank has been under-performing due to the political factors. We will get the bank back on track," he said this morning.

Analysts are of the opinion that the deal was influenced by the negative publicity surrounding Mr Ball and those ANC advertisements earlier this year.

Another factor which influenced the price of the deal was the acute shortage of experienced bankers with international expertise. All the top employees at Citibank, including the MD Mr David Lawrence, are South Africans and are expected to remain with Citibank in it's new guise.

At present, Citibank has 175 employees of whom more than 45 percent are black. Citibank operates mainly from Johannesburg with a branch in Durban but closed it's Cape Town branch at the end of 1985.

The local stock market got wind of the pending deal two days ago during which the share price rose by nearly 10 percent to yesterday's close of 2150c. Today's movements will show whether the deal gets shareholder's approval.

Star 27/6/87

Citibank sells out to First National

By Alan Dunn,
The Star Bureau

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WASHINGTON — Citicorp, a leader of the American corporate effort to hasten change in South Africa, has become the latest company to disinvest.

Anti-apartheid groups promoting disinvestment are hailing the R130 million sale of Citibank to the First National Bank of Southern Africa more as an important symbol than a deal with financial impact.

"As the only American bank with operations in South Africa, they had become a central symbol to us of US involvement in apartheid," said the Reverend Timothy Smith, anti-apartheid activist and director of the Interfaith Centre for Corporate Responsibility, a church-sponsored organisation.

Citicorp was one of the original signatories to the Sullivan Principles, a code of fair labour practices for black South African workers.

The bank was prominent in the heated disinvestment debate in the US, arguing repeatedly that it was a positive force for reform in South Africa.

Disinvestment groups said the timing of Citicorp's announcement was symbolic — days after news of Ford's imminent departure and two weeks after the Reverend Leon Sullivan abandoned his labour code.

Citicorp's chairman, Mr John Reed, is also a co-chairman of the US Corporate Council on South Africa, a group of American chief executive officers with South African links, formed in 1985 to emphasise their commitment to ending apartheid.

In a statement from New York yesterday, he expressed regret at the withdrawal due for completion by the end of the month.

He said: "Current constraints on Citicorp have made it increasingly difficult to meet the needs of its South African clients in the manner they have a right to expect."

Asked to specify those constraints, a Citicorp spokesman mentioned the decision by US banks in 1985 not to issue fresh loans to South African borrowers.

"This made it difficult to run a full-fledged banking business in the country," he said.

"Because we felt the risks involved were higher than the level of our exposure warranted, we decided we had to cut back."

The spokesman denied that disinvestment pressures or the Rev Sullivan's abandonment of his labour code had played a role in the Citicorp decision.

It is understood that Citibank first approached the First National Bank about the sale a month ago.

Citibank will continue to hold the $700 million debt it is owed by South African institutions, handling it from outside the Republic.

Citibank employs 185 people in South Africa, 45 percent of them black.

Most work in Johannesburg, there are a handful operating in Durban, and the Cape Town office closed in April last year.

● See Page 14.

Brazil named as possible market

Shortage in EC opens door for SA steel exports

HAMISH McINDOE

SANCTIONS-HIT SA steelmakers might be heading for a short-term burst in steel slab exports because of an EC shortage.

A metal industry source in London said a demand for slabs had forced steelmakers to concentrate on supplying EC markets.

Brazil has been named as one country that may be turning to SA for more steel slab imports, possibly to highlight Brasilia's annoyance at having its steel import quota to the EC pegged in the 1987 bargaining round.

Brazil exports about 200 000 tons of steel to the EC.

An SA steel industry source said the "deduction was sound".

He said: "I know there is a demand for slabs in Europe but I'm not sure how severe the shortage is."

SA's steel export figures have been a closely guarded secret since the US, Japan and the EC imposed steel and iron ore embargoes late last year.

Steelmakers also refuse to comment on exports, but Iscor last month commissioned a R120m slab caster at its flagship Vanderbijlpark plant and would clearly benefit from the increased demand.

In another development, Middelburg & Alloys (MSA) may be jockeying to fill a shortage of stainless steel plate in Brazil, whose steelmaker Acesita, is said to be having difficulties meeting local demand.

The London source said: "We understand a stainless steel expansion programme in Brazil has been hampered by debts and strikes."

MSA's Robert Walton denied a major export drive was being mounted in Brazil. "We've had a presence in the country for a long time and try to fill the gaps in Acestita's product range where we can."

Brazil has not applied steel sanctions against SA.

□ The Metal Merchants Association of SA is to join the Brussels-based Bureau International de la Recuperation (BIR), a confederation of major scrap merchants from the EC, Latin America and the US.

An association delegate attended the BIR's AGM in Helsinki this month and it was understood SA's membership was widely welcomed by the bureau.

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Ford decision to quit 'right at the time'

By MICHEL DESMIDT

FORD MOTOR COMPANY'S move from Port Elizabeth to Pretoria in 1985 was the right economic decision at the time and a Delta Motor Corporation-styled takeover would not have been the best option.

This is the view of industrialists in Port Elizabeth, who say that financial factors such as economies of scale and proximity to the main vehicle market made merging with Sigma a more attractive option — despite the hardship it meant for employees retrenched and the resultant regional slump in the motor industry.

The spokesmen were commenting on Ford Motor Company's plans to divest its 42% shareholding in the SA Motor Corporation (Samcor). Ford Canada is negotiating to have its 24% share placed in an employee trust and Ford has still to decide on the future of its 18% stake in the company.

If the divestment plans go ahead, Samcor will become a wholly South African-owned company, as did General Motors, now the Delta Motor Corporation.

The executive director of the Midland Chamber of Industries, Mr Brian Mathew, said it was incorrect to view Ford's decision in isolation — there had been another suitor in Sigma, which welcomed the opportunity for rationalisation to absorb excess capacity in its Pretoria plant.

One of the main reasons Ford relocated was to establish a more effective manufacturing unit, and political considerations — very much a factor in GM's withdrawal — had been of little importance.

The president of the Federated Chamber of Industries and former managing director of Firestone, Mr Peter Morum, said Ford's merging with GM had never been a possibility because anti-trust laws in the United States would have barred such a union.

Further, Ford and GM were traditionally arch competitors internationally and Ford had already established links with Mazda through its Australian operation.

Much money had been at stake, and Ford's prime objective had been to find a strong and independent financial partner, said Mr Morum.

The director of the Port Elizabeth Chamber of Commerce, Mr Tony Gilson, said Ford's decision was not taken lightly and had been based on sound economic reasons.

The question of ownership did not necessarily have much bearing on Ford's profitability since the effective control of Samcor was already in South African hands through Anglo American's 58% shareholding.

Acting out the rituals of concern

GHL Times 16/6/87

Washington Letter
by SIMON BARBER

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MANY years ago, a journalist sent to cover the birth pangs of some third world nation visited the imposing colonial pile that was now the main government building. He was struck by how busy all the newly appointed functionaries appeared to be, shifting papers, cradling telephones on their immaculately suited shoulders surrounded by secretaries.

Such grave and officious activity was perplexing because the telephones had yet to be connected and the shuffled paper was blank. When he ventured a enquiry, the journalist was asked: "Is this not how you people governed?"

Which would merely be an Evelyn Waugh-esque tale of the travails of decolonization were it not descriptive of how, in the waning days of the Reagan era, the United States is trying to cope with Southern Africa, not to mention a host of other issues.

Much of American politics and diplomacy is becoming a sort of ritual in which what are thought to be the successful concrete practices of the past are summoned and re-enacted like some form of sympathetic magic.

Innocent eye

Here is a list: President Reagan, Venice summit, Ambassadors Edward Perkins and Piet Koornhof, Comprehensive Anti-Apartheid act, Administration's Southern Africa policy. To the innocent American eye, each one of these items connotes something real that either happened or exists. The eye is deceived.

Messrs Perkins and Koornhof, for example, may as human beings, even as diplomats, be good, honourable and wise. But, through no fault of their own, they are not ambassadors, plenipotentiary or otherwise, as the concept is usually defined.

They occupy chanceries because the rules of diplomacy require it. They meet people, and compile cables but they do not, in any meaningful sense, act as interlocutors between their respective governments. For one thing, the telephone line between Pretoria and Washington has been disconnected.

While it is more or less clear what Koornhof represents, it is impossible to say the same for Perkins. In terms of a government with an identifiable, coherent point of view or agenda, there is not one here.

The absence starts at the top. Reagan lives in the White House and can still deliver a moving script, but by no stretch of the imagination can he actually be said to preside. Part of the problem is that he has very little to preside over.

Perhaps more so than at any other stage in its history, Washington hides behind its facades several dozen pockets of power, most of them in a state of ever-shifting conflict and competition. You cannot even refer, with any sort of accuracy, to such a thing as "the White House view" or "the State Department view" Take the official approach to Mozambique.

The State Department's Africa bureau insists that the line is one of rapprochement and economic support. This has backing among Democrats who "control" Congress. Other parts of the administration are less sure.

The net effect is that there is no policy. Washington cannot even appoint an envoy, simulated or otherwise, to Maputo Anybody who wants to know what the line is — whether President Joaquim Chissano or an American company interested in investing in the country — might as well look for the answer in sheep's entrails as anywhere else.

The manufacture of real policy having become impossible, synthetics are the only alternative

Congress, for example, under what it felt to be genuine political pressure to do something about South Africa, simulated action by passing the Comprehensive Anti-Apartheid Act, an inchoate mass of contradictory statements and measures utterly unrelated to the reality on the supposed target's ground.

The debate, based on simulated knowledge and evaluation of cause and effect, could not have been more spurious. One of the key staff advisers behind the legislation, who had spent nearly a decade writing a doctoral thesis on South Africa, admitted to me that he had not even heard of the Great Trek.

Fakery

Strange as it might seem to the sugar grower in Natal or the uranium worker in Paducah, Kentucky, whose livelihoods the law has materially threatened, the CAAA was an act of colossal fakery, a pretend policy whose chief goal was its own enactment. To believe that its real aim was to democratize South Africa would be impossibly naive.

But even fakes have consequences, and one of them is to spawn more counterfeiting.

For the past few months the State Department has been concentrating on an "initiative" to have the Western allies issue a joint statement condemning the ANC's violence and Pretoria's intransigent refusal to negotiate.

The plan was to have the statement issued at last week's Venice summit, but this fell through because it was impossible to get all the actors onto the same stage and in the same play simultaneously.

Canada's Prime Minister Brian Mulroney wanted the star role in a virulently anti-Pretoria drama. Britain's Margaret Thatcher and West Germany's Helmut Kohl, while initially interested, decided it was probably better to let the issue lie. Neither, justifiably, was anxious to get into an American production given Washington's mounting record of unreliability.

Fundamental

The minutiae of the background negotiations are interesting, but they do not answer the fundamental question: What would such a statement have achieved or proved beyond the observation that seven Allied leaders can on occasion say the same thing at the same time. Fine. So what?

Short of going to war, there is no way the US or its allies can achieve their aims in South Africa within the span their political processes demand. Furthermore, it is to be doubted whether Washington can do anything coherent until a new administration has been elected, if then.

The only way to fill the chasm between aspiration and performance is to simulate it with ritual and convince oneself the ritual will have the desired effect. And that, in a nutshell, is exactly what is happening.

Black trade unions said to be hesitant over shares offer

We're going, says Ford

280 SMK 15/6/87

By Michael Chester

Agreement on the offer by the Ford Motor Company of the United States to hand over most of its shares in the South African Motor Corporation (Samcor) to its mainly black labour force was hanging in the balance today.

Ford spokesman at the head office of the multinational motor giant in Detroit confirmed that discussions with worker representatives from Pretoria and Port Elizabeth were under way.

But Associated Press news agency reported that Mr Sam Tsiane of the National Union of Metal Workers of SA, who was in the US to discuss the proposal, was cool towards the shares deal. The agency quoted him as saying the union was unlikely to accept the offer.

In Johannesburg, Mr Leslie Boyd, executive director of Anglo American Corporation, which has a 58 percent majority shareholding in Samcor, said the talks between Ford and worker representatives were still at a formative stage.

But whatever the outcome, Samcor would continue to supply Ford vehicles and spare parts through the comprehensive Ford dealer network in South Africa.

Ford, which has been involved with Anglo American Corporation's motor division since 1985, would also continue to supply management and technical assistance, and licence the use of the Ford trade mark.

Ford executives in Detroit have confirmed that the company is discussing the transfer of its 42 percent stake in Samcor into local hands. It envisages handing over 24 percent to a trust to be run on behalf of the 4 500 labour force — 70 percent of whom are black workers — and selling the 18 percent balance to Anglo American.

The deal would also give the workers' trust two seats on the Samcor board of directors.

Mr L Lindsey Halstead, a Ford vice-president, said the US motor company wanted to avoid abandoning the Samcor workers.

No solution to apartheid

But union leaders are reported to take the view that a pull-out deal would offer no broad solution to South Africa's apartheid problems. They are also said to be fretful about the shares deal causing them the loss of entitlement to any legal claims for compensation or severance pay should their jobs become threatened.

But Mr Boyd assured them today: "Samcor is now in a profit position and a strong contender in the South African market. We are confident it will maintain and strengthen its position as one of the country's foremost vehicle manufacturers."

Anglo American intends continuing to give the company its full support.

David Braun reports from Cape Town that the Progressive Federal Party warned today that the Ford pull-out was a tragedy which would not only eliminate a positive influence in South Africa but contribute towards further polarisation.

The PFP spokesman on economics and technology, Mr Roger Hulley, said it was a tragedy for any firm to think about pulling out, especially one like Ford, which was well-disposed to the idea of more democracy and more freedom in South Africa.

"By pulling out they eliminate their influence, and worse, they are actually contributing to a polarisation and deterioration of the situation in the country," he said. "I appeal to them to reconsider, and not to withdraw.

"If they do withdraw, they are losing their influence — and are no use to us."

Boost on way for SA steel

Post Correspondent

JOHANNESBURG — Sanctions-hit South African steelmakers may be heading for a short-term boost in steel slab exports because of a European Economic Community (ECC) shortage.

A metal industry source in London says a demand for slabs has forced ECC steelmakers to concentrate on supplying their own markets.

Brazil has been named as one country that may be turning to SA for more steel slab imports.

SA's steel export figures have been a closely guarded secret since the US, Japan and the ECC imposed steel and iron ore embargoes late last year.

Steelmakers also refuse to comment on exports, but Iscor last month commissioned a R120 million slab caster at its plant.

In another development, Middelburg Steel and Alloys may be jockeying to fill a shortage of stainless steel plate in Brazil, whose steelmaker is said to be having difficulties meeting home-market demand.

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17/6/87 STAR

Gem expert offered to be a go-between

A Portuguese businessman told a Johannesburg magistrate yesterday he offered to act for clients who did not want to deal with South Africans after the implementation of sanctions last year.

A registered importer of diamonds and a gem expert, Mr Adriano Pereira (49) of Lindoa-Velha, Portugal, who was arrested in a police trap, pleaded not guilty to illegally dealing in 27 uncut diamonds worth R246 360 last November.

In defence, Mr Pereira said he hoped to export the diamonds after viewing them. He would still have paid tax on the uncut gems, and would have taken possession of them in Portugal.

Mr Pereira said he arranged for R202 000 to be brought to the Quirinale Hotel to show that he was a "man of means".

He said he had not intended to pay for the diamonds with this money but would have arranged for a letter of credit.

A police officer said that he had used a listening apparatus concealed in the hotel room to listen to the negotiations.

He said he heard a "man with a foreign accent say he was also scared of a police trap but that he had gone too far to drop the business now".

The hearing continues today.

280 STAR 17/6/87

West disagrees with anti-SA sanctions, says Crocker

By Neil Lurssen, The Star Bureau

WASHINGTON — America's major Western allies disagree with the United States Congress view that sanctions will speed the end of apartheid.

This was said here yesterday by Assistant Secretary of State for Africa Dr Chester Crocker at congressional hearings into the Reagan administration's enforcement of sanctions.

Dr Crocker was asked by Congressman George Crockett, a liberal Democrat from Michigan, why the administration had not sought international support for US sanctions, as requested by Congress.

He replied: "We have made it clear we are not going to ask other countries to adopt measures about which we ourselves had serious reservations.

"It is clear the major democracies do not agree with Congress about the punitive import bans — and they have not put them into place."

Dr Crocker noted that the United States had been supported recently by Britain and West Germany in opposing mandatory United Nations sanctions.

The United States had worked closely with its industrial allies to achieve Congress's aims in South Africa, but sanctions and disinvestment were largely American preoccupations, Dr Crocker said.

The hearings reflected deep policy differences between the adminstration and the Democratic majority in the House of Representatives.

Dr Crocker said the administration had implemented sanctions as required by law — and the effect was to reduce American influence.

PARTIES SWAMPED

"Many of our demands have been ignored and we find a South African Government attitude that is frequently belligerent," he said.

South African voters had created a new opposition on the far right and those parties which came near to agreeing with Congress's objectives had been swamped in the election, Dr Crocker said.

He added: "We see no movement on the elimination of statutory apartheid. I think the view of the South Africa Government is that it has been relieved of external pressures and restraints."

Black leaders were saying to the United States that they had not really wanted Americans to leave South Africa, said Dr Crocker.

"We are trying to help blacks build institutions for change and build their capacity to negotiate. We recognise our influence is limited. We want to use it, not remove it."

Dr Crocker warned if other countries imposed sanctions and if the United States went beyond present measures, it could lead to a "hideous economic scenario that has nothing to do with democracy, nothing to do with negotiations, but rather with the further impoverishment of a country that needs growth and not improverishment: a situation where millions of blacks could be unemployed."

Dr Crocker said the administration sensed that the South African Government and its black opposition were groping for answers, and that the United States could be helpful.

Black leaders were re-thinking strategy, just as many Americans were re-thinking the South African issue.

● American support for mandatory United Nations sanctions against South Africa would increase Soviet influence in Southern Africa, Assistant Secretary of State Mr Alan Keyes told the hearings.

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FOCUS

Americans split on sanctions

AMERICA'S major Western allies disagree with the view of the United States Congress that economic sanctions will speed up the end of apartheid in South Africa, the Congress has been told.

This claim was made here by the US Assistant Secretary of State for Africa, Dr Chester Crocker, at a sometimes testy congressational hearing on Tuesday into the Reagan Administration's enforcement of sanctions laws imposed by the Congress.

Dr Crocker was pressed by Congressman George Crockett, a liberal Democrat from Michigan, on why the Administration had not followed the call by Congress to seek international support for the US sanctions.

He replied: "We have made it very clear that we are not going to ask other sovereign countries to adopt measures about which we ourselves had serious reservations.

"It is very clear that the major players among (Western) democracies do not agree with the judgment reached by Congress about the punitive import bans — and they have not put them into place."

Dr Crocker noted that the US had been supported by Britain and West Germany — "the two most important other Western actors" — in opposing mandatory sanctions in United Nations votes recently.

Typical

The US had worked closely with its industrial allies to achieve the aims that the Congress wanted in South Africa, but sanctions and disinvestment were largely American preoccupations, Dr Crocker said.

His reply appeared to anger Congressman Crockett who said it was another example of the Reagan Administration not "giving a damn" about what the Congress wanted.

Their exchange was typical of the tone of Tuesday's hearings which reflected deep differences over South Africa between the Administration and the democratic majority in the House of Represen-

By NEIL LURSSEN in Washington

tatives

At one point, a Republican committee member, Congressman Toby Roth of Indiana, apologised to a senior Administration official, Mr Alan Keyes, for what he described as "vindictive" remarks by Congressman Crockett

Dr Crocker told the committee that the Administration had implemented the sanctions as required by law — and that it had had the effect of reducing American influence with the SA Government.

"Many of our demands and demarches on human rights and critical issues have been ignored, and we find an SA Government attitude that is frequently belligerent towards us," he said

As the Secretary of State, Mr George Shultz, had forecast, a tendency had developed among people in South Africa to look at the US debate and to be distracted from addressing their own problems.

DR CHESTER Crocker . . . pressed.

South African voters had created a new opposition party on the far right and those parties that came near to agreeing with the objectives of the US Congress had been swamped in the South African election, Dr Crocker said.

"We see no movement on the elimination of statutory apartheid. I think the view of the SA Government is that it has been relieved of external pressures and restraints — freer than it was before," he said.

Black leaders were saying to the US that they had not really wanted Americans to leave South Africa, Dr Crocker told the hearing.

"We are trying to help blacks build institutions for change and to build their own capacity to negotiate.

"We don't believe apartheid will go because we do. We recognise our own influence is limited. We want to use it — not remove it."

Dr Crocker warned that if other countries imposed sanctions and if the US went beyond its present measures, it could lead to a . . . "truly hideous economic scenario that has nothing to do with democracy, nothing to do with negotiations, but rather with the further impoverishment of a country that needs growth and not impoverishment — a situation where millions of blacks could be unemployed".

Rethinking

In reply to a further question, Dr Crocker said the administration sensed that both the SA Government and its black opposition were groping for answers, and that the US could be helpful.

More and more black leaders were rethinking their strategy, just as many Americans were rethinking South Africa.

"There are no easy answers," he said.

An American withdrawal of trade, investment and influence meant the reduction of options and strategies for SA blacks.

"By the same token, I think the SA Government has painted itself into a corner and, as time passes, will be looking for ways out of the corner it has created for itself."

Lest we

US acts against SA sanctions busters

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19/6/87

From SIMON BARBER, Daily Dispatch man in Washington

WASHINGTON — Despite its strong opposition to sanctions against South Africa, the Reagan administration has embarked on a sweeping campaign against violators of the Comprehensive Anti-apartheid Act, US officials told congress.

At the same time, however, the Department of Defence was unable to deny categorically that South African intelligence personnel and aircraft had been been assisting the Nicaraguan Contras at the Central Intelligence Agency's request.

The Treasury Department told the House Africa subcommittee that US customs investigators were actively pursuing an unprecedented 22 cases of alleged sanctions-busting involving arms, steel, textiles and other embargoed items.

As a result of the customs enquiries, two persons have been indicted "for attempting to export licensable technical data to South Africa through another country", said Richard Newcomb, the director of the Treasury's Office of Foreign Assets Control.

He was apparently referring to Mr George Posey, a California based dealer in aircraft parts and manuals, who is awaiting trial with a colleague on charges that led to the recall of the South African naval attaché, Mr Nicolaas Vorster, earlier this year.

Several further cases have been dropped, the official said, including one involving imports of South African lobster caught by formerly South African-owned vessels now flying the Cayman Islands flag.

The active enquiries, which are being carried out domestically and by the US customs attaché in Rome, who has responsibility for Africa, all involve third country trans-shipment and-or false documentation of origin.

Four cases deal with alleged exports to South Africa of weapons, aircraft parts, "military commodities" and petroleum products. The rest concern imports of steel, textiles, diamonds, semi-concentrates, furniture and sports equipment.

One of the weapons cases concerns an alleged airlift of machines guns and other arms to Unita last year from a military base in the US via Johannesburg.

Two closed cases involved the alleged transshipment of broomcorn through Ethiopia — dropped for lack of evidence — and the seizure of "two small shipments of tapestries falsely declared as to. . .origin".

Enforcement of the sanctions has dramatically increased the bureaucratic workload, testimony at the hearings indicated.

The assistant secretary of commerce, Mr Paul Freedenberg, said his department's Office of Export Enforcement was now devoting nearly 20 per cent of its total time and budget to ensuring the US computers and other restricted items were not acquired by "apartheid-enforcing agencies".

The subcommittee's chairman, Congressman Howard Wolpe, homed in on allegations that Safair 1-100 aircraft, as well as South African pilots and intelligence officers, had been involved in supplying the Contras between 1983 and last year.

The Deputy Assistant Secretary of Defence for African Affairs, Mr James Woods, denied the reports, but under intense questioning, said he was only able to speak for his own department and could not vouch for the CIA.

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Cosatu finds pullout methods disappointing

The Star Bureau

LONDON — Pullouts by foreign corporations from South Africa — there have been three this week alone — have not achieved much for black workers, according to the general secretary of the Congress of South African Trade Unions (Cosatu), Mr Jay Naidoo.

In a BBC interview here yesterday he said he had been disappointed by the way foreign companies conducted their pullouts.

Citing General Motors as an example, he said most companies indulged in "warehousing" by simply putting their South African interests under a different name "until the campaign for disinvestment has died down".

Asked whether Cosatu was revolutionary and communist, as the Government claimed, Mr Naidoo said: "We demand the right to share the wealth in South Africa and to the Government that is revolutionary.

"If millions of workers who are struggling for a living wage is communism, then we are communists."

He said following the swing to the Right in the election the Government could clamp down even further on the unions.

ANC reacts to Ford's decision

The Star's Africa News Service

LUSAKA — The African National Congress has reacted to Ford's decision to pull out of South Africa, saying its disinvestment would have little or no effect, because it had merely sold its operation to South African interests.

Multinational corporations pulling out of South Africa would not create an impact on the South African Government unless they severed all direct and indirect business links with the country, a spokesman for the organisation said in Lusaka.

ITT sells SA subsidiary

Another US giant decides to pull out

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SAMC 19/6/87

NEW YORK — Another multinational, ITT Corporation, announced yesterday that it was pulling out of South Africa and had sold its South African subsidiary.

ITT, a telecommunications, manufacturing and services company, said it had sold Alfred Teves Engineering SA Ltd, which employs 300 people and manufactures brakes for cars, to Glasfin Investments Ltd, a South African company.

ITT also said it would sell its minority stakes in South African telephone directory and cable businesses.

ITT chairman Mr Rand Araskog said yesterday that the environment in South Africa was no longer conducive to business operations.

ITT said the brake subsidiary had annual sales of R26 million but the pullout would not affect corporate earnings.

The company said it might continue to provide technical assistance to the new owners of the subsidiary.

- In Lagos yesterday, Nigerian Foreign Minister Mr Bolaji Akinyemi urged western nations to close their diplomatic missions in South Africa as a sign of protest against the apartheid policy.

Nigeria, a leading critic of South Africa, has consistently urged comprehensive economic sanctions against Pretoria believing they would help dismantle apartheid.

- In Washington, the White House said that President Reagan and other western leaders at last week's Venice summit stressed multiracial dialogue as the way to end apartheid in South Africa.

The participants in no way condoned the use of violence in reaching political objectives, a spokesman said.

- In London the Anti-Apartheid Movement has challenged Natwest Bank to commit itself to making no more loans to South Africa after the news that the bank had classed some of its South African exposure as bad debts along with those made to Brazil and Mexico.

An AAM spokesman commented: "As Natwest has now recognised that its South African loans are unlikely to be repaid, the least it can do is state categorically that it will make no new money available."

He said Natwest was the third largest UK lender to South Africa (after Standard Chartered and Barclays) with approximately R900 million outstanding. — Sapa-Reuter-AP; The Star Bureau, London.

Consul officials, ANC, Inkatha at sanctions conference

Pretoria shares US platform with ANC

W/Mail 19–25/6/87

By PIPPA GREEN in New York and HILARY JOFFE in Johannesburg

SENIOR representatives of the South African government, the ANC, the Dutch Reformed Church, Inkatha, the US state department and US businessmen met at a closed-door meeting in New York last week, days before three of the largest American companies withdrew from South Africa.

The conference, organised by the US Council on International Business, came the week after the Reverend Leon Sullivan's call for a total trade embargo against South Africa and the week before the Ford Motor Company, Citicorp and ITT announced their intentions to disinvest.

It was addressed by a range of political leaders, including Thabo Mbeki, the ANC chief international spokesman, Tom Wheeler, the South African consul-general, Charles Freeman, deputy assistant secretary of state, Oscar Dhlomo, Inkatha general secretary, Johann Heyns, a Dutch Reformed Church moderator, and Professor Sampie Terblanche of Stellenbosch University.

Those who were there

Thabo Mbeki (ANC), Tom Wheeler (SA Consul General), Oscar Dhlomo (Inkatha), Johann Heyns (NGK church), Tertius Myburgh (Sunday Times), Sol Marzullo (chairman, Mobil)

The keynote speaker, who was introduced by Sol Marzullo, head of the Mobil Oil Corporation and chairman of the Sullivan signatories in America, was *Sunday Times* editor Tertius Myburgh.

Sources here — both in the anti-apartheid movement and in Washington — say Sullivan's announcement might have affected the timing but not the substance of the corporations' decisions to withdraw from South Africa; and the conference organisers denied any link with the Sullivan announcement, saying it had been scheduled long before.

Proceedings of the conference have been kept confidential, but reliable sources say Mbeki addressed the question of economic relations between the US and South Africa in a post-apartheid society. According to a source, he said South Africa was — and would continue to be — crucially linked into the world economy.

While supporting a general sanctions position, he invited US businessmen to discuss their South African involvement with the ANC. He also asked South African businesses to take stronger positions against the government, including refusing to pay army conscripts and declining government contracts.

More than one source said Wheeler was harshly criticised by American businessmen, who "were really talking the language of human rights".

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Closed US indaba on disinvestment

●From PAGE 1

Myburgh, who opposed increased sanctions, quoted a Cosatu report saying sanctions would have a devastating effect on workers.

It is not the first time Cosatu has been quoted recently — by both the pro- and anti-disinvestment lobbies. In a public television debate on Ford's pending withdrawal, screened earlier this week, Alan Keayes of the State Department quoted a "draft Cosatu report" in support of his argument against corporate withdrawal.

Cosatu last week issued a statement to clarify what it called "deliberate confusion caused by the leakage" of the document. It said the document was still under discussion that Cosatu stood by its support for "all forms of international pressure against apartheid".

While there is still ambivalence about Ford's disinvestment — both in the State Department and the anti-apartheid movement — the divestment lobby has welcomed Citibank's announcement that it will sell its wholly-owned South African subsidiary to the First National Bank of Southern Africa, formerly Barclays National Bank Ltd, in a transaction expected to be completed by June 30.

"This will trigger a new wave of corporate withdrawals," predicted Tim Smith of the Interfaith Centre for Corporate Responsiblity, who debated with Keayes on Ford's withdrawal. He reiterated his view that US companies — like IBM, Ford and the oil companies — had strengthened the apartheid state by selling products to the police and miltary.

An anti-apartheid demonstration scheduled outside Citicorp's plush Manhattan headquarters on June 16 turned into a celebration hours after the giant corporation announced its withdrawal from South Africa.

The 500-strong solidarity demonstration was the most manifest sign of a critical and far-reaching debate aired here recently about the current and future role of US business in South Africa.

Citibank has long been targetted by the American anti-apartheid movement as the only remaining US bank in South Africa. Recently 14 percent of its shareholders called on the bank to withdraw from South Africa. US churches have withdrawn $125-million (R250-million) from accounts in protest at the bank's South African investments and New York City has voted to divest its stock.

Citibank has also been pressured in its home state, California, which is one of 21 American states to have sold off investments in US banks and corporations involved in South Africa.

The sale of the South African subsidiary, which ranked 19th among South African banks in terms of assets and 23rd in terms of deposits, will probably have a more critical effect on the economy than Ford's withdrawal. Although Citibank's staff numbered only 185, compared to Ford's 15 000 employees, its significance lies in the size, influence and international financial clout of its parent body.

Although there is not yet clarity about the future of Citicorp's Diners Club subsidiary in South Africa, nor about whether they will continue to extend trade-financing loans, the divestment movement here pronounced Citibank's withdrawal as a "victory" and has now turned its attention to the Shell and Mobil Oil corporations.

The anti-apartheid movement is concerned, though, that Ford's withdrawal still leaves space for the use of the Ford logo and the sale of Ford vehicles in South Africa. They and the United Auto Workers' union, which discussed the terms of withdrawal at a recent World Ford Auto Council meeting, are reacting cautiously to the company's proposal to hand over a proportion of its shares to the organised workforce and to allow two union representatives on the new company's board of directors.

"We are awaiting guidance from the South African union before we do anything," said a UAW representative in Washington.

Ford effectively began the process of disinvestment a year ago when, in the context of a failing domestic auto market, it closed its Port Elizabeth operation and merged with the Anglo-American owned Amcar.

At least one of the divesting companies — ITT — may simply have been making political capital in response to these pressures.

Its decision to sell off holdings in South Africa was actually made in October, soon after the passage of the US Comprehensive Anti-apartheid Act, and the deal was completed by the beginning of May.

ITT's sale of the brake manufacturers, Alfred Teves Technologies, was to local management backed financially by First National Bank (then Barclays Bank).

Alfred Teves' managing director, John Brandtner, says nothing has changed in terms of the company's operations and its presence on the market.

But the company can now respond more flexibly and appropriately to local economic conditions and to the needs of its workforce, he argues.

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W/Mail 19-25/6/87

US-SA RELATIONS

Help that just won't come

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Strains in the relationship between SA and America have re-surfaced — just as President Reagan is seeking to overrule the sanctions law passed by congress last year. But disinvestment has to be accepted as a fact of life now: more companies will leave. The terms on which they go is of crucial significance.

Constructive engagement is dead — long live constructive engagement. Sources in Washington indicate that a new version of what is an admittedly failed policy governing US-SA relations is being test-driven among various constituencies — including major business corporations — for acceptability. Ronald Reagan is said to be personally interested in the South African dilemma — and that it will occupy much of the time left to him as president.

That is not entirely good news. The Reagan presidency may not be on the rocks, but even without the Iran-Contra imbroglio, Reagan's tenure has become afflicted with that deadweight, lame-duck pattern of drift which marks the final 18 months or so of even the best US heads of state.

This has very real implications for corporate SA. It is a situation in which no illusions should be cherished that the worldwide drive for sanctions and disinvestment can be halted. Facts have to be faced.

True, the amount of coverage of South African affairs — particularly of violent incidents — is declining in foreign newspapers and on television. But the impetus towards disinvestment remains high. City treasurers and pension fund managers reflect the views of socially aware communities, and they will continue to pressure banks and businesses to cut all ties with SA.

The latest example is the US city of Syracuse, which is to cease doing business with banks invested directly or indirectly in SA. As the saying goes: take a few million here and a few million there, and soon you're talking about real money.

This trend has a momentum that international bankers believe is increasing. It is far easier to trade with SA (though that too requires some defence) than to have an actual presence here. But getting out is problematic — as Ford is discovering.

Ford's decision to withdraw is understandable on economic grounds. Whether it is morally defensible, given its active programme of social responsibility here, is another matter altogether. The company's offer to vest part of its interest in Samcor in a trust for Ford workers can be seen as a *form* of privatisation. It would give affected workers a far more direct stake in the success of their business than they have as simple wage-earners. Yet the proposal has run smack into the volatility of black union perceptions.

The *FM*'s view is that the union leaders who want to reject or stall the proposal as it stands are mistaken. It suggests, in fact, that they are not in touch with grassroots opinion on matters like jobs and better pay. What Ford is proposing amounts to doing on the private shopfloor what Margaret Thatcher is doing in Britain's political arena — getting a stake in private enterprise down to workers.

Rev Sullivan

The union says it wants no part of the equity of an unprofitable enterprise — which is absurd. Would they voluntarily leave their jobs or negotiate pay *downwards*? Of course not. So they will remain part of Samcor on terms less favourable than those offered.

Similar schemes could well be the answer for those socially aware companies who subscribed to the Sullivan Code. This route holds out much more chance of winning more material benefits for workers, and has a greater job-creating potential than anything the Rev Leon Sullivan has been able to achieve over the years.

Sullivan himself has given up. His call for sanctions and disinvestment suggests that — as far as he is concerned — his fellow Christians in SA are beyond redemption. That is as presumptuous as Archbishop Desmond Tutu's bizarre messianic statement that he "will announce the day when we (blacks) have reached the end of our tether."

Nonetheless, the fact that a relatively obscure preacher like Sullivan has had a definite impact on US corporate thinking is indicative of the sensitivity of the South African issue. And it has to be faced that the Nationalists are their own worst enemies when it comes to producing ammunition for foreign anti-SA pressure groups.

Take the ill-conceived plan to force employers to deduct unpaid black rents. How will this, if implemented, make matters any easier for those US and other transnational firms who want to remain? At a stroke they become Pretoria's rent collectors; back home, the uproar will be deafening. At best they will have to face pressures to engage in overt civil disobedience. The outcome? Further corporate disengagement.

The rents crisis is but one element in the mixture of SA's social instability. To consider the matter in isolation from the broader political scene is risky. However: if those corporations who are going to leave were to do so on the terms offered by Ford, there would be yet a further, longer-term benefit for the workers concerned.

This is that — as Margaret Thatcher has in mind for Britain — there would be greater opportunities for those who rent houses to buy them. The work force would have the financial base to do so. Such a step, *properly managed* — as Pretoria has been incapable of doing so far — contains the seeds of a solution to the rents crisis. It would, in short, give blacks a stake in their future.

In considering the broader picture, it is

THE MORAL CAVALRY

In spite of Canada's efforts, the South African issue was reduced to the familiar generalities of hope and exhortation in the political communique at the end of the Venice Summit (see *World*). It is, however, very much on the agenda.

Canadian Premier Brian Mulroney's aim is the setting up of a more high-powered version of the Eminent Persons Group (EPG) involving the G-7 (the US, Japan, Germany, France, Britain, Italy and Canada) with the imprimatur of the Commonwealth. The fact that Britain (with German support) stymied a special "Venice Declaration" on SA, because it would be counter-productive in the light of last month's election outcome, was portrayed as a defeat for Mulroney.

But Mulroney's push was always intended as a start to the process. The G-7's inclusion of SA in its wide-ranging political statement "was not a perfect response," said Mulroney, "but what was important was that the issue was addressed."

Canada's next step will be to produce proposals for a new EPG — reminiscent of the Contact Group of the US, Britain, Germany, France and Canada on Namibia — at the Commonwealth Heads of Government gathering at Vancouver. Once Commonwealth agreement has been secured (obviously with British support) Mulroney will be set to put the idea formally to the G-7 when he hosts its next meeting in Montreal.

worth noting that while the reimposition of the State of Emergency was probably both inevitable and necessary, it need not have been done in such a way as to tighten the security regulations under which we live. Could Pretoria, for once, not have bent a little — easing the regulations? Wiping off the books the precedents set by the senior judges in Natal demonstrates only a blind emphasis on total power at any cost.

But perhaps the Nationalists no longer care about such matters as overseas political and business opinion. That's a pity: it's the route to further, constant erosion of an economy in which the flickerings of recovery need to be nurtured, not summarily extinguished. What, in the final analysis, will Reagan — and our other, diminishing circle of friends — be given by way of argument to defend their continued presence in SA? Right now, very little. ■

Pullout chance to foster industrial harmony

Ford may leave R175-m goodbye gift to workers

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SMM 19/6/87

By Michael Chester

The package offered by Ford Motor Company in the event of withdrawal from South Africa promises to put R175 million in assets into a proposed trust to be run on behalf of the 4 500 labour force at the South African Motor Corporation (Samcor).

The market value of the shares package would push the total even higher, but it is impossible to put a precise figure on its value because the shares are not quoted.

Dividend income would ensure steady increase in the size of the fund.

The deal, which also envisages the handover of two seats on the main Samcor board of directors to representatives of the employee trust, may give South Africa a world lead in new approaches to industrial harmony.

Mr Leslie Boyd, chairman of Samcor, said: "The deal is unique to South Africa. It opens up entirely new vistas in solving the problem of bridging the gap that is sometimes perceived between labour and the free-enterprise system.

"Under the new proposals, the employee trust will have control of a major shareholding in Samcor, thus giving the labour force a financial stake in operations that is without precedent in South Africa."

Donation visualised

Mr Boyd is also an executive director of the Anglo American Corporation, which controls the majority shareholding in Samcor and whose representatives would sit side by side with the employee trust representatives in the reconstructed Samcor board of directors.

He said negotiations on the proposals were still in progress.

Details have yet to be hammered out, but, according to union sources, Ford visualises giving the bulk of its 42 percent shareholding to the trust, giving it control of 24 percent of all Samcor shares.

Ford may then negotiate the sale of the 18 percent balance of its shareholding to Anglo American.

Said Mr Boyd: "With the current socio-political tensions inside South Africa, it is well known that business must take new initiatives to end labour suspicions about the private-enterprise system.

"The new proposals offer a unique opportunity to introduce a system of power sharing between management and employees and give labour a real stake in reaping the rewards of free enterprise.

"There are obviously also new opportunities for the work force to benefit from a share in the profits as well as be assured of greater participation in corporate affairs."

He added: "Samcor is now in a profit position and a strong contender in the South African market. We are confident it will maintain and strengthen its position as one of the country's foremost vehicle manufacturers.

Final decision awaited

"Anglo American is equally confident about Samcor's future and intends continuing to give the company its full support.

"Ford headquarters in Detroit have yet to make a final decision about whether it stays in South Africa or transfers its direct investment. Agreement on the proposals to create the employee trust may have a strong bearing on an ultimate decision."

Mr Boyd pledged: "Whatever the outcome of current talks, owners and potential buyers of Ford vehicles in South Africa are guaranteed the continuation of production of Ford products and full service facilities.

"Agreement has already been reached that Ford will continue to supply Samcor with vehicles, components, management and technical assistance, as well as licensing the use of the Ford trade mark.

"So the public is assured that Ford operations will go on. We hope the labour force will be sharing in the responsibilities as well as the financial side of the exercise."

"It is a terrifically exciting concept that is welcomed by Anglo American and likely to be welcomed by Samcor employees with equal enthusiasm.

"South Africa needs a breakthrough in bridging the gap between labour and notions about free enterprise. This may well be it."

Economy on course to achieve growth target

19/6/87

(280)

By Sven Lünsche

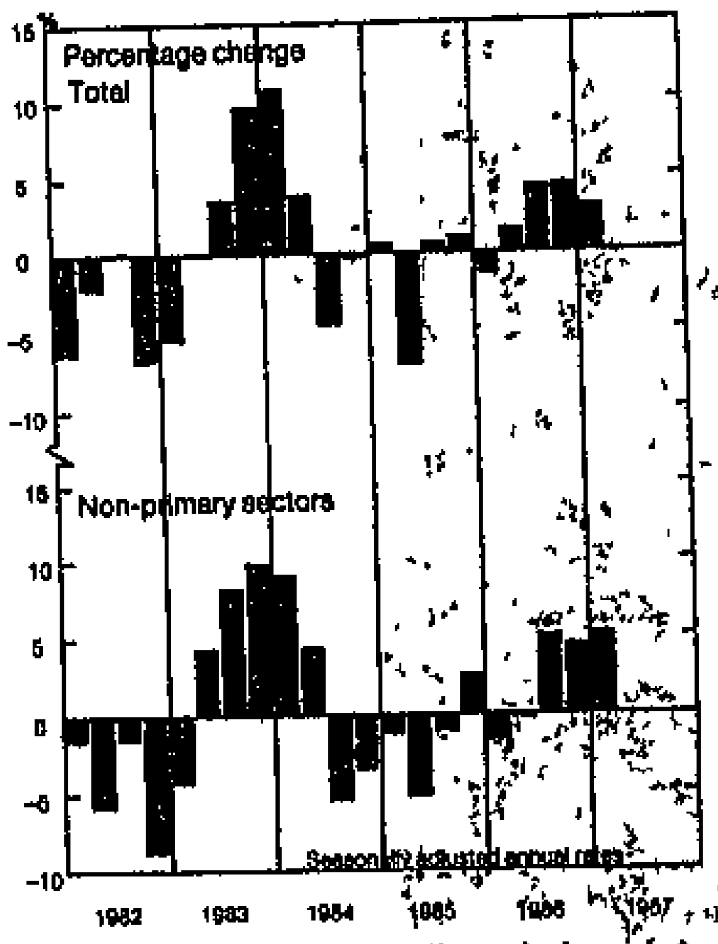
The South African economy is well on its way to achieving the anticipated three percent Gross Domestic Product (GDP) growth rate in 1987, according to the June edition of the Reserve Bank's *Quarterly Bulletin.*

Statistics released by the bank show that the impressive advance in GDP recorded in the second half of 1986, was continued in the first quarter of 1987, but at a somewhat lower rate.

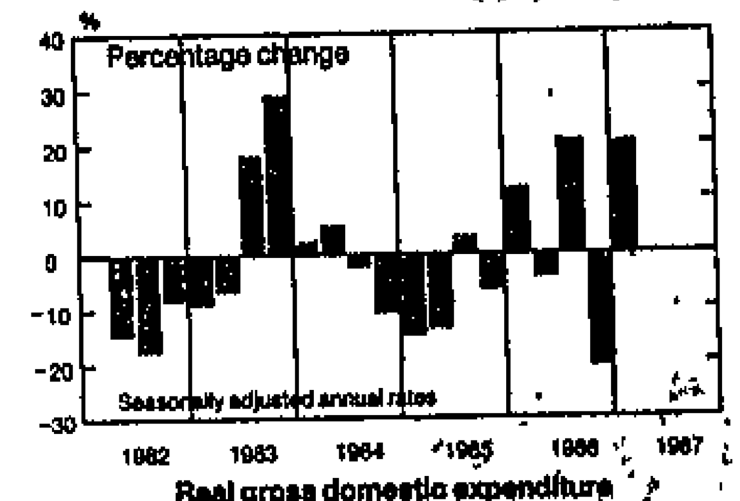
Provisional estimates of 3,25 percent growth compares with slightly more than 4,5 percent in both the third and fourth quarters of 1986 but well up on the negative 2,5 percent in the first quarter.

"Domestic data from the middle of 1985 therefore now present a picture of an economy that, after an early period of vacillation, has been on a decisive, moderately vigorous, upward course," the bank's economists write.

"Notable contributions to higher real output levels during these three quarters were made by the manufacturing industry and by the wholesale, retail and motor trades, accounting for about 45 percent of total real



Real gross domestic product



Real gross domestic expenditure

gross domestic output in 1986."

More good news on the economic front is that real gross domestic expenditure, which fell back sharply in the fourth quarter last year, recovered strongly during the first quarter.

According to the bulletin, however, the rebound in spending was accounted for primarily by increases in so-called real "final demand", the total of real private and government consumption expenditure and fixed investment.

Private consumption expenditure grew at a rate of 4,5 percent during the period, deriving considerable support from an annualised 3,5 percent rise in real disposable income.

"However, major leeway remained to be made up in regaining earlier levels of expenditure on consumer durables, as total real durable consumption expenditure in the first quarter of 1987 actually was no higher than in the second quarter of 1985," the Bulletin adds.

The major contribution to consumption expenditure came from the government and the public sector, a development which some economists regard as detrimental to long-term growth, but others consider it to be the right tonic for the economy at present.

"Real government expenditure rose sharply during the reporting period. Declines in this kind of expenditure during the preceding three quarters therefore now appear to have represented postponements of such expenditures rather than a shift to durably lower levels," the Reserve Bank says.

Against the overall trend in the economy, spending on domestic fixed investment could not sustain the encouraging recovery of the second half of 1986.

While the outlook for the next five years is still positive, the moderate decline over the three months was largely accounted for by substantial reductions in fixed capital spending by public corporations.

Generally, however, there was a substantial rise in the levels of real output and expenditure, which also saw the volume of merchandise imports rise by 10,5 percent from the fourth quarter last year to the first quarter of 1987.

There was also an overall decrease in the value of merchandise export, which the bank largely attributed to continued weaknesses in the international commodity markets and to a further strengthening of the rand.

A very considerable R7,4 billion surplus was nevertheless recorded on the balance of payments — the ninth consecutive quarterly surplus since the beginning of 1985 — but lower exports and higher imports caused this figure to be substantially down on the previous quarters record R12,9 billion.

There's a profit in disinvestm

(280) DD 19/6/86

From SIMON BARBER in Washington

You're an American company unfortunate enough to do business in South Africa As a result, you've just lost a big contract with the city of Los Angeles.

A stockholder resolution calling for disinvestment received an unprecedented 15 per cent of the shares voted at your annual meeting. The Reverend Leon Sullivan has abandoned you. The US Congress is about to get on your case.

Your South African subsidiary, whatever its future prospects, is no longer especially profitable

What with trying to keep abreast of the Sullivan Code and coping with the army of local legislators trying to boycott your products and sell your stock, you've been spending millions and tying up some of your best people on what, in the short-term at least, is a wasting asset.

Not only are you being pressured to get out, but now there's a new twist. To get the activists off your back, you've got to leave "responsibly" in a way that leads to "black economic empowerment."

Simply selling out to your white managers, taking a tax write-off and carrying on a sales relationship isn't good enough.

So you start trying to put together a deal to transfer ownership to black employees. The local unions don't like it and would rather take the cash, thank you.

Other potential black buyers are scared off because the ANC and its supporters say that taking over departing companies' assets is a form of collaboration. Great.

Let's say you find a buyer. Where's he going to find the capital?

You agree to advance it yourself, only to discover you've run afoul of the Comprehensive Anti-Apartheid Act's ban on new loans and investment. You have to get a special certification from the Treasury Department's office of foreign assets control saying that the buyer is politically hygienic in terms of the law.

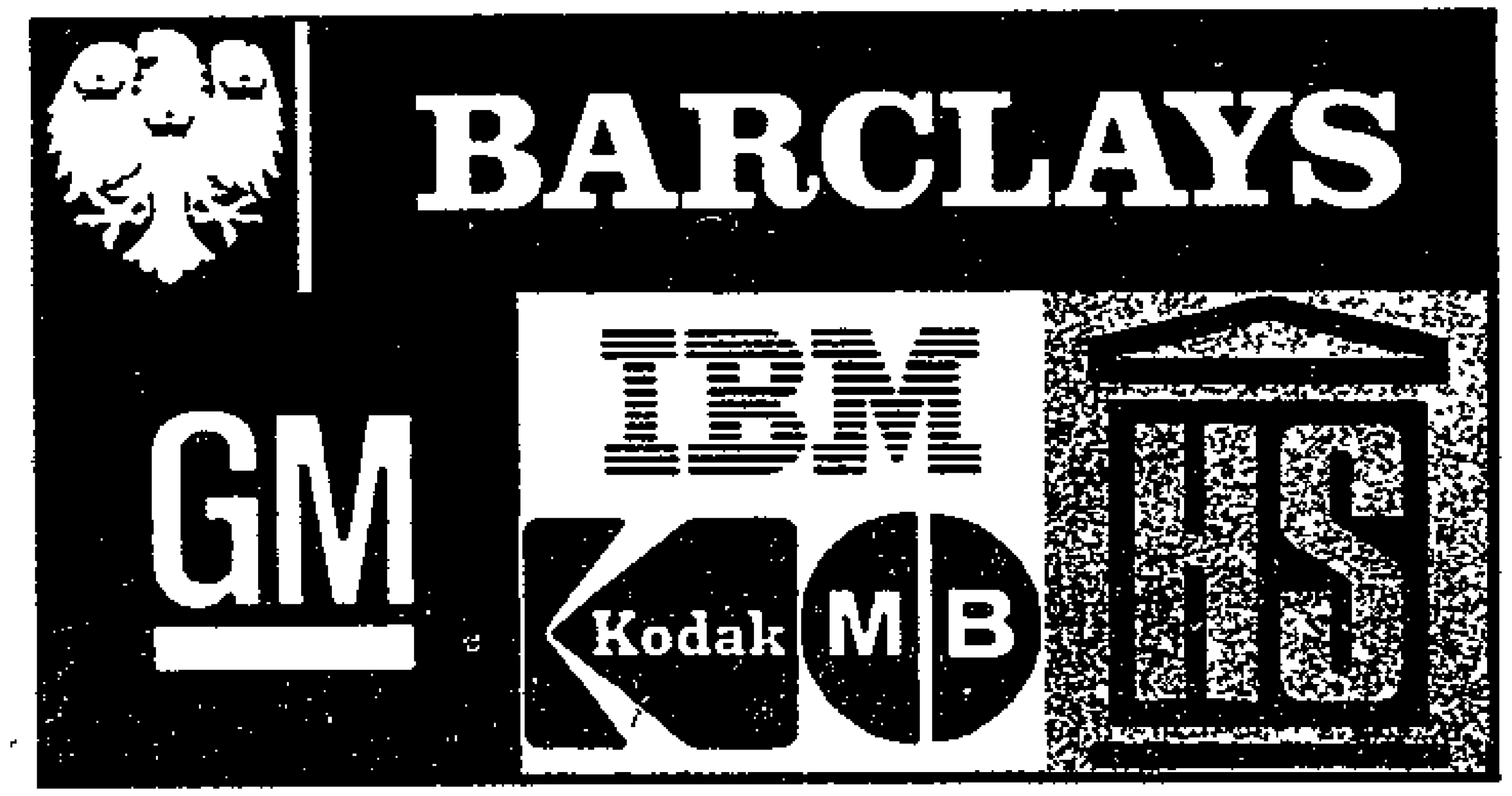
More paperwork. More Hassle. Will it ever end?

Succintly, you have a problem, and where there's a problem there is nearly always a profit to be made by someone who can offer a solution convincingly enough.

Enter Dr Marcy Murninghan and Mitchell Investment Management (Mimco) of Boston, consultants in politically acceptable corporate withdrawal.

"We at Mimco have developed strategies for dealing with the disinvestment issue that help to fulfil the company's bottom line and future profit objectives as well as promote greater economic opportunity for majority population South Africans," boasts the consultants' literature.

The striking and articulate Dr Murningham (her 1983 Harvard doctorate is in "administrative planning/social policy") has become the quote of choice in US newspaper and television reports on disinvestment — and a fixture at places where businessmen meet to console each other about South Africa.



Going and gone.

Naturally, she was on hand when Mr Sullivan took his leave on June 3.

While her prospectus cites clients in the Fortune 200, those executives most committed to staying on — and therefore least likely to retain her — are not flattering in their assessments.

"A vulture," says one. Another: "She is profiting from peoples' suffering."

Whether or not this is fair depends on one's perspective. What is clear is that, in offering its services, Mimco goes out of its way to emphasise the kind of data guranteed to keep the divestment lobby at the heels of any company that will not take Dr Murninghan's advice.

Since she also counsels the local authorities on what constitutes sound divestment, she is in a good position to define the issue and thus expand her own market.

A Murninghan press release timed to coincide with Mr Sullivan's announcement underlines the following on its opening page:

"Overall, from 1986 through the end of May 1987, 48 subsidiaries were sold to white South African buyers; 23 subsidiaries were sold to foreign or other American investors; and five subsidiaries were sold to white South African-controlled trust funds.

"Twelve subsidiaries terminated their operations by closing their offices, five subsidiaries established shell corporations to enable future business operations. Five subsidiaries retain non-controlling equity interest in a South African firm.

"Among the entire group of 104 subsidiaries sold over the past 17 months, 38 per cent continue an economic connection to the erstwhile parent. These third-party links take the form of licensing, distribution, franchising or trademarks."

To get the divestment lobby really salivating, Dr Murninghan then observes: "These figures plainly show that pull-out plans used by American investors have overwhelmingly transferred economic power to white beneficiaries, thus contributing to the polarised situation in South Africa."

Having opened up broad new vistas for anti-corporate activism, she devotes the next two pages to scaring the companies with an analysis of the activists' clout.

She warns of the goods and services boycotts already enforced by most major US cities, the proliferation of shareholder resolutions and, last but not least, the fact that "$400 billion of assets of 535 institutional investors (are now) affected by South African restrictions of one kind or another."

Dr Murninghan concludes: "It is time to consider how sanctions can be squarely and honestly directed to genuine economic empowerment for majority population South African workers.

"In other words, policy-makers should consider ways in which the disinvestment process results in economic justice rather than injustice for those who have suffered under the apartheid system "

In yet other words, come one, come all to Mimco and we'll tell you the secret of how it can be done. For a fee.

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Xerox pulls out of SA

From Simon Barber

WASHINGTON — Xerox corporation announced yesterday that it had signed an agreement to sell its South African subsidiary to Fintek, a member of the Altron group, thus becoming the fourth US company to leave this week.

The company declined to reveal financial details, but said it would be establishing a foundation to support "management and technical education for black South Africans" and which would work closely with the Altron-backed Black Management Foundation.

Negotiations on the pact, which was signed on June 9, began last March, a company spokesman, Mr Peter Hawes, said.

The withdrawal will be completed "within about two months". Fintek will continue to market and service Xerox products.

Mr Hawes denied the announcement's timing was connected to the Reverend Leon Sullivan's decision to abandon his employment principles.

The decision to sell out after 22 years in South Africa was in response to "growing worldwide pressure from governments and shareholders", the spokesman said. "Our objective is to demonstrate our concern...and to protect our employees, customers and shareholders."

Mr Hawes said a major concern was the proliferation of state and local laws boycotting the products of companies still in South Africa.

ILO votes for sanctions

380

DD 20/6/87

GENEVA — The International Labour Organisation (ILO), overriding Western government reservations, voted yesterday for mandatory economic sanctions against South Africa, that would stop trade, loans, investment and dealings with Pretoria on the world gold market.

A report condemning South Africa's apartheid policies was adopted by 331 votes to eight, with 26 abstentions, at the ILO's annual conference.

It called on all governments to sever political, military, cultural, sporting and diplomatic relations with Pretoria.

It denounced Pretoria's recent extension of the state of emergency, which it said violated civil and trade union rights.

The US government delegation voted against the report, saying its recommendations would not advance prospects for a democratic multiracial system in South Africa. Mandatory sanctions would not work, and would harm South African workers and the economies of neighbouring black African states, it said.

Britain also voted against, and Belgium, while some other European Community members abstained, saying the call for mandatory sanctions exceeded the competence of the 150-member ILO, whose aims are to promote social justice and improve workers' conditions around the world.

Most worker delegations voted in favour, together with the Third World and Soviet Bloc. Each country sends three separate delegations to the conference, composed of representatives of governments, employers' associations and trade unions, and these act and vote independently of each other. — Sapa-RNS

ILO votes for anti-SA sanctions

Cape Times 20/6/87

280

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It called on all governments to sever political, military, cultural, sporting and diplomatic relations with Pretoria, and urged trade unions around the world to boycott South African goods, and to expel union members who emigrated to the Republic.

It also denounced Pretoria's recent extension of the state of emergency for a further year.

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THE WEEK SANCTIONS WENT ON TRIAL IN AMERICA

DR MARCY'S PATENTED PAINLESS PULL-OUTS

By PATRICIA CHENEY
Washington

HARASSED American company executives taking the chicken run out of South Africa are being given disinvestment-without-tears advice from an unlikely quarter

Dark-haired Dr Marcy Murningham runs a company called Mitchell Investment Management Company (MIMCO) in Boston which tells businessmen how to quit profitably — and in a way that'll get the activist crowd off their backs.

Pressure

Attractive Dr Murningham stands confidently astride the two warring factions, advising on how to set up worker buy-plans, employee benefit plans and other schemes which are deemed "socially responsible" and which won't leave the departing firms too much out of pocket

It is an idea for which the time has clearly come.

"Disinvestment has overwhelmingly benefited other South African, foreign and American businesses rather than black South African workers," Dr Murninghan said.

"We've tried to build up models connecting divestment with the economic empowerment of black South African workers.

"We asked how pressures on companies to leave South Africa could be converted to a positive outcome."

MIMCO has already provided information — "without promoting policy" — to city and state pension fund managers, university trustees and other institutional investors on the possible consequences of dumping stock invested in companies with subsidiaries in South Africa.

According to Business Week magazine, in 1985 and 1986 Dr Murningham helped at least 16 state and local governments and 10 colleges rid themselves of over $5 billion dollars in South Africa-related holdings

The pull-out strategy was the next step.

"We were in a position to point out that there were ways in which people could think of sanctions and disinvestment in terms of economic opportunity rather than economic non-opportunity," Dr Murninghan said.

Belief

The lure to businessmen, whom Dr Murninghan described as "frustrated" by the increasing demands of activists, has been potent.

It is now all but *de rigueur* for executives to knock on her door before withdrawing from South Africa

While she is the first to admit she is no "crusader," the 37-year-old businesswoman does hold a doctorate from Harvard in administrative planning and social policy.

She also grew up in a house dominated by politics — her father was mayor of Lansing, Michigan. Later she helped implement a job programme for welfare mothers.

"I have a deep belief in human beings being able to solve their problems if the will and the wisdom is there," she said "We want to develop the information and models to help them."

Critics

Dr Murninghan is not without her detractors She has been called a "vulture" and an opportunist by critics in both the corporate and activist worlds who feel she and other investment managers specialising in "social investment" are profiting from a miserable situation.

"Not everyone is going to love you," Dr Murninghan said in reply "I am certainly a businesswoman, but I also believe in what we're doing"

Dr Murningham — "I believe in what we're doing"

'Show trial' over implementation of sanctions on SA

By PATRICIA CHENEY: Washington

THE US bureaucracy went on trial this week as the pro-sanctions Africa sub-committee grilled administration officials on just how meticulous they have been in carrying out the sanctions measures

That it was a show trial goes without saying The hearings were held to coincide with the eleventh anniversary of the 1976 Soweto uprisings, giving members of the joint Africa and international trade sub-committees plenty of opportunity for grandstanding.

It was also clear that Africa sub-committee chairman Howard Wolpe had already made up his mind that in some instances the administration's performance was "less than stellar"

This included the continued import of South African uranium, bought by third countries and sent to the US for enrichment, the administration's failure to call an international conference with its allies to co-ordinate sanctions and its refusal to vote for more sanctions in the United Nations, and the continued import of South African crayfish.

Unfounded

The administration dutifully produced five top officials, including the Assistant Secretary of State for Africa, Dr Chester Crocker, and the Assistant Secretary of State for International Organisation Affairs, Dr Alan Keyes, to answer the congressmen's questions.

What soon became abundantly clear was that the administration has spent an enormous number of man-hours enforcing the sanctions it so adamantly opposed

● According to Mr Richard Newcomb, director of the Treasury Department's Office of Foreign Assets Control, the customs service has already initiated 18 domestic and eight foreign investigations into sanctions-busting

The allegations, most of which, he said, appeared to be unfounded, included false declaration of country of origin of products like diamonds, steel and textiles, the supposed import of Krugerrands made into jewellery and the illegal export of petroleum products, weapons and aircraft parts

● The administration has turned out 13 reports, mandated by the legislation, on everything from dependence of the US on South African strategic minerals to ties between the African National Congress and the Communist Party Two more are in the pipeline.

The State Department also delivered a 200-page report to congress this week on the sanctions implementation

Rejected

● According to Mr Paul Freedenburg, Assistant Secretary of Commerce, for Trade Administration, US embassy officials in South Africa are now visiting the premises of all South African buyers of American computers to ensure that none is going to any apartheid-enforcing agency Checks are also made before the computers are shipped

This year the Office for Export Enforcement (OEE) has initiated 26 pre-licence checks of computer exports

Mr Freedenburg said South Africa accounted for a third of all post-shipment verifications carried out by the OEE worldwide this year Fifty-six staff hours a week are devoted to checking South Africa-related information

Dr Crocker rejected Congress griping about his decision not to follow recommendations in the legislation to seek multilateral sanctions with US allies or in the United Nations

"You are well aware of our feelings regarding punitive economic sanctions," Dr Crocker said in reply to written questions "We feel that the important issue remains the identification of those bilateral and multilateral measures which are likely to influence the South African Government to abandon apartheid."

● See Business Times, Page 11

US amba[ssador] ambivale[nt on] SA sanc[tions]

Sunday Times Reporter

THE United States ambassador to South Africa, Mr Edward Perkins, has come out with some strongly-worded observations on the current situation — and implied he is indifferent to continuing disinvestment

The normally low-key envoy told a Portland, Oregon, US, audience yesterday that sanctions were an "unmitigated success" in expressing displeasure for apartheid but it was too early to say whether they would contribute to change

Mr Perkins also said he would not discourage companies from disinvesting.

Abhorrence

The ambivalent stand by the diplomat contrasts with the strong stand against sanctions recently taken by Assistant Secretary of State, Dr Chester Crocker, and Un-

... SUPERSAVERS

The ILO calls for mineral sanctions

PATRICK BULGER

INTERNATIONAL mineral-sales sanctions have been called for by the International Labour Organisation (ILO) in a move to further weaken SA's financial strength.

REUTER reports that the ILO, meeting for its annual conference in Geneva, voted by 331 votes to eight to call on governments to sever political, military, cultural, sporting and diplomatic ties with SA. There were 26 abstentions.

A report prepared by ILO director-general Francois Blanchard earlier this year singled out mineral sales as SA's vulnerable point. Blanchard noted that in spite of sanctions, higher gold and platinum prices had boosted confidence in SA.

A Chamber of Mines source said that while resolutions of an influential body like the ILO had to be taken seriously, it was unlikely to affect mineral sales.

He said the fact the major Western nations like Britain and the US had voted against the proposal indicated that mineral sales would not be badly affected

He said the ILO could not implement sanctions, but could only recommend them to governments, or recommend that member trade unions refuse to handle SA goods

The ILO also urged trade unions around the world to organise consumer boycotts of SA goods and to expel union members who came to work in SA.

The resolution called for a stop to trade, loans, investment, and dealings with SA on the world gold market

The US delegation voted against the report, saying it would not advance the prospects for democratic change in SA and that it would harm workers and neighbouring states

The ILO is composed of worker, government and employer delegations from around the world SA is not a member.

Perkins applauds sanctions 'success'

CAPT 7/1/... 22/10/87 ... 280 ...

PORTLAND, Oregon. — The United States ambassador to South Africa, appearing to break with White House policy, has applauded US sanctions and says he would not discourage companies from leaving South Africa.

In his first US speech since becoming ambassador, Mr Edward Perkins said on Friday that the sanctions had been "an unmitigated success" in expressing displeasure for apartheid. However, he said it was too early to tell whether it would contribute to change.

President Ronald Reagan unsuccessfully vetoed Congress-imposed sanctions last year and opposes the departure of American companies from South Africa.

The Minister of Foreign Affairs, Mr Pik Botha, said last night that he was not prepared to comment on Mr Perkins' remarks until he had seen the full text of Mr Perkins' statement.

Mr Perkins said there was a need for "more inventive ways to manage our relationship with the government of South Africa and with the South African people".

"We have to make abundantly clear in almost any way we can our abhorrence of a system which has a minority of the population enjoying economic and political rights at the expense of the majority," he told a joint meeting of the City Club and the World Affairs Council of Oregon

Though the White House opposes the departure of American companies from South Africa, Mr Perkins said: "I don't urge companies to leave or stay"

He also said it was "far beyond my capability to address" the issue of disinvestment, referring to the debate over whether local and state governments, colleges and other groups should sell their stocks in companies that remained in South Africa.

Mr Perkins said companies that stayed in South Africa must remain socially engaged and those that withdraw should leave behind something for black South Africans. As an example of what could be done, he said universities that disinvest could put their money in a trust to help black South Africans.

In his speech, Mr Perkins said the state of emergency had succeeded in restoring order "as the South African government likes to define it".

"The aspirations of black South Africans have not been stilled They may temporarily have been halted, but aspirations will not go back to pre-state-of-emergency levels "

He said that the "most egregious" act under the state of emergency had been the detention of children

The White House has maintained that disinvestment and the departure of American companies from South Africa thwart efforts for peaceful change and hurt blacks more than whites

Mr Perkins did not address the question of whether sanctions were wise from an economic viewpoint

Mr Perkins said the outlook was bleak, specially since elections earlier this year strengthened the hand of pro-apartheid forces. He said there might be a crackdown against black trade unions and an attempt to curb outside financial support for anti-apartheid activities

"This drama . . has a long time to run I don't know how long. I wish I did " — Sapa-AP

ARGUS 22/6/87

280

Sanctions policy confusion

From NEIL LURSSEN
The Argus Foreign Service
in Washington and
DAVID BRAUN, The Argus
Political Staff

IT is likely that the Reagan Administration and the South African Government will want clarification from Mr Edward Perkins, the US ambassador to South Africa, as to what he meant when he addressed the City Club and World Affairs Council in Portland, his home city.

In his weekend speech in Oregon, Mr Perkins appeared to come close to rejecting American policy.

As reported by the Associated Press, Mr Perkins said that sanctions had been an "unmitigated success" in expressing contempt for apartheid, and that he would not discourage US companies from leaving South Africa.

In Washington, a State Department spokesman said there would be no official comment until the speech had been read in full here.

Obliged to promote Reagan's policies

The Reagan Administration, whose policies Mr Perkins is obliged to promote and foster, is opposed to most of the anti-SA sanctions now in effect. President Reagan tried to veto the measures when they were approved by the Congress last year, but was over-ridden.

In addition, the Administration is firmly opposed to further sanctions and disinvestment and is trying to persuade US companies not to withdraw, arguing that their presence is needed in South Africa to help make the SA economy an "engine of change" and to continue US influence at a time of transition.

The Secretary of State, Mr George Shultz, has repeatedly praised the companies that are staying, and Dr Chester Crocker, his top Africa official, took the same position last week in testimony before a congressional committee.

When he returns to Washington, Mr Perkins may be asked to explain what he meant when he said he did not urge companies to stay or leave because . . "it is far beyond my capability to address".

He was also quoted as saying: "The Comprehensive Anti-Apartheid Act of 1986, as a statement of abhorrence by the American people of a hated system, was an unmitigated success.

"There is no question about where the American people stand with respect to South Africa and its Government at this time."

While Mr Perkins's remarks may be taken to mean that the sanctions law is successful in terms of American

Mr Pik Botha

domestic politics and in expressing American dislike of apartheid, it seems likely that he will be required to explain exactly what he had in mind in calling it an "unmitigated success" — particularly in terms of the strong opposition to the Act by President Reagan and his Cabinet

In South Africa, Government and diplomatic sources were irritated at the latest flip in America's policy towards southern Africa, saying

Mr Perkins

that if Washington had a policy at all it was now more confused than ever.

The fresh row between South Africa and the United States may erupt following the remarks by Mr Perkins.

The White House squandered much political capital last year in an unsuccessfu attempt to prevent Congress adopting sanctions legislation and it has actively opposed disinvestment of American companies from South Africa.

Mr Perkins' remarks, following recent decisions by the American Congress with regard to classifying the ANC as a terrorist organisation and restricting aid to frontline states in certain circumstances has added to the growing confusion of what American policy is in the region.

Foreign Minister Mr Pik Botha could not be reached for comment on the latest development in US/South African relatons today, but his spokesman said it was not policy to comment on press reports.

"We must first see the full text of the Ambassador's speech before the Minister considers commenting," she said.

The US Embassy spokesman in Cape Town was also unable to make any comment, saying she too was awaiting a full text of the speech.

Meanwhile, an article in the business section of Time magazine says American corporate withdrawals have brought little change to South Africa.

The article said early fears by opponents of divestiture that the departures of US firms would mean a dramatic loss of jobs for black workers have so far proved unjustified and advocates of divestiture who hoped the corporate walkouts would spur the government even to slight reforms of apartheid "have been sorely disappointed."

Reporting the latest withdrawals of Citicorp, Ford and ITT, Time quotes the KwaZulu Chief Minister, Dr Mangosuthu Buthelezi, as saying: "If the South African economy is destroyed along with apartheid, we will have to build on the quicksands of deepening poverty."

Little effect on national economy

For now, however, divestiture does not seem to have had much effect — positive or negative — on the national economy, the magazine article said.

"Since buyers of American subsidiaries are producing roughly the same output of goods and services as their US predecessors, South Africa's growth rate has been little changed."

The 193 US companies that remain in South Africa would undoubtedly find it "increasingly tough to resist the mounting demands to divest."

Time adds: "Firms that have already divested their holdings are sure to face continued demands that they sever all ties to South Africa by refusing to permit their products to be sold in the country."

Foreign firms face pressure

Anti-apartheid activists forecasting more US business withdrawals

By Neil Lurssen,
The Star Bureau

WASHINGTON — Anti-apartheid activists say more American businesses will withdraw from South Africa during the next 18 months.

American activists are also planning to put pressure on foreign — not American — corporations operating in South Africa.

The process started with a campaign of harassment against Shell Oil but they admit that the foreign giants are a much tougher target than US companies which are vulnerable to public opinion and pressure.

Mr Tim Smith, director of the Interfaith Centre on Corporate Responsibility, one of the most prominent of the pro-divestment lobbies, said: "International focusing is well underway."

American and foreign activists are forging links and among plans being hatched in the US is congressional legislation to put pressure on foreign companies and the countries where they are based.

It would be difficult to enact such laws now but they could become more viable if the US swung to the Left in the 1988 election and a liberal Democrat became president.

Meanwhile the spur to American withdrawal, anti-apartheid activists say, will be local and state elections this year and next when South Africa will be an issue. Candidates will support disinvestment and withdrawal to gain voters.

"Crunch not yet begun"

The Rev Leon Sullivan, a black activist who recently called for total US corporate withdrawal from South Africa, said: "Municipalities and states have not yet become active in this matter, as they will. The crunch has not yet really begun."

Already more than 100 local authorities — states, counties and cities — habe probitited their officials from signing contracts for sales or services with companies that operate in South Africa.

Also growing is the prohibition of public fund investment in shares of companies with South African ties. There is a move to challenge the right of local authorities to take these steps on the grounds that decisions relating to foreign policy are the preserve of the federal government.

In some cases firms have quit South Africa because of the fear of losing American business. The Emhart Corporation of Connecticut pulled out because it was scared its subsidiary in Washington, Planning Research Corporation, would lose state and city data-processing and management contracts.

Mr John Budd, Emhart's vice-president for external affairs, said: "It was a business judgment — nothing political."

Mr Randall Robinson, head of the Free South Africa movement and one of the most influential anti-apartheid lobbyists in America, believed the pull-out of Citicorp, announced last week, was especially significant because it was the world's biggest independent financial institution.

He said it would put pressure on other companies by eliminating an important source of funding for South African purchases of American interests.

Move by Urban Foundation

Exit 'strategy' offered to firms in US

B/Day 23/6/87 280

SIMON BARBER in Washington and KAY TURVEY in Johannesburg

WASHINGTON — American companies have been offered eight disinvestment "exit strategies" by the Urban Foundation.

The move — which could involve substantial US tax benefits — is aimed at the transfer of American assets in SA to the foundation.

This could involve the foundation, its tax-exempt US branch, Urban Foundation (US) (USUF) or an intermediary offshore trust.

A key to many of the suggested moves is the Us branch, USUF, established in 1985 as a charitable, non-profit organisation under US tax law. Donations to that entity may therefore be deducted against a company's gross taxable income.

Charitable donations are also exempt from the Comprehensive Anti-Apartheid Act's bans on new investment in SA.

The offer, prepared with the help of the foundation's Washington-based law firm Gammon and Grange, has had a mixed reception.

Some firms have accused the foundation and its chairman Jan Steyn of trying to exploit the US disinvestment and sanctions campaign.

But, foundation executive director (resources) Warwick Barnes said, in Johannesburg last night, it was not on an "acquisition trail" and the offer had been made to no more than 15 companies representing a select group.

The foundation would assist companies which approached it once a "substantive" disinvestment decision had been reached in order to preserve existing social reponsibility programmes.

Barnes said the offer was developed in response to a request from a US company wishing to withdraw from SA. It

● See Page 4

was considered by the foundation in the light of the "gathering momentum" of disinvestment and meant companies had access to well-researched and legally-defensible mechanisms to maintain their responsibility programmes.

The foundation said: "We have consistently maintained that the continued investment in SA by overseas corporations

● To Page 2

Exit 'strategy' for US firms

23/6/87 280 B/Day

● From Page 1

is essential for economic growth, increasing employment opportunities and the prosperity of our people."

According to documents obtained by Business Day in Washington, a letter sent to companies by Gammon and Grange on June 2 states that the foundation has "researched rather extensively in the past months various alternatives for the exiting process".

The letter says the foundation and its US counsel have received full co-operation from the State Department and the Treasury Department's office of foreign assets control in formulating the plan.

The letter, signed by George Grange, invites companies to meet Barnes, Lance Japhet and foundation board member Robin Lee to discuss the proposal.

The letter stresses that the foundation is not encouraging disinvestment, but is only "exploring productive strategies given the realities".

"As I am sure you can appreciate, the foundation needs to protect its local and international donor base to enable it to continue its worthwhile activities."

The strategies include:

- ☐ Obtaining charitable contribution (tax) deductions for the cancellation of parent-subsidiary loans;
- ☐ Obtaining charitable contribution deductions for the depreciated stock of the subsidiary;
- ☐ Transferring a subsidiary on credit;
- ☐ Using offshore trusts;
- ☐ Donating existing debt;
- ☐ Technology transfers using a charitable intermediary;
- ☐ The warehousing of intangible property (including trademarks and patents).

These are described as "alternatives which have already been employed in the exiting process or which US companies may want to consider if and when a disinvestment decision is made".

The Urban Foundation's 'exit' for disinvestors

JAN STEYN

SIMON BARBER in Washington

TORPEDOED by anti-corporate activists, local governments, the US Congress and the Reverend Leon Sullivan, the ship of American business in South Africa is going down. Enticed by the cheap eats in the water, the sharks are circling.

Swimming among them is the SA Urban Foundation (SAUF). Under its Executive Chairman Jan Steyn, the SAUF is offering American companies a painless way of jumping overboard and in a manner he asserts will benefit all South Africans.

On June 2, the SAUF's Washington-based US counsel — Gammon and Grange — circularised some US firms with a set of suggestions. A copy of the letter was made available to me last week.

The letter stresses, somewhat disingenuously, that the SAUF is not advocating disinvestment but rather attempting to cope fruitfully with political and economic reality.

"As I'm sure you can appreciate," writes attorney George Grange, "the Urban Foundation needs to protect its local and international donor base to enable it to continue its worthwhile activities."

To which end the SAUF evidently hopes to become its own donor, taking over a not insignificant fraction of the SA private sector and at the same time ensuring that SA is defended against the vicissitudes of sanctions and disinvestment.

Whether all US companies welcome such designs may be judged from the fact that someone decided to make them public.

"To improve its understanding of the existing dynamics and options which US companies have available," the letter explains, "the Urban Foundation has researched rather extensively over the past months various alternatives which have either already been employed in the existing process or which US companies may want to consider if and when a disinvestment decision is made.

"The Urban Foundation has pursued these alternative strategies based upon extensive discussions with the responsible officials in the Departments of Treasury and State. These have revealed the potential for maximising tax and financial advantages in the exit transaction, while accomplishing desirable social responsibility goals.

"The Urban Foundation has requested Gammon and Grange to develop alternative exit strategies, and in doing so our firm has had extensive discussions with the Office of Foreign Assets Control of the Department of Treasury, responsible for interpreting the new (Comprehensive Anti-Apartheid Act — CAAA) investment prohibitions, and the Department of State.

"The various strategies principally involve the use of two exemptions to the prohibition on new investments contained in the CAAA regulations: the charitable contribution exemption and the exemption for a firm owned by black South Africans."

What follows is an outline of the eight strategies the SAUF and its attorneys have come up with, as described in the executive summary attached to the letter.

The plans are similar to those already adopted by a number of departing companies, with the obvious exception that — in this instance — the proceeds are channelled to a not-for-profit, charitable organisation.

This is a key distinction, because in 1985 the SAUF set up a tax-exempt American counterpart known as the Urban Foundation (USA) Inc., which is authorised to receive tax-deductible donations from US individuals and entities.

Many of the proposed transactions thus take the form of charitable contributions which donors may deduct in whole from their gross taxable income.

"Exit strategy number one" is for a US company whose SA subsidiary has loans outstanding to the SAUF and in turn owes money to its parent.

"The parent will donate to the Urban Foundation (USA) (USUF) notes in an amount equivalent to the subsidiary's loan to the foundation (SAUF). USUF would then make a budgeted grant of these notes to SAUF. And SAUF would exchange these notes to pay off its indebtedness to the SA subsidiary".

Plan two posits a US company whose initial US$6m investment in SA has shrunk to US$2m, thanks to the collapse of the rand and the effect of the financial rand.

The parent could sell out for US$2m and take a US$4m book loss, or abandon the investment entirely. With the top tax rate currently at 34%, the latter could result in US$2,04m in tax savings. Potentially more profitable would be simply to transfer the subsidiary's stock to USUF as a tax-deductible gift.

Under plan three, the parent sells its subsidiary to SAUF or USUF, either directly or "through a suitable intermediary trust," taking back a promissory note for the purchase price.

"The US company would have the opportunity to forgive, at some point in the future, all or part of the interest and/or principal.

"The two goals of this strategy are: (1) to ensure a stream of income to the foundation from dividends from the SA company (which dividends would presumably be sufficient to pay all interest costs), and (2) to structure the transaction to provide some appropriate right of reacquisition."

Strategy four: "An appropriate offshore trust is set up by the foundation (a Dutch company may be used to ensure that the interest payments are only subject to a 10% South African non-residence tax and to take advantage of the Treaty rate of withholding tax).

"The US parent would then sell its subsidiary to the trust, transferring all of its stock and taking back notes in exchange."

Scenario five deals with a US parent owed money by its subsidiary. When it disinvests, the parent can only be repaid at the financial rand rate. Further, if it seeks to make a charitable contribution of the proceeds of disinvestment, then the donation must also be calculated in financial rand.

Solution: donate some of the notes owed by the subsidiary to the foundation and the gift can then be calculated at the full commercial rand rate.

"A variation of this strategy is proposed, whereby the US parent company is not disinvesting and the subsidiary requires further debt financing." To avoid the CAAA's ban on new investment "the foundation may serve as an intermediary for this transaction."

Plan six: "A transfer pricing technique is proposed to enable the foundation to receive on-going support in terms of goods and technology from the US parent company after it disinvests.

"To accomplish this, the foundation would establish a foreign subsidiary in a suitable tax haven, such as Switzerland.

"The US company would then route goods or technology through that entity. The pricing policy would be one where the amount which would otherwise be donated to the foundation would be represented by a profit to the tax haven entity."

The seventh strategy is entitled "warehousing intangible property" and is designed to defend against the US Congress making disinvestment mandatory.

"The foundation would establish a suitable tax haven entity (most likely a Dutch company), which could receive an assignment of intangible property essential in the on-going provision of technology from the US company to its former SA subsidiary.

"For example, the US company could licence to the foundation's tax haven entity various trademark or patent rights necessary for conducting the former subsidiary's business. As part of the transaction the US company would also agree to make available future developments of the technology to the tax haven entity for a specified period of time.

'The tax haven entity in turn would sell the technology to the SA company at a market rate as determined in an arms-length transaction. If the US company sells rather than donates the technology, then payments received by the tax haven entity from the SA company in return for the technology would need to be sufficient to pay the US company the agreed licence fee, plus a sufficient profit margin to cover the cost of maintaining the tax haven entity and providing reasonable return to the foundation."

The eighth and last plan calls for the SAUF, or its US counterpart, to establish an off-shore trust "to receive and administer the assets of one or more SA operating companies divested by a US parent."

The parent could donate the subsidiary to USUF, thus earning a charitable contribution deduction. USUF "would then immediately transfer the stock of the operating company to the trust for appropriate consideration."

The trust would operate until the CAAA was repealed or amended and would permit the former parent the option of reacquisition.

The summary (of a far more detailed prospectus available to any interested company) concludes: "Whether US companies have decided to maintain their SA operations, or to disinvest, advantages (both tax and public relations) can be achieved by considering one of more of these alternative strategies."

ARGUS 23/6/87

Sanctions upset: US backs Perkins

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THE US has explained to South Africa the reported comments of Mr Edward Perkins, its ambassador to the Republic, and issued a statement saying his speech was consistent with Reagan Administration policy.

South African embassy officials here yesterday sought and received clarification of a weekend report from Portland, Oregon, quoting Mr Perkins as "appearing to break with Reagan Administration policy" on South Africa.

Report not damaging to relations

It is understood, however, that colleagues at the US State Department questioned Mr Perkins by telephone shortly after the wire service report appeared on Sunday. His explanation of what he had told a meeting in his hometown were relayed to South African officials yesterday.

Neither officials at the State Department nor the South African embassy saw the upset over the report damaging relations between the countries — a State Department official, Mrs Phyllis Oakley, said it seemed Mr Perkins had in parts been quoted out of context.

She said Mr Perkins had discussed his talk in Portland

By ALAN DUNN
The Argus Foreign Service

Dateline: WASHINGTON

with the State Department before delivery. Referring to the US law which imposed sanctions last year against South Africa, he was quoted as saying: "The Comprehensive Anti-Apartheid Act of 1986, as a statement of abhorrence by the American people of a hated system, was an unmitigated success."

Mrs Oakley commented: "We have consistently stated that the Comprehensive Anti-Apartheid Act is an effective embodiment of American outrage, but results are what count in ending apartheid.

Statements consistent with US policy

"The law has not achieved positive results toward that end," she said, referring to the economic sanctions contained in the Act which the Reagan Administration has

Mr Edward Perkins

repeatedly denounced "The ambassador's statements are consistent with US policy,' she said.

On the issue of American companies leaving South Africa, Mr Perkins reportedly said "I don't urge companies to leave or stay."

But Mr Perkins' bosses have, even in the past week, publicly urged US businesses to stay in South Africa, expressing regret as each one has withdrawn.

"I think Ambassador Perkins supports the continued positive presence of US firms in South Africa," Mrs Oakley said "But he believes, as we do, that individual firms must take their own business decisions weighing all relevant factors."

There were no substantive signs of anger yesterday among senior State Department officials at Mr Perkins. "He is not going to get a slap on the wrist or disciplinary action, or anything like that," said one official.

"Misunderstanding of the US Press"

Asked if Mr Perkins perhaps misunderstood the Reagan Administration's policy, the official said: "No, I don't think so. I think it displays some kind of misunderstanding of the US Press to think that everyone understood the subject and would report it correctly."

The official said Mr Perkins's speech may have sounded "a different tone, but sure is not different substance" from what his superiors had been saying.

It is believed that the State Department does not think the upset merits summoning Mr Perkins to Washington. The ambassador is on vacation in his hometown, and will be heading for Taiwan to visit his wife's family before returning to South Africa early next month.

COMMENT

Telephone (011) 673-4160

WITH or without the unflagging support South Africa has been getting from Washington and Whitehall, it seems foreign companies are pulling out in greater numbers.

Anti-apartheid groups, especially in America, have succeeded in forcing companies to leave South Africa. While the Anti-apartheid movement is just as strong in Britain and Europe, companies there have refused to ape the American companies.

For Blacks have been upset by a sudden concern for their welfare from people who claim these moves will hit blacks most.

Perhaps the stronger argument is that there is very little guarantee that foreign companies will ever operate here even in a new and just South Africa.

The strict legislation in the country precludes us from stating our case about sanctions.

We are, however, not impressed by foreign companies who have had a sudden rush of blood to the head and are pulling out of South Africa.

In most cases they try to use us salving bruised consciences at a time when the economic situation in South Africa is in any case not that attractive to them.

We are getting tired of this whole business and the sooner we are allowed to sort out our affairs ourselves the better. In a future just and non-racial South Africa we will be able to pick the people we do business with.

(280) 23/6/87 Sowetan

Another strategy for disinvestment

DD 23/6/87 (280)

WASHINGTON LETTER

From SIMON BARBER

Torpedoed by anti-corporate activists, local governments, the US Congress and the Reverend Leon Sullivan, the ship of American business in South Africa is going down. Enticed by the cheap eats in the water, the sharks are circling.

Swimming among them is the SA Urban Foundation. Under its executive chairman, Mr Jan Steyn, the foundation is offering American companies a painless way of jumping overboard and in a manner he asserts will benefit all South Africans.

On June 2, the foundation's Washington-based US counsel — Gammon and Grange — circularised some 150 US firms with a set of suggestions. A copy of the letter was made available to the Daily Dispatch last week.

The letter stresses, somewhat disingenuously, that the foundation is not advocating disinvestment, but rather attempting to cope fruitfully with political and economic reality. "As I'm sure you can appreciate," writes an attorney, Mr George Grange, "the Urban Foundation needs to protect its local and international donor base to enable it to continue its worthwhile activities."

To which end, the foundation evidently hopes to become its own donor, taking over a not insignifant fraction of the South African private sector and at the same time ensuring that South Africa is defended against the vicissitudes of sanctions and disinvestment. Whether all US companies welcome such designs may be judged from the fact that someone decided to make them public.

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Plan six: "a transfer pricing technique is proposed to enable the foundation to receive ongoing support in terms of goods and technology from the US parent company after it disinvests. To accomplish this, the foundation would establish a foreign subsidiary in a suitable tax haven such as Switzerland.

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The parent could donate the subsidiary to USUF, thus earning a charitable contribution deduction. USUF "would then immediately transfer the stock of the operating company to the trust for appropriate consideration." The trust would operate until the CAAA was repealed or amended and would permit the former parent the option of reacquisition.

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Trade mags, books for SA stopped

Cape Times 24/6/87

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Own Correspondent

JOHANNESBURG. — At least 25 overseas publishing companies — including McGraw Hill — have notified South Africa's largest subscription agency, Universitas, they will stop supplying South Africa with books and journals.

This means that dozens of publications — including Business Week — will no longer be available in South Africa through normal channels.

The managing director of Universitas, Mr Piet Groenewald, said many other publishers were doing the same. His agency deals with about 13 000 publishers worldwide.

Mr Groenewald said a recent subscription renewal cheque from Universitas had been returned by McGraw Hill, which announced in February its withdrawal from South Africa through a management buy-out.

This was followed by a note informing Universitas, which has about 2 500 subscribers for 34 McGraw Hill titles, that it would stop new subscriptions and renewals but would continue those already paid for.

On a subsequent visit to the US, Mr Groenewald said he was told political pressure forced the action because the company could not afford to jeopardize its $5 million US market share for the comparatively tiny South African market.

Magazines affected include mostly technical and trade magazines such as Business Week, Byte, Chemical Engineering, Data Communications and Aviation Week and Space. Many of them are supplied to government bodies.

It was possible, said Mr Groenewald, to circumvent the boycott by using middlemen overseas, but this would raise the price of the product and land the company with an additional 10% import surcharge.

Foundation denies pushing for disinvestment

280 SMR 24/6/87

By Dan Side

A recent campaign by the Urban Foundation to assist American companies with exit strategies from South Africa was mainly aimed at firms which had already decided on a path of disinvestment, the foundation's executive chairman Mr Jan Steyn said yesterday.

Mr Steyn was replying to criticisms in the Press of a letter circulated on the foundation's behalf on June 2 by the American firm of attorneys Gammon and Grange, which contained a list of suggestions on how best to achieve disinvestment.

It was stressed in the preamble that the Urban Foundation was not advocating disinvestment but merely coping with political and economic reality.

Said Mr Steyn: "Several of these corporations indicated that they were anxious that their assets should be employed in programmes which would benefit the poorer communities in South Africa.

"They considered that the foundation, in view of its expertise and its efficient management would be best placed to invest these funds in social responsibility activities that would genuinely benefit particularly the black community."

The Urban Foundation hoped to benefit from proceeds channelled to a not-for-profit, charitable organisation.

Mr George Grange, a Washington-based attorney, wrote: ". . the Urban Foundation needs to protect its local and international donor base to enable it to continue its worthwhile activities".

Eight strategies

The letter listed eight strategies for maximising tax and financial advantages in the exit transaction, while accomplishing desirable social responsibility goals"

Mr Grange explained: "The various strategies principally involve the use of two exemptions to the prohibition on new investments contained in the new Comprehensive Anti-Apartheid Act (CAAA) — the charitable contribution exemption and the exemption for a firm owned by black South Africans"

The eighth and last plan mentioned called for the foundation to establish an off-shore trust "to receive and administer the assets of one or more SA operating companies divested by a US parent"

The parent firm could donate the subsidiary to the foundation, thus earning a deduction for contributions to charity.

The foundation "would then immediately transfer the stock of the operating company to the trust for appropriate consideration".

Mr Steyn said that any benefit the foundation would receive would be used on its stated policy and programmes.

US pullout may affect wage levels and unions

By Zenaide Vendeiro

The surge of American companies selling their South African subsidiaries could have a negative impact on wages of employees, affirmative action programmes, relations with unions, and support for community development and social justice projects, says a report by the Investor Responsibility Research Centre (IRRC) in Washington.

The report, reproduced by Rand Afrikaans University's Institute for American Studies, was authored by IRRC director Mr David Hauck, who spent three weeks in South Africa in January studying the mechanics and consequences of American withdrawal from the country.

Mr Hauck said although most South Africans interviewed for the report — investment bankers, management consultants, black managers at American firms, unions and "social change" organisations — argued that it was still too soon to tell the effect of American companies pulling out, there was enough evidence to sketch some of the most important consequences.

Employment practices would, in most respects, remain the same but there was likely to be a reduction in the size of wage increases until the wage scale at former American firms matched that of other companies in the industry. However, this was less likely to occur if the company was unionised, said the report.

Although some black managers at US-owned firms were concerned that local managements would invest less time and money in training and promoting blacks, others were outspoken in their criticism of the affirmative action record of these companies to date and questioned whether the situation could get much worse.

SIGNATORIES 'DID LITTLE BETTER'

"In support of this view, manpower surveys show that in the area of developing black managers, Sullivan signatories, on average, have done little better than the South African industry as a whole."

Labour relations, said the report, would change as the new owners were "likely to display a greater willingness to respond aggressively to strikes by firing strikers and refusing to rehire union activists".

"In the short run, this may make for fewer strikes but farther down the road an embittered labour union movement may seek its revenge in ways that could seriously harm the economy."

Company contributions to community development projects and social change organisations would also drop with the departure of US firms, to perhaps half their former level, concluded the report.

Organisations named as receiving support from American firms included the Legal Resources Clinic (LRC), the Get Ahead Foundation, which provide small loans to blacks attempting to run their own businesses, the Urban Foundation and the South African Institute of Race Relations.

The report said the loss of American corporate support for the LRC and the Urban Foundation could be offset by increased contributions from other overseas sources. However, for other organisations that depended on US companies for nearly their entire budgets — such as "adopted" schools and clinics and the teacher upgrading programme known as TOPS, for example — the ending of American funding "could have a disasterous impact".

● Seven American companies left South Africa in 1984, 40 in 1985, 49 in 1986 and 14 so far this year. Another 16, including Black and Decker, Dun and Bradstreet, and Eastman Kodak, have announced their intention to leave.

SA sanctions: Court action over US law

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DD 24/6/87

From SIMON BARBER, Daily Dispatch man in Washington

WASHINGTON — The first major suit by a pension fund against a South African divestment law went to trial in Baltimore this week.

Lawyers for the fund's 11-member board of trustees argued that the law would increase the costs of managing the portfolio by $1-million a year and would require $400-million of the fund's most reliable stocks to be sold.

This represented a "clear violation" of the trustees' fiduciary responsibility to the fund's 7 000 beneficiaries, the lawyers maintained.

"We'll establish that a significant amount of damage will be ensured if the fund is required to sell its current holding in companies that do business with South Africa," an attorney, Mr George Nilson, said.

Many companies that claimed to have left South Africa, he suggested, should still be on the list of firms "doing business" there.

"The issue shows that while some are leaving the country, they are not leaving by disposing of their indirect investments, such as franchises and licenses."

The trial, which is expected to last into next week, is being watched closely by the Reagan administration which has held a series of cabinet-level meetings in recent weeks to decide how to tackle the surge of "local foreign policies".

While a final ruling against the law would set an important precedent, the case is unlikely to be resolved before most US companies have already left South Africa.

Meanwhile, a new directory of international investment in South Africa is dramatically widening the scope of the US disinvestment campaign.

The directory, released yesterday by the officially non-partisan Investor Responsibility Research Centre (IRRC), identifies 254 European and Australian firms with direct investment or employees in South Africa.

The IRRC notes that only 36 non-US companies have severed their direct investment links with South Africa since January 1, 1984, compared with 120 US firms that have disinvested in the same period.

The Reverend Leon Sullivan, who is calling for the US to penalise foreign firms that do not withdraw from South Africa, was similarly enthusiastic. "My anticipation is that there will be a new focus on all companies in South Africa."

US activists have thus far targeted Royal Dutch Petroleum (Shell), West Germany's BASF-AG and Hitachi Ltd, but the campaign is set to expand as the list is absorbed by stockholder activists and local authorities pushing for product boycotts.

The IRRC notes that "the demand for an international directory . . . has increased substantially as a growing number of corporate, endowment and public funds are initiating international investing".

"Many institutional investors that have South African-free investment guidelines are becoming internationally diversified."

The directory's introduction cites a recent report that "gross US activity in foreign stocks in the first nine months of 1986 reached $72,4-billion, already 58,7 per cent more than 1985's $45,6-billion."

280 Sowetan 25/6/87

Foreign firms urged to help SA

THE Urban Foundation had always stressed that the presence of foreign corporations and foreign investment in South Africa was to the advantage of all the South African people, Mr Jan Steyn, executive chairman of the foundation, said on Tuesday.

Mr Steyn was reacting to press reports this morning concerning "exit strategies" for foreign corporations.

"The foundation has consistently encouraged foreign corporations to remain in South Africa," Mr Steyn said.

"It must be emphasised that the foundation's actions referred to in the press report were taken in response to requests that emanated from companies that had already decided to disinvest.

Several of these corporations indicated that they were anxious that their assets should be employed in programmes which would benefit the poorer communities in South Africa. They considered that the foundation, in view of its expertise and its efficient management, would be best placed to invest these funds in social responsibility activities which would genuinely benefit the black community.

Education

"It was in reaction to these requests that the foundation put forward certain sound legal suggestions to a selected group of companies with the objective of achieving three results:

- That education, small business, housing and socio-economic programmes for blacks could continue to be supported despite the fact that a particular corporation was disinvesting from South Africa;
- That mechanisms were created which would best serve the needs of corporations who, despite disintvestment, were anxious to remain involved with social change, thereby sustaining their capacity to contribute constructively to the betterment of disadvantaged people in South Africa; and
- That any benefit the Urban Foundation were to receive as a result of the adoption of any proposed strategy would, as with any other funds received, be employed on the well-known policy and programmes of the Urban Foundation. — Sapa.

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Groups launch new sanctions drive

LONDON — Anti-apartheid groups are launching a major sanctions offensive in Britain at the weekend to re-generate a debate that has been on the wane for some time.

A national convention on sanctions on Saturday will aim at thrusting the issue back into the political limelight. Activists are clearly hoping the sanctions debate will be prominent in the run-up to the next Commonwealth heads of government meeting in Vancouver in October.

But there are signs the Anti-apartheid Movement (AAM) — the vanguard of an array of campaigning groups — is rethinking at least some elements of its role in line with the reappraisal of sanctions as a tool by unions and others in South Africa itself.

Clearly anxious that the anti-sanctions lobby might gain capital from the doubts among activists in South Africa over the effectiveness of sanctions, the AAM wishes to be seen to be acting in concert with leading opponents of the government who are actually at the coal face.

Several reports in the British Press recently have conveyed the uncertainty that prevails in

Activists in SA are 'having doubts'

organisations like Cosatu — and the implications for sanctions groups operating abroad.

An AAM official confirmed on Tuesday that the issues raised by the Cosatu report would be discussed by the movement's national and executive committees, but that no further comment could be made until then.

The AAM attempted to "intervene" in the recent British general election to get voters to back pro-sanctions lobbyists, though the issue was shadowed by pressing domestic matters.

In much the same vein Saturday's national convention is a highlight of the movement's 1987 campaign calendar.

The AAM want to "bring the issue of sanctions back on to the political agenda and promote local and national campaigns for sanctions".

Speakers, including Swapo's secretary for foreign relations, Theo-Ben Gurirab, an ANC spokesman, Trades Unions Congress general secretary Norman Willis, EEC commissioner Stanley Davis and parliamentarian Joan Lestor, will deal with the subject in four sections — South Africa, Namibia, the frontline states and military and nuclear collaboration.

No change after pullouts

B/Day 23/6/87

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KAY TURVEY

MOST employment practices will remain unchanged in the hands of local managers following disinvestment by US companies, a survey by the Washington-based Investor Responsibility Research Centre (IRRC) has found. However, less tolerance of strike action and a slackening of management commitment to affirmative action programmes are envisaged. RAU Institute of American Studies released the survey this week.

Research conducted in January by IRRC director David Hauck examined donor records of the Legal Resources Centre and Urban Foundation to determine the importance of US contributions to both organisations. The survey — "What happens when US companies sell their SA operations?" — concluded that the most likely change following US pullouts would be a cut in the size of wage increases.

This would occur until the wage scales of former US-owned firms matched those of other companies in related industries. Yet this was less likely if the company was unionised.

Where local managers had taken part in a management buyout, there would be more motivation to hold down wage increases to maximise cash flow to repay bankers and protect their own investment.

Black managers interviewed were divided as to whether local managements would invest less time and money in training and promoting blacks. Sullivan signatories had done little better than South African industry in developing black managers, the survey established. Manpower figures for 1983 showed 3,7% of managers in Sullivan signatory companies were black and 4,7% in SA companies. In 1985 the percentage of black managers in SA companies was unchanged, but among Sullivan signatories it had risen to 5%.

A change in labour relations was anticipated — new owners of US operations being likely to respond more agggressively to strikes by sacking strikers and refusing to rehire union activists.

Company contributions to community development projects and social change organisations would drop to about half their former level after the departure of US firms.

Unless there were dramatic changes in methods of financing buyouts there was no possibility of ownership of these assets passing into black hands, the survey found.

... politics for many years. ... the company's own employees and

A footsie-footsie shift in unions' sanctions stance

W. Mail 26/6-2/7/87

The signs of a union re-think on sanctions pre-date the current furore over the 'leaked' confidential study.
By PATRICK LAURENCE

WHEN Ford announced it was joining the more than 130 American companies which have withdrawn from South Africa since 1985, the newly-formed National Metalworkers Union conducted a withdrawal of its own, hurrying out of the spotlight to consider its response to Ford's move.

Numsa's retreat signalled that a reappraisal or "refinement" is underway of the pro-disinvestment stand adopted by the giant Congress of South African Trade Unions at its founding congress late in 1985.

Formed only last month through the merger of three largely-black trade unions, Numsa is now Cosatu's second-largest member union.

Judging from its adoption of the 1955 Freedom Charter and the socialist slogan "From each according to his ability, to each according to his needs", Numsa is one of the most politically vocal Cosatu unions. It is certainly the union most affected by Ford's decision, as many of its more than 136 000 members work in the motor industry.

But instead of acclaiming the pending withdrawal of Ford as a triumph for Cosatu's declaration in favour of disinvestment, Numsa executives have been locked in consultations to secure the best possible disinvestment deal for their members.

It is one of several signs of a discreet but important re-think in Cosatu on disinvestment and sanctions.

Another is a confidential study carried out for Cosatu on the effect of sanctions by the Johannesburg-based Community Resources Information Centre (Cric).

Evidence of the reappraisal — which may result in formal revision of Cosatu's position at its annual congress next month — first surfaced last year with the withdrawal from South Africa of General Motors.

GM's pullout showed that disinvestment is not necessarily to the advantage of black workers: that it can delay rather than advance realisation of their quest for a non-racial and democratic South Africa.

GM sold its share in its South African subsidiary to a local company formed by South African executives. The same men dealt decisively — union leaders would say ruthlessly — with a strike by workers against the way in which GM disinvested.

Launched in protest at the "arrogance" of GM for announcing its withdrawal without consulting workers, the strike was in support of trade union demands for pension payouts, severence pay and worker representation on the board of the new company.

The decision of GM's South African managers to call in police and soldiers and to replace striking workers with labourers drawn from the large pool of unemployed workers played a key role in breaking the strike in a matter of weeks.

GM has since been replaced by the South African Delta Motor Corporation. Not only did Delta managers show they were willing to summon police, but managing director Robert Price told a press conference he was prepared to contravene GM's embargo on selling vehicles to the police and the army.

It shows, as the study commissioned by Cosatu emphasises, that disinvestment can be to the disadvantage of black workers, particularly when the new company is assured of technology and spare parts by the departing company.

So far, as the Cric study suggests, business has probably done more than the unions to plan ahead and minimise the disadvantages to it of sanctions. The same conclusion applies to disinvestment as a particular form of sanctions.

It is against the background of the GM saga that Numsa's cautious response to Ford's withdrawal should be measured.

Ford holds a 42 percent share in the South African Motor Corporation (Samcor). Majority control rests with Anglo American.

Ford has offered to establish a trust for Samcor workers by allocating 18 percent of its share in Samcor to the trust. Its remaining share would be sold to Anglo American.

Apart from one apparently premature rejection by an official on a visit to the US, Numsa is considering its response carefully.

Ford's offer to give workers a share in Samcor through the proposed trust has to be thought through carefully. It is potentially divisive, as many unionists are opposed to attempts by management to co-opt them.

Although Numsa has not indicated what line it will take on the Ford offer, its negotiating position was adumbrated late last year during the GM strike. At the time the three unions which combined to form Numsa, including the Metal and Allied Workers Union and the National Automobile and Allied Workers Union, set out minimum conditions under which disinvestment should take place.

From the departing company, the trio of unions demanded severance pay, maintenance of existing benefits and at least a year's pay. From the new company they required sureties against retrenchment after the takeover and an agreement to recognise and negotiate with representative trade unions. The core of these demands was adopted in a 10-point policy statement last month by another Cosatu union, the Chemical Workers Industrial Union.

Numsa is believed to be worried Ford's withdrawal will serve as a prelude to cutbacks and retrenchment at Samcor — a not unfounded fear given the sharp decline in demand for new cars.

Cosatu's original 1985 resolution declaring support for disinvestment was subject to a single condition: to ensure that "the social wealth of South Africa remains the property of the people of South Africa". It could spell out what it means by that high-sounding phrase at its congress next month. To modify or refine a stand is not, however, to abandon it. No wholesale revision is on the agenda.

THE ECONOMY

280 W.Mail 26/6-2/7/87

As the world bows out, Anglo steps on board

The real effect of disinvestment seems to be that the Anglo American's net is spreading wider and wider. DUNCAN INNES reports

NOTICE a pattern behind the latest spurt of disinvestment buy-ups? Anglo American's economic muscle just keeps on growing.

Last week was not a bad one for Anglo. In the space of a few days they gained control of some of Ford's remaining South African interests and took over the local subsidiary of America's largest bank, Citicorp.

The Ford deal was accomplished through Anglo's motor manufacturer, the South African Motor Corporation (Samcor), in which Anglo held a 58 percent shareholding and Ford held the remaining 42 percent. In terms of the takeover Anglo acquired 18 percent of Ford, thus giving it a 76 percent stake in Samcor, while Ford is trying to convince its former employees to take the remaining 24 percent.

Anglo accomplished the second takeover through its recently-acquired control over First National Bank, which simply bought out the Citicorp subsidiary, Citibank.

Various attempts were made to play down the significance of these developments.

Samcor, we were told, hadn't made a profit in years, so Anglo's new acquisition was more of a hindrance than anything else. After all, who wants 76 percent of a declining asset? This argument certainly bears thinking about, especially by the Ford employees who have been offered 24 percent of this declining asset.

In fact Samcor made its first profit last year and, according to a leading financial journal, its outlook is now more "favourable". Furthermore, Samcor's share of the local market is second only to the industry leader, Toyota, so the company is well placed to benefit from an economic upswing.

In a nutshell, this means that Anglo is now the second biggest motor producer in the country.

As far as Citibank is concerned, a top Reserve Bank official, who preferred to remain anonymous, said the takeover was "not a big deal", since Citibank only had assets of R15-million in this country.

However, First National have agreed to pay R130-million for the bank.

What is particularly interesting about all this is that, according to the Financial Mail Top Companies Survey, Citibank's assets last year were valued at R438-million, making it the nineteenth largest bank in the country (out of sixty). What, one wonders, has happened to the remaining R423-million?

Stockbroker David Southey of Max Pollak and Freemantle notes that Citibank's assets have "run down quite substantially".

But, regardless of where the bank's assets have gone, the takeover must enhance First National's position at the top of the banking league in South Africa, thus in effect making Anglo American the country's leading banker.

All this of course can hardly do Anglo any harm. A quick glance through the above-mentioned Top Companies Survey shows seven Anglo group companies among the top 15 industrial companies in the country (measured in terms of total assets), while in terms of market capitalisation five Anglo companies appear among the top 10.

But it's only when you look at the top 12 market leaders in the country that you get an idea of the colossal financial power Anglo wields in our economy. With the exception of Sasol at 10th spot, Anglo either controls or has a substantial stake in every one of South Africa's top 12 market leaders.

With all this financial muscle under their control, one can't help feeling that there must be something Anglo can do to encourage the government to reform just a little bit faster.

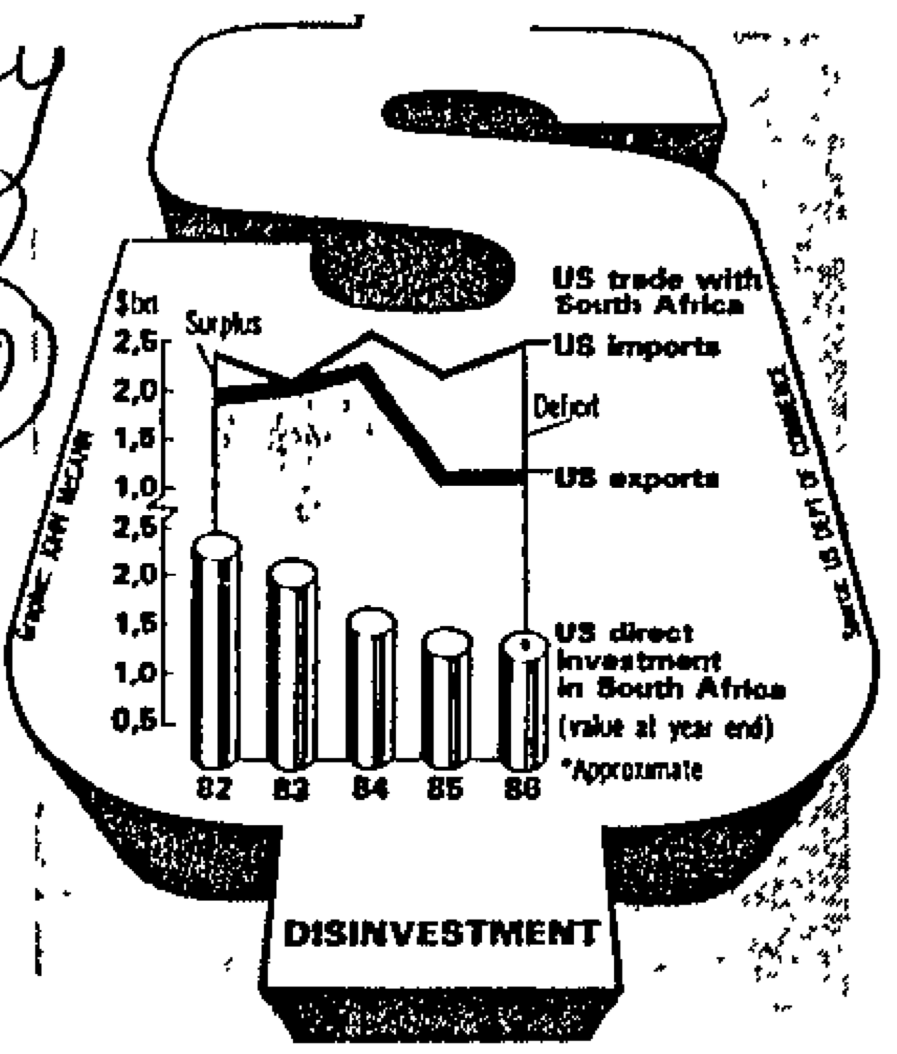
After all, through their takeovers of foreign companies which are disinvesting they are bailing the National Party government out of a good deal of trouble.

B/Day 29/6/87

2-80

Local buyouts dull US disinvestment

KAY TURVEY



US COMPANIES withdrawing from SA have indirectly paid over millions of dollars to local operations, minimising the effects of disinvestment.

In mid-1985, US investments in SA amounted to $1,5b, dropping to $1,3b at the end of 1986, according to US Department of Commerce figures.

RAU Institute of American Studies' Carl Noffke attributes the remaining high presence of dollars to the fact that disinvesting companies have set up secure financial bases to enable local operations to compete effectively.

IBM and GM paid large sums to make provisions for pension funds. Further, IBM set up a trust to retain its R15m commitment to community projects, and GM paid for all development costs and the introduction of a new-model vehicle for Delta motors.

Noffke declined to give further examples, saying it could add to the pressure on parent companies.

Most management buyouts tie the new SA companies into some form of trading relationship with their former parents. As royalties and orders are permitted to leave SA through the more favourable commercial rand, it is in the interests of the disinvesting parent to ensure the local operation is financially viable.

Noffke also attributes the relatively insignificant drop in direct US investment in SA to the relative smallness of those US subsidiaries which simply withdrew. The larger operations, either capital- or labour-intensive, have sold out to European or local managements.

However, Noffke expects the effects of disinvestment to become more apparent this year, with the value of US investment beginning to drop significantly.

Already 18 companies have left SA so far this year and another 12 have announced their intention to do so. During the past two-and-a-half years the number of American companies with subsidiaries in SA has fallen by more than a third In 1985, 40 companies pulled out of SA, and 49 in 1986.

Alternatives to disinvestment

24/6/88

(280) B/Day

JOHN KANE-BERMAN

Kane-Berman (right) is director of the South African Institute of Race Relations. • This paper was delivered recently at a closed conference of top multinational corporations in London, at which ANC president Oliver Tambo also spoke

THE APPARENT shift to the right in the recent white election will make alternatives to disinvestment less credible abroad. But given the fact that the emergency and the election have hammered nearly all government's other critics on the left, pressures from within the country on companies to work for change will probably intensify.

Accordingly, there is now probably an enhanced role for multinationals willing to stay and promote change. It will, however, require great perserverence and the capacity to absorb setbacks. These will range from government rebuffs to further outbreaks of violence.

Business has itself raised expectations that it is willing to act as a change agent. To do so with maximum effectiveness requires a thorough understanding of how change comes about in SA.

Analysis of the most important changes that have occurred so far shows that repeal of discriminatory laws does not initiate change on the ground but is a reaction to it.

The collapse of the Verwoerdian dream means that Pretoria is withdrawing slowly, reluctantly and uncertainly from ideology into pragmatism. This creates unprecedented opportunities for strategic reform initiatives and political lobbying because pragmatists are vulnerable to influence whereas ideologues are not.

Business can seek to maximise its influence in three ways:

☐ Moral pressure;
☐ Pioneering micro action on the ground; and
☐ Creative macro initiatives.

There may be reasons of public image why business should put advertisements in newspapers telling government to scrap apartheid, but research by the SA Institute of Race Relations indicates that such moral pressures alone are water off a duck's back in Pretoria.

Yet business, by taking practical steps, can help force government's hand in bringing about policy changes. For example, the handful of multinationals that in the second half of the Seventies started signing agreements with black trade unions did far more to bring about the statutory recognition of such unions than the dozens of companies that voiced their support for unionism at personnel conferences but did nothing constructive on the ground.

Pioneering

The field is wide open for similar initiatives in other areas. To what extent, to name one such area, have employers of migrants fully explored the scope for pioneering action to make it possible for such workers' families to move to town with them?

New possibilities for the creative erosion of the migratory labour system have opened up here as a result of the repeal of most of the pass laws.

Looking beyond the workplace, there are two vital areas that offer opportunities for business actively to foster change: education and housing.

The process of educational desegregation has already begun — in universities, private schools and even technikons. The question now is how to push it further, which is essential for any prospects of a non-racial future for SA.

Government has stated its commitment to parity in education across the colour line, but insists on doing so within the costly structure of "own affairs". But as long as the system remains segregated, parity will be financially unattainable.

So government is pursuing contradictory goals. Business can exploit this by offering to help in the achievement of parity — conditional upon steady desegregation.

So also with housing. Government now realises that the housing shortage among blacks is a threat to stability. It therefore wants to do something about it, but acknowledges that it will not succeed without private sector co-operation on a massive scale.

This puts the private sector in a strong bargaining position. It could, for example, refuse to co-operate with government schemes unless all new townships would be open to everybody

It could also work to ensure that all legitimate black organisations in the particular area are given the opportunity to become involved in the planning. This would help erode government's habit of doing things unilaterally.

Then there is the Group Areas Act. Tens of thousands of blacks have been moving from over-crowded black townships into vacant houses and flats in white areas.

Ministers have recently renewed threats to confiscate property and evict such people: whether they intend to do so on any large scale or are merely posturing for the benefit of the right remains to be seen.

Readier access

But clearly there is room for business intervention, in conjunction with people under threat of eviction, to prevent this. Business, after all, has readier access to officialdom at various levels than illegal black tenants do.

There is also scope here for creative erosion — assisting black employees to live where they choose. Erosion of the Act on the ground is probably the best way to bring its repeal closer.

The thrust of the strategy that I am outlining involves less protest by business and much more exploitation of the practical leverage which it has. The adoption of such strategies would always require careful research and analysis beforehand.

It is also important that business works to an agenda that has legitimacy with blacks and does not simply carry out government's agenda.

Business can also act in the political field. SA has to have a national political solution, but the chances of finding such a solution in the foreseeable future are slim.

While not losing sight of this need, business can act in the meantime at local and regional level. There is both demand and scope.

Business in Natal has already played an active role in promoting the dismantling of apartheid through negotiation at regional level by participating in the KwaZulu Natal Indaba — which, despite the election result, has wide support among people of all races in KwaZulu and Natal.

At local level there is a growing demand among black and white groups, including white local authorities, for negotiations on local issues without prejudice to national issues.

Business can join this movement by financing and participating in workshops to strengthen this thrust — outside the new official structures, RSC's, which lack legitimacy.

While sober analysis of SA shows that major constitutional change is not around the corner, equally sober analysis shows that apartheid is crumbling as a result of its own contradictions, and that the process of erosion can be speeded up by suitable strategic action

Business will be expected now more than ever to play an important role in this process. Its direct political influence on government is limited. Its ability to act on the ground is very much greater — and this is where its resources can best be applied.

Hardline disinvestment lobbyists will no doubt dismiss this entire approach. But for multinationals tough enough to stay the course, it offers an enhanced role.

EP 29/6/87

Commission calls for air clamp on SA

OSLO — Senior world politicians have called for a total air boycott of South Africa.

They also urged that military aid be provided to Mozambique, one of the "frontline" states bordering South Africa.

The Palme Commission on Disarmament and Security, formed by the murdered Swedish Prime Minister in 1980, issued a toughly worded statement at the end of a three-day meeting in Oslo, in which it said:

"Mozambique . . . needs military assistance as well as economic aid. That can best be provided by forces from African states . . . but with countries outside Africa helping to fund such military support.

"One particularly effective way to isolate South Africa is to put into effect a total air boycott, including overflight and landing rights.

"We deplore the refusal of many European nations to impose an air boycott. They could and should do so immediately."

Members of the commission, which met specifically to discuss South Africa, include Norwegian Prime Minister, Gro Harlem Brundtland; former Polish Prime Minister, Josef Cyrankiewicz; former US Secretary of State, Cyrus Vance, and leader of Britain's Social Democratic Party (SDP), David Owen

"The international community has not risen to its responsibility (over South Africa)," Brundtland yesterday told a news conference after the meeting.

"The West is losing the battle for hearts and minds in South Africa"

The Rev Allan Boesak, a founder of the United Democratic Front (UDF), which opposes apartheid in South Africa, said after the meeting: "The commission has concrete proposals and their work points very clearly to the lack of political will over South Africa" — Sapa-Reuter

Two who killed for bottle of sherry jailed for 16 years

By CHRIS RENNIE, Court Reporter

TWO men who killed for a bottle of sherry have been sentenced to 16 years each by the Port Elizabeth Supreme Court.

CM Times 29/6/87 280

Politicians call for military aid to Maputo

OSLO. — Senior world politicians called yesterday for military aid to Mozambique. They also urged a total air boycott of South Africa.

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Thatcher says no again to sanctions

Cape Times 29/6/87 280

Mrs Thatcher

Own Correspondent

LONDON. — Mrs Margaret Thatcher remains totally opposed to sanctions against South Africa.

The British Prime Minister also might visit South Africa at some stage, if it would "help" matters.

These points emerged in the first lengthy newspaper interview she has given since the general election.

She told the Sunday Telegraph: "They (sanctions) will not help anyone. In my view, the amount that has been done has actually retarded the very process we wish to see accelerated.

"I think there is a general awareness in South Africa that things have to change. The only question is how, and how fast can one go?"

Asked by journalist Bruce Anderson if she had thought of visiting South Africa, Mrs Thatcher said: "Not at the moment. There might come a time when one might be able to do something to help. I do not think that time is now."

Mrs Thatcher also dealt with trade union legislation, arms control, education and the churches.

□ Sapa reports that the British Foreign Secretary, Sir Geoffrey Howe, says mandatory sanctions against South Africa would only make matters worse in the region, SABC radio news reports.

In his first speech parliamentary since the elections, Sir Geoffrey said concrete actions were necessary, not empty gestures.

He said Britain would continue its call for dialogue, an end to apartheid and fundamental change without violence.

Call for sanctions

LONDON — Anti-apartheid activists attending a national convention for sanctions in the British capital on Saturday have put their full weight behind the call for comprehensive mandatory sanctions, dismissing claims that blacks in South Africa have begun to question the effectiveness of such measures.

The convention appealed to the British public to join boycotts and add to pressure on companies to pull out.

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day June 30 1987 (280) SM 30/6/87

Six nations petition summit

Africans ask EC to ban SA coal imports

The Star's Foreign News Service

BRUSSELS — Six African countries are petitioning European leaders to stop importing South African coal.

Their plea echoes a similar call from British anti-apartheid activists.

The speakers of the Parliaments of Botswana, The Gambia, Kenya, Malawi, Zambia and Zimbabwe yesterday delivered their petition to the 12 EC leaders who are meeting for a two-day summit in Brussels.

'UNDERMINING POLICIES'

They warn that the community "lags far behind other countries of the Western world in its sanction policies" and, as a result, is "undermining the effectiveness of these policies".

The six, who have the backing of the Association of Western European Parliamentarians for Action Against Apartheid, welcome the "the broad range of economic sanctions imposed by the USA, the Commonwealth and the Nordic countries".

Coal imports by the 10 countries of the European Community amounted to nearly 1,3 million tons in 1985, second in importance, in terms of South African trade, only to gold.

But several European leaders, particularly British Pime Minister Mrs Margaret Thatcher and West Germany's Chancellor, Mr Helmut Kohl, have never been in favour of a coal ban.

It was largely their resistance that led to the excision of this measure from last year's EC sanctions package.

Nonetheless, it is likely to be considered again, particularly as Denmark, a keen supporter of sanctions, takes over the presidency of the EC from Belgium this week.

Tougher sanctions loom on the Bonn horizon

280 SAM 30/6/87

It comes down to a simple question of priorities in foreign policy, says Jean-Jacques Cornish in this report from the West German capital.

The South African Government should take no comfort from the general air of disillusionment with economic sanctions being felt across the West German political spectrum.

For this is more likely to result in even tougher measures being taken than in any relaxation of the limited sanctions that Germany now applies in line with European Community partners.

The most likely first step would be to add a ban on the import of South African coal to the existing block on iron and steel, new investments and gold coins.

The key factors, according to representatives of the parties in the ruling coalition, are developments inside South Africa and the amount of pressure for more sanctions exerted by the United States, Europe and Nato.

The May general election result is interpreted here as a most unhelpful lurch to the right — a blow to President Botha's reform process which was already being seen as too little too late.

Kohl . . . cannot stand alone.

Domestic pressure

It compounded the disappointment over the exclusion of blacks from the President's Council and President Botha's disastrously anticlimactic Rubicon speech which had been touted in Bonn beforehand by Foreign Minister Mr Pik Botha as "the biggest thing since Jan van Riebeeck".

This combination is expected to result in the FDP, which generally gives the lead in the coalition on foreign policy matters, bowing to domestic political pressure by adopting a tougher pro-sanctions motion at its party conference in September.

"We have lost faith in the South African Government,' says FDP southern Africa spokesman Mr Ulrich Irmer. "The perception is that it is all going to end in bloodshed and for the time being South Africa is finished.

"We see the violence on television and we read of the arrests of young children. Reasonable, rational argument against sanctions is no longer accepted.

"What else is there but more sanctions? If I knew of another way, I would take it. I believe the FDP will vote for sanctions in September and if the SPD comes to the Bundestag with a practical sanctions resolution we would support that too."

The senior coalition partner, Mr Helmut Kohl's CDU, is more inclined to withstand pro-sanctions pressure inside Germany.

South Africa falls way below German reunification, East-West relations and nuclear disarmament on its list of foreign priorities. Nevertheless, it would not stand alone against a move for stronger economic measures — even if this meant mandatory sanctions — from its European partners and the United States.

It is quite simply a question of priorities.

West Germany is committed to adopting a uniform EC foreign policy. As the country truly at the heart of Europe — it has more neighbours than any other state on the globe — it would be senseless to be out of step.

West German trade with South Africa, for example, is less than 1 percent of its foreign business compared with 70 percent with Europe. West German investment in the Republic forms a similarly minuscule proportion of its foreign stake.

CDU analysts illustrate the sanctions in waves and believe they are now on top of the first. As they see it, the economic steps have hardened the attitude of South African whites and have had negative impact on the black population.

The buy-out of American companies that have quit South Africa has predominantly favoured whites. The ban on SAA flights into the US has not stopped South Africans jetting into New York and Washington via Europe but it has bankrupted Cape Verde where the US-bound South African jumbos used to stop over.

Nevertheless, the analysts accept that the reaction to this political backfire will ultimately mean more rather than fewer sanctions. The second wave could begin to swell, they say, at the EC summit in Brussels this week.

Sanctions are not specifically on the menu for the heads of state but they will inevitably come up in the simultaneous meetings of foreign ministers and senior officials so that they would form part of the final declaration.

Any proposals could be acted upon during Denmark's six-month presidency of the EC beginning in September or in the following period under West German leadership.

Since West Germany looks after Danish interests in South Africa because Copenhagen has withdrawn its diplomatic representatives, the Bonn envoys are preparing for a sticky year ahead.

If there is no substantial EC initiative in this period, it is generally accepted that the sanctions issue will inevitably loom larger in the United States — and once again the West German Government would feel obliged to follow that lead.

It is not simplistic to say that the ball lies in the South African Government's court. Those parties that oppose sanctions for practical and moral reasons desperately need the real ammunition to sustain their argument.

At the very least, CDU and FDP members agree, this would necessitate the initiation of real political dialogue among all South Africans.

By this they mean nothing short of unconditionally unbanning all political parties. They also require a deadline for a constitution in which all South Africans would enjoy equal rights within the foreseeable future.

Any further repressive steps or political backsliding from Pretoria would make the anti-sanctions case indefensible.

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Young residents of the SOS villages at Ennerdale and Mamelodi were treated to a picnic at the Syringa Spa at the weekend.

Company pull-out hits SOS drive for funds

By Janine Simon

Estimates of children in need of care in South Africa ranged from 50 000 to 150 000 at any one time, Dr W A Kulhanel, chairman of the SOS Children's Village Association said at its annual general meeting last night.

SOS could play only a small part in alleviating the suffering of these children and saw its special role as serving the black community, which had only nine homes for children in need of care, he said.

This number was disturbingly and unacceptably low and SOS would strive to increase its villages for black children.

SOS was also concerned that authorities, though sympathetic to the SOS cause, still turned a blind eye to disparities in subsidy payments and saw fit to provide black children with only a third of the amount provided for other community groups.

SOS had moved into a new phase and was now a multi-million rand operation requiring a high level of professional and managerial skills

It had largely achieved the six aims set for 1986, of which the establishment in January of a children's village in Mamelodi was one

SOS had been considerabley affected by sanctions and a number of companies pledging support had pulled out of South Africa and had not delivered the promised assistance.

One multi-national had promised R250 000 for 1987, but after their decision to withdraw had contributed only R100 000.

Future SOS plans included the development of priority villages in the eastern and western Cape and later in the Eastern Transvaal, northern Free State and Natal.

next week.

Argus 30/6/87

Little comfort for SA

From JEAN-JACQUES CORNISH, a Special Correspondent in Bonn

THE South African government should take no comfort from the general air of disillusionment with economic sanctions currently being felt across the West German political spectrum.

For this is more likely to result in even tougher measures being taken than in any relaxation of the limited sanctions that this country now applies in line with European Economic Community partners. The most likely first step would be to add a ban on the import of South African coal to the existing block on iron and steel, new investments and gold coins.

The key factors, according to representatives of the parties in the ruling coalition, are developments inside South Africa and the amount of pressure for more sanctions exerted by the United States, Europe and Nato.

The May 6 general election result is interpreted here as a most unhelpful lurch to the right — a blow to President Botha's reform process which was already being seen as too little too late. It compounded the disappointment over the exclusion of blacks from the President's Council and President Botha's disastrously anti-climactic Rubicon speech which had been touted here beforehand by Foreign Minister Pik Botha as "the biggest thing since Jan van Riebeck."

This combination is expected to result in the FDP — which generally gives the lead in the coalition on foreign policy matters — bowing to domestic political pressure by adopting a tougher pro-sanctions motion at its party conference in September.

"We have lost faith in the South African government," says FDP Southern Africa spokesman Mr Ulrich Irmer. "The perception is that it is all going to end in bloodshed and for the time being South Africa is finished. We see the violence on television and we read of the arrest of young children."

Reasonable, rational argument against sanctions is no longer accepted. "What else is there but more sanctions? If I knew of another way, I would take it but I don't. I believe the FDP will vote for sanctions in September and if the SPD comes to the Bundestag with a practical sanctions resolution we would support that too."

Senior coalition partners, Mr Helmut Kohl's CDU, are more inclined to withstand pro-sanctions pressure inside Germany. South Africa falls way below German reunification, East-West relations and nuclear disarmament on the party's list of foreign priorities.

Nevertheless it would not stand alone against a move for stronger economic measures — even if this meant mandatory sanctions — from its European partners and the United States. It is quite simply a question of priorities. West Germany is committed to adopting a uniform EEC foreign policy.

As the country truly at the heart of Europe — it has more neighbours than any other state on the globe — it would be senseless to be out of step. West German trade with South Africa, for example, is less than one percent of its foreign business as opposed to 70 percent with Europe.

West German investment in the Republic forms a similarly minuscule proportion of its foreign stake. CDU analysts illustrate the sanctions in waves and believe they are now on top of the first. While the Western countries who have applied these measures reflect on its less than satisfactory practical effect, they do not see a second wave rising yet

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Sanctions cost Australia

280 DD

30/6/87

JOHANNESBURG — Sanctions against South Africa were one of the few peaceful means available for foreign countries to demonstrate their concern and attempt to influence policy direction, the Australian ambassador, Mr Robert Birch, said here this week.

Addressing the South African Institute of International Affairs, Mr Birch said sanctions were seen as a persuasive, not punitive, means of encouraging the government to begin genuine negotiations across the political spectrum.

Mr Birch rejected the "rather glib, unsubstantiated and self-deluding" suggestions that Australia has imposed sanctions out of economic self interest, and said sanctions had cost his country.

He said Australian coal exports — comprising 16 per cent of Australia's export earnings — had suffered severely as a result of South Africa's more aggressive marketing of cheaper coal to Australia's East Asian markets. — Sapa