IMPORTS

~~POLICY~~

1986

The very risky business of importing liquor into SA

14/1/86 Bus DAY 74

MICHAEL FRIDJHON

TO ANY well-versed-in-the-world-of-drink foreigner travelling in SA, the range of imported liquors in such specialist emporia as Benny Goldberg's or Norman Goodfellow's will seem at the time vast and yet surprisingly limited.

In certain commodities — notably French wines from the most reputable regions, and liqueurs — the choice is staggering.

It is unlikely that a Parisian could match the purchasing choice of Burgundy and Bordeaux available in Johannesburg without recourse to the cellars of some of the better-known restaurants in the City of Light.

On the other hand, that same foreign traveller might wonder at the paucity of German wines — particularly from that same deluxe end of the market in which the clarets and Burgundies seem so well represented.

The absence of many of the better-known brand names in both the wines and spirits sections might also cause raised eyebrows.

What is the explanation for this? Initiative or product know-how? Is it that the SA market is fragmented into only a few, well-developed imported liquor categories? Are there important restrictions applying to the import of liquor and do these affect some products more than others?

The answer lies in all of these. The xenophobia present in many SA regulations makes the business of importing liquor into SA an activity fraught with difficulties, expenses beyond the usual and risks out of all proportion to the revenue.

BEER is the only alcoholic beverage for which there are no import regulations other than the import permit system. The Department of Trade Metrology does have very strict rules governing legitimate pack sizes and how the volumetric measure may be expressed.

Hence a nip bottle (187,5ml) may be illegal, and should the measure on the label be indicated in centilitres and not millilitres then it would certainly be an offence to display the goods for sale.

But beer is at least free of those import regulations relating to product analysis and specified labelling requirements.

In other words, any liquor importer can import beer providing the Department of Trade Metrology approves of the pack size and providing the volumetric contents have been printed on the label in millilitres.

All this is still not plain sailing; the importer must be in possession of a valid import permit which, currently, is something of a restricted commodity. He must also have a liquor licence, otherwise he will not be permitted to dispose of his stock once it has arrived in SA.

All other liquor is imported subject to the application of Act 25 of 1957. This law, and its numerous amendments, determines not only what products may actually reach the SA consumer, and at what strength, but also how they must be packaged, described and labelled.

Since the intention of the Act is shamelessly protectionist, its application is not intended to expedite the business of importing wines, spirits and liqueurs.

Firstly, the outright restrictions: no spirit is allowed to enter SA at less than 43% alcohol by volume.

Most European spirits are sold at 40% alcohol, so producers are obliged to increase the alcoholic strength of their SA exports, usually to the detriment of the product.

THE ageing process reduces the alcohol of a brandy so that the more mature the Cognac, the lower its alcohol content. SA importers face the constant embarrassment of asking their suppliers to add a little young alcohol to a perfectly aged Cognac just prior to shipment so that the consignment will comply with the rules.

Officials responsible for enforcing these regulations are aware of how ludicrous they are, and the extent to which they are not in the public interest. But they are acting as officers of the Act, without discretion when it comes to so explicit a ruling.

The reason for the legislation in the first place relates simply to SA's gross over-production of wine and therefore alcohol: all SA producers are compelled to sell their spirits at 43% alcohol and the law must appear to be just and equal.

Also, there is the small matter of the higher excise which applies on all spirits — local and imported — as a result of the extra 3% alcohol. For years the industry has argued that lower excise would lead to higher consumption and therefore to an increased revenue for the fiscus.

There is a feeling that this regulation may soon be amended in the interests of public health and a general improvement in the quality and smoothness of local and imported spirits.

Meanwhile, the regulation acts as a disincentive to exporters to send small quantities to the SA market.

Strange regulations governing minimum (but not maximum) alcohol levels also affect the liqueur category (at least 30% alcohol by volume) and the spirit aperitif category.

In a further move aimed at increasing the local consumption of unwanted grape spirit, legislators have determined that only products made from grape spirit may be sold in that category of beverages ranging from 16,5% alcohol to 25% alcohol.

Hence port, sherry and vermouth — all of which satisfy the requirements of a "wine aperitif" — can be legally imported providing they are at the right alcoholic strength, whereas it is simply illegal to import a product such as Bailey's Irish Cream at its normal alcohol level of about 18%.

To get round such regulations, where there is clearly a demand for a particular product, producers increase the strength of their products so that they comply with the spirit aperitif category at 25% alcohol by volume.

But as many cream liqueur importers found to their cost, at the higher alcohol levels the products have too much of a "bite" and anyway the alcohol separates from the cream, resulting in enormous stock losses.

Importing wine is even more treacherous — although, in fairness, some of the regulations relate to important quality control requirements.

Among the analytic features which are not necessarily important in determining quality but which are ordinarily forbidden in SA is the residual sugar in a wine.

Hence most of Germany's top wines and all the great French dessert wines — such as Chateau d'Yquem — are forbidden imports in SA.

They can be imported only against a special dispensation granted after the authorities have tasted and approved the product.

THIS special dispensation can be withdrawn at any time, including the moment at which the shipment first arrives in SA: the board can determine that the wines in the shipment do not taste as good as the sample submitted prior to importation and can rule that the consignment must either be re-exported or destroyed.

As this almost arbitrary power is actually exercised several times each year, the risk factor in importing such wines is obviously disproportionate to the possible reward.

There are also very specific labelling regulations for all wines and spirits.

These include the indication of the country of origin, a means of tracing the importer by way of his address or importer's code number, the volumetric measurement indicated in millilitres and a possible product description — such as wine aperitif, spirit aperitif or the name of the fruit from which a distillate was made.

Once again this tends to discourage exporters, who find that they have to incur substantial printing costs for small consignments, especially as the application of these regulations is as rigorous as those relating to analysis.

Beyond all these problems, the procedures an importer must comply with before he can import and sell a product are extensive and intentionally slow.

Firstly, the product must be registered. A bottle must be submitted for analysis at the government testing station at Nietvoorbij, just outside Stellenbosch.

FOR Johannesburg-based importers, getting bottles to the Cape and the delays in finding out if samples have arrived safely, have been analysed satisfactorily and have passed the labelling requirements, make the exercise frustrating.

Four to eight weeks is the average time before the conditional import certificate is issued, during which time a particular vintage may no longer be available.

Armed with a conditional right to import, the wine merchant advises his suppliers of his requirements, including the labelling regulations.

Assuming no communication problem with a small vineyard owner in the Loire Valley, the labels are then printed in France, put on the consignment and the shipment is despatched.

When the goods arrive in SA they are immediately embargoed. The Customs officer must draw a sample from the consignment and send it to Nietvoorbij — at the importer's expense, together with the conditional import certificate, so it can be re-analysed and the labelling checked. Finally, the importer is advised by registered post whether or not he may sell the consignment.

Allowing for supplier credit of 30 days — unusual for small wine growers — importers have paid for and carried their stock for four to eight weeks before they can begin to sell it.

Even assuming it all sells immediately, by the time the importer has receipted his sales, he has financed his stock for between three and six months, courtesy of the import regulations.

IF, however, Nietvoorbij determines that the product concerned does not satisfy the specified analysis requirements there is no avenue of appeal: the goods must be re-exported or destroyed. Under these circumstances it is hardly surprising that German wines, for instance, do not get the same coverage as French wines: the risk that their sugar or sulphur dioxide levels might exceed the analytic requirements is too high to warrant developing a market.

□ *Michael Fridjhon is a wine consultant and writes on wine for Business Day. He also has an interest in a wine importing company, and in companies which distribute SA estate wines.*

BUS DAY 20/1/86 (74)

Old Mutual warning on siege-economy policy

CHRIS CAIRNCROSS

THE more outward-looking trade policy has been subject to intense pressure in recent months but remains the best option for the economy in the long term.

Although it may seem attractive at present, using a siege-economy approach, through the imposition of import controls and other protectionist measures, would severely impede attempts to stimulate growth, says the Old Mutual in its latest *Economic Monitor*.

SA desperately needs what it mainly imports now in order to continue building up its economy, OM adds.

Reviewing the role of imports in the economy, OM's economic-research unit says that in current circumstances, where the overall level of imports needs to be kept low, "it is better this is achieved through the price mechanism (the low exchange rate) than that imports be rationed by a bureaucratic, inefficient and costly administrative system of direct import control."

"Furthermore, it is important that some measure of foreign competition is maintained to discipline local producers in order to keep intense domestic inflationary pressures under control."

OM notes that, although SA's dependence on foreign goods and services has declined significantly in physical terms, relative to total domestic production, over the past 10 years, the weak rand has kept the percentage of money spent on imports at roughly the same level over the past 25 years.

Perhaps more important in assessing the economic outlook and formulating economic policy, however, is the relative dominance and importance of capital goods in the import mix.

Reserve Bank Governor Gerhard de Kock recently estimated that about 80% of imports were of a capital or intermediate nature.

This composition of imports, observes OM, poses significant problems to the authorities. "With the 'luxury' component of imports now relatively small, the flexibility to further squeeze imports in order to correct a balance of payments problem is obviously limited," it adds.

Feasibility studies being stepped up

BU> DAY 3|2|86

Import substitution takes on urgency

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KLEU

ALAN PEAT

GOVERNMENT and private enterprise are stepping up efforts to devise a programme for wide-scale import replacement.

Government stated its view last year in a White Paper on industrial development strategy which said:

"While manufacturing industry, in terms of the total economic structure, has become the largest contributor to the national product, it is trailing behind the primary sectors in terms of productivity, in the use of resources and in its contribution to the balance of payments.

"South Africa will in future have to rely more and more on the manufacturing industry as the leading development sector."

The White Paper was government's reply to a report on industrial development strategy presented to Parliament in 1983 by Basie Kleu, then chairman of the Board of Trade and Industries. He outlined four strategies — economic growth, employment generation, export promotion and import replacement.

With the rand now seemingly moored in the $0,40/50 band, many believe the climate is such that priority must be given to the last of these.

If successful, it will of itself contribute towards the other three.

Government has ordered an investigation into the production of capital goods bought by public authorities and still imported in quantity.

While government studies are designed to reduce public spending, an independent survey is being conducted on behalf of the private sector.

The Group for Techno-Economic Services (GTES) at the CSIR has been examining import substitution for nine years, mostly on behalf of individual industries.

Project leader Johann Reinhardt says the survey has studied the feasibility of import replacement of 25 products a year for the last nine years.

He says that when looking at import replacement, the most important questions are size of local market; availability and cost of raw materials; economy of scale; whether it is a specialised product; technological requirements; market needs; package deal system; access to international know-how; capital and specialised manpower requirements.

circumstances in which the South African Transport Services will consider, the application of (i) sanctions and (ii) trade boycotts?

†The MINISTER OF COMMUNICATIONS (for the Minister of Transport Affairs):

(1) (a) and (b) Yes.

(2) (a), (b), (i), (ii)(aa) and (bb), (iii)(aa) and (bb), (iv)(aa) and (bb) and (3) fall away.

(4) No.

Sharing of facilities

HANS · Q COL 295

*27. Mr K M ANDREW asked the Minister of Education and Development Aid:

4/3/86

(1) Whether, during the latest specified period of 12 months for which figures are available, his Department made any requests to any other education departments in South Africa to use or share any (a) school and (b) teacher training college (i) premises and/or (ii) facilities which (aa) were not being used and/or (bb) were being under-utilised at the time; if not, why not; if so,

(2) (a) what are the names of these schools and colleges, (b) what was the nature of these requests, (c) on what dates were these requests made, and (d) what was the response, in each case?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(1)(a) and (b) No.

The policy of the Government on this matter is explained in paragraph 7.18.2(c) of the White Paper on the Provision of Education in the Republic of South Africa, 1983. The Department of Education and Training establishes its own national plans for physical facilities as well as priority lists and develop the facilities as quickly as possible.

(2)(a), (b), (c) and (d) Fall away.

Mr R M BURROWS: Mr Speaker, arising from the hon the Minister's reply, is he aware that it is possible for his department in terms of section 14 of Schedule 1 of the Constitution to make use of facilities in other education departments; and, if so, why does he not make use of underutilised facilities?

The MINISTER: Mr Speaker, I am aware of that possibility but I am of the opinion that those facilities would not add any material relief to the needs that have to be met by my department.

HANS · Q COL 296 4/3/86.

Inter-group relations/interracial contact

*28. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

(1) Whether, during the course of January 1986, any (a) directives were issued by or (b) statements were made on behalf of his Department on intergroup relations among school children of different race groups; if so, (i) what was the purport of such directives and/or statements and (ii) what form of interracial contact for school children is being recommended;

(2) whether any other forms of contact are being considered; if so, (a) what other forms and (b) which of these are considered to be (i) desirable or (ii) permissible;

(3) whether any permits, permission or authorisation is required before such contact may take place; if so (a) what form of permission or authorisation is required and (b) from whom;

(4) whether any education departments and/or institutions have been approached to assist in facilitating this contact; if so, (a) what departments and/or institutions and (b) what was the (i) nature of the approach and (ii) response in each case;

(5) whether any of the forms of contact among school children referred to in the above directives or statements (a) have taken place or (b) are proposed to take place; if so, (i) where, (ii) when, and (iii) what is the nature of the contact or proposed contact, in each case;

(6) whether he or members of his Department have made any statements on the right of schools to admit pupils of all races; if so, what was the purport of these statements;

(7) whether he will make a statement on the matter?

†The DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) (a) No.

(b) Yes, as contained in the Directive for Action To Promote Intergroup Relations which was issued by means of a press statement on 23 January 1986.

(i) and (ii) Paragraphs 1(d), 3.2(e) and 4.4(e) mentions examples of contact only.

(2) No.

(3) No.

(4) No.

(5) No.

(6) No.

(7) No.

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Oil: excise duties

HANS · Q COL 297

*29. Mr B B GOODALL asked the Minister of Finance:

4/3/86.

What total amount was collected in excise duties in respect of the purchase of oil in the latest specified financial year for which information is available?

The DEPUTY MINISTER OF FINANCE:

No excise duty is levied on imported oil. It may, however, be mentioned that during the financial year 1984/85 nett excise duty in the sum of R297 million was collected on petroleum products.

Petrol: cost of transportation

HANS · Q COL · 298

*30. Mr B B GOODALL asked the Minister of Transport Affairs:

4/3/86 ·

What was the cost in cents per litre in respect of transporting petrol from Durban to the Reef as at the latest specified date for which information is available?

†The MINISTER OF COMMUNICATIONS (for the Minister of Transport Affairs):

Approximately 1 cent per litre by pipeline for the 1984/85 financial year.

Simon's Town: mountain fire

HANS · Q. COL 298

*31. Mr P A MYBURGH asked the Minister of Defence:

4/3/86 ·

(1) With reference to the mountain fire which occurred in Simon's Town in November 1985, what action has been taken as a result of the findings of the board of inquiry referred to in his reply to Question No 9 on 18 February 1986;

(2) whether the results of the investigation into this matter are to be made available to the public; if not, why not; if so, when?

The DEPUTY MINISTER OF DEFENCE:

(1) New fire breaks are planned and restrictions on the firing of weapons in certain conditions will be displayed

The MINISTER OF HOME AFFAIRS:

(1) Transkei—960; Bophuthatswana—704; Venda—230; Ciskei—1 761.

(2) No. (a) and (b) Fall away.

Sentenced prisoners: mental institutions

HANSARD 10/3/86

321. Mr A B WIDMAN asked the Minister of Justice: QCOL 435

How many sentenced prisoners were transfered to mental institutions in 1985?

The MINISTER OF JUSTICE:

Fifty three (53). This figure includes twenty five (25) prisoners who were admitted to hospital prisons for psychopaths in terms of Section 30 of the Mental Health Act, 1973 (Act No. 18 of 1973).

QCOL 435

Deportations/arrests/prosecutions

HANSARD 10/3/86

355. Mr K M ANDREW asked the Minister of Home Affairs:

(1) (a) How many citizens of (i) Ciskei, (ii) Transkei, (iii) Venda and (iv) Bophuthatswana were deported from the Republic in 1981, 1982, 1983, 1984 and 1985, respectively, and (b) in terms of what statutory provisions were they deported in each case;

(2) whether any (a) employers and/or (b) employees have been (i) arrested and/or (ii) prosecuted in terms of the Aliens Act, No 1 of 1937; if so, how many as at the latest specified date for which information is available?

The MINISTER OF HOME AFFAIRS:

(1) (a) (i) None.

(ii) 1981—98
1982—63
1983—37
1984—15
1985—41

(iii) 1981-1984 None
1985—2

(iv) 1981-1984 None
1985—1

(b) The removals mentioned under (1)(a)(ii)—(iv) were ordered in terms of section 43 of Act 59 of 1972.

(2) Such statistics are not kept by the Department of Home Affairs.

Import surcharge.

HANSARD 10/3/86

371. Mr R M BURROWS asked the Minister of Finance: QCOL 436 (74)

(a) What total sum had been raised by the State by way of the import surcharge on (i) books and (ii) periodicals since the introduction of this surcharge as at the latest specified date for which information is available and (b) what sum is it anticipated will be raised by way of this surcharge in the 1986-87 financial year?

The MINISTER OF FINANCE:

(a)	Period	Surcharge
(i)	1 October 1985 to 31 December 1985	R3 322 913
(ii)	1 October 1985 to 31 December 1985	R393 335

(b) Estimates of surcharge in respect of separate goods are not made.

Own Affairs:

HANSARD 10/3/86

Teacher training colleges

QCOL 436

12. Mr K M ANDREW asked the Minister of Education and Culture:

What was the (a) actual enrolment and (b) potential capacity of each specified teacher training college for Whites falling under his Department or any of the provincial education departments in (i) 1980 and (ii) 1985?

HoA

The MINISTER OF EDUCATION AND CULTURE:

College	(a) Actual enrolment (i) 1980	(ii) 1985	(b) Potential capacity (i) 1980	(ii) 1985
Barkly House	130	122	150	150
Denneoord, Stellenbosch (1)	209	—	200	—
Graaf-Reinet (1)	295	—	400	—
Cape Town	256	261	450	450
Oudtshoorn	290	190	350	350
Paarl	528	454	550	550
Port Elizabeth	259	242	350	350
Wellington	495	355	600	600
Durban	328	365	365	500
Edgewood	680	620	1 200	1 200
Natal	246	218	350	350
Bloemfontein	674	655	750	750
Potchefstroom	1 280	1 305	1 400	1 400
Pretoria Normaal	2 395	2 036	2 200	2 200
Goudstad	1 148	1 477	1 500	1 500
Johannesburg	1 472	1 972	2 500	2 500
Pretoria College	93	469	550	550
Witwatersrand (2)	104	17	125	125

(1) Converted into Colleges for Continued Training in 1985.

(2) Closed end of 1985.

HANSARD 10/3/86

Teacher training colleges

QCOL 437

13. Mr K M ANDREW asked the Minister of Education and Culture:

Whether any (a) new and/or (b) extensions to teacher training colleges for Whites are planned to be built by his Department or any provincial education department; if not, why not; if so, (i) where, (ii) when, (iii) what is the total estimated cost, and (iv) what will be the maximum enrolment, in respect of each such college?

The MINISTER OF EDUCATION AND CULTURE:

(a) and (b) No, because there is no need for additional accommodation at this stage. Projects in progress will however, be completed.

(i) and (ii) The following projects are in different stages of construction and the expected completion dates are as follows:

Pretoria Onderwyskollege	1987.
Durban	1988.
Edgewood	1987.

(iii) Pretoria Onderwyskollege R85 000 000 of which R40 000 000 will be obtained by the alienation of a part of the old campus. The remaining part of the old campus will be retained for urgent other needs for which provision would have had to be made in any case.

Durban	R9 000 000.
Edgewood	R1 510 000.

(iv)

Pretoria Onderwyskollege	2 200.
Durban	500.
Edgewood	1 200.

HoA

Stricter controls on shoe imports

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.BDAY 17/2/86

CHRIS CAIRNCROSS

GOVERNMENT has decided to apply stricter control on footwear in order to check temporarily inroads imports are making into the domestic market.

The purpose is to give SA's footwear manufacturers sufficient breathing space until additional tariff protection has been finalised, says Trade and Industries Minister Dawie de Villiers.

The Footwear Manufacturers' Association is preparing an application for further protection on categories of footwear not already covered by tariffs and formula duties introduced last year.

Opening a shoe factory in Maritzburg on Friday, De Villiers said disruptive competition from imports had led to an unsatisfactory local situation that could not be permitted to continue.

Domestic demand for footwear has shrunk from a normal offtake of about 80-million pairs of shoes a year to about 68-million pairs in 1985.

Production in terms of pairs has fallen from 63-million in 1981 to about 54,7-million last year.

At the same time the share of the domestic market captured by imported footwear has increased from about 17% in 1979 to 31% in 1984.

Confirming that stricter import controls would be applied until additional tariffs could be introduced, De Villiers warned that such protection could not be applied indefinitely.

BDA7 19/3/86 (74)

Delight over new-books concession

THELMA TUCH

GOVERNMENT'S move to abolish the 10% import surcharge on books was welcomed yesterday, but not without reservation, by booksellers, librarians and educationists.

The abolition of the import surchage means that prices of new stocks arriving in the country will be reduced by about 7%. This should come into effect within two months.

Yesterday's announcement was met with mixed feelings, ranging from delight to scepticism.

"Its very wonderful news, long needed and everybody in the trade will be very happy," said Exclusive Books MD Jeremy Gordin.

However, although prices will go down by about 7%, the cost of books will still be enormous because of the weakness of the rand and the 12% GST on the items, Gordin said.

Emphasising this point was the head librarian at the University of the Witwatersrand Professor Reuben Musicker, who said the move was "only the tip of the iceberg".

He said the "whopping" 12% GST and the 3% custom clearance and wharfage charges would continue to cripple Wits' library budget.

The medical library had cut down on their purchase of important periodicals due to the exorbitant prices.

"The frightening costs are still there and doing away with the import surchage is not going to have all that much of an impact."

In both the UK and US there was no GST on books, he said.

Collins Publishers' sales and marketing director Paul Hardingham said he was "very pleased" with the abolition of import surcharge but added that it was "insufficient", as it constituted only the first step.

"We feel that any sort of tax on books is disastrous to the development of a country such as South Africa," said Hardingham, who chairs a committee which has been campaigning for the total abolition of taxation on books.

nothing happened. I'm not happy with the way it's going," he adds, "but if you do development work you have to regard it as risk money."

Hall tells the *FM* he simply lost faith in the project although he thought the apparatus worked. "It was a classic case of mismanaging a good idea," he maintains. Sniff. ■

CRORKERY 74 21/3/86

Flying saucers FINMAIL

An application for hefty increases in import tariffs on crockery could result in duties on some consignments increasing by up to 300%.

The application by SA's crockery giant, Continental China, has come under fire from importers who charge that they are forced to import because local suppliers cannot meet home demand in terms of lead times, product range and packaging.

Importers also complain that higher tariffs will not deter imports but will only make the product more expensive for the consumer. Some claim that the tariffs are being used to protect the inefficiencies of local producers.

The application, published in the *Government Gazette* on February 7, calls for increases in the duties on earthenware and porcelain cups, saucers and plates. Objections to the increases had to be made to the Board of Trade by March 21.

If the application is granted, the new tariffs will result in huge increases in the landed costs of crockery, says Checkers executive director of home and ware merchandise Randal Coburn.

"It will place severe cost pressures on inexpensive crockery," says Coburn. He charges that local manufacturers do not have the range of products, the packaging or the lead times to meet local demands.

"Continental China has the lion's share of the local market but it has problems meeting our needs. We wouldn't import if our requirements could be met locally."

One of the main reasons behind the application, says Continental China's Bill Paverd, is dumping of crockery products, particularly from Red China. "The Chinese are using crockery as an exchange earner. They are selling at lower than my energy costs.

"We are asking for increases on cheaper dumped goods, and this is how the tariffs have been structured. They won't affect the more expensive, quality merchandise."

Paverd admits there have been problems in delivery times, packaging and product range, but says these have been largely solved. "In the last 18 months we have done a tremendous amount and I think we have already made the turnaround."

"We have cut staff levels by half, reduced the number of shapes we produce, increased the number of designs and improved packaging. There is no doubt we can now supply most of the market requirements."

These arguments fail to appease importers. On the face of it, the increases do not appear too heavy, says import/export consultant Bill Ugo — but there's a sting in the tail, he adds.

"If one assumes a porcelain plate weighs about 500 g and costs about R1, importers will have to pay a duty of R2,50 a plate. That is an exhorbitant increase from the 47,5c which currently applies.

"A client of mine imported a shipment of plates recently, on which he paid 25% duty. The suggested tariffs mean he would have to pay 132% duty." Other importers could wind up paying at least 300% more, says Ugo.

Coburn says Checkers will continue to import but in smaller quantities because sales will be hit by higher prices. "A dinner set selling now at R49,95 will probably have to go up by R20-R30."

Imports in 1985 declin :d because of reduced buying and higher exchange rates, say observers.

In the first nine months of 1985, imports of the affected lines fell to R7,5m against R9,8m in the same period of 1984.

The market itself is also smaller. In 1983 sales were 65,2m units, in 1984 they fell to 63,5m units, and in the year from October 1984 to September 1985 the market fell to 53,9m units. ■

Porsche prices cut — but not all will follow suit

Car importers welcome 20 pc cut in customs duty

21/3/86. STAR (74)

By Jeremy Sinek

The 20 percent reduction of customs duty on imported cars has been welcomed by importers and one firm has announced price cuts since the Finance Minister's announcement in Monday's budget.

The rate drops from 125 percent to 100 percent, returning to the pre-1985 Budget figure.

Porsche importers LSM Distributors has made an immediate 12,5 percent reduction on its German-made sports cars, including those on showroom floors.

However, not all prices are likely to drop — partly because many imported cars already in the country are old stock, imported at exchange rates that were more favourable than present rates.

Lindsay Saker Porsche's managing director Mr Christoph Köpke said: "Most importers' sales in 1985 were cars imported during 1984. There simply were no more imports in 1985, apart from ours — and even we lived off stock to a large extent."

Other importers say they had largely absorbed the 25 percent extra duty — introduced in the March 1985 budget — by accepting reduced margins.

Mr Brian Ferris, who imports Maseratis and Lamborghinis, said: "We never believed the 25 percent would remain indefinitely so we cut our margins drastically and virtually sold cars at cost.

"Now prices won't change much but we might be able to make a profit again."

In other cases, the best that can be hoped for is that prices of future imports, including those on order, will be lowered.

According to Mr Robert Schiemann of Lancia and Ferrari importers TAK: "On a Ferrari Testarossa it will make a difference of approximately R30 000."

If the number of imports does pick up again one effect will be that, despite the cut in duty, the Finance Minister will gain more total revenue from this source in 1986 than in 1985, with greater volume more than offsetting the reduced income per car.

The 25 percent additional duty was not the only or even the major factor that hit imported cars during 1985. The exchange rate was the biggest burden.

The reduction in duty is not expected to make much difference to sales of local manufacturers who import some specialised upmarket models from their parent companies.

Prices on these models — mainly imported only to special order — will be lower than they would have been but still expensive compared with two years ago.

Ms Delene McFarlane, PRO for Mercedes-Benz South Africa, said: "Any improvement would be marginal because you need an improvement in the exchange rate as well."

Toyota SA's marketing director Mr Brand Pretorius said that in the light of the duty reduction, his company would take another look at regular imports of some special models.

Falling oil price could mean cheaper fuel

26/3/86
STAR

Govt backs off on cut-price petrol sales

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Cape Town

The rapid spread of discount coupons with petrol sales can be expected now that the Government has backed away from official intervention.

At the same time, falling oil prices on the world market are pointing towards a further drop in the petrol price within the next three months.

Reports from Bahrain say that, according to industry analysts, oil prices could slide to below $10 a barrel because of the failure of Opec Ministers to agree on curbing production.

A marathon nine-day meeting in Geneva broke up on Monday without a firm agreement on production quotas for members of the 13-nation organisation.

In the Assembly yesterday, Energy Affairs Minister Mr Danie Steyn made it clear that the Government does not intend appealing against the court decision last week which allowed the Pick 'n Pay supermarket group to discount petrol with a coupon system. The Government also does not intend changing the law.

Reacting to questions from Mr John Malcomess (PFP, Port Elizabeth Central), he said that the Government was studying the court decision. When this was completed, a decision on further action would be taken.

He added that as far as he knew the way in which the coupons were offered was not a transgression of the Trade Practices Act.

He was also asked if, in view of the lower crude oil prices, he had any intention of reducing the petrol price in the near future.

He replied that he felt his department had already proved that it brought down the price as soon as this was possible.

The matter was being investigated. When it was possible to bring down the price again, his department would do so.

Mr Steyn said general directives had been issued to all oil companies that no petrol should be supplied to retailers intending to offer it at a discount. This was done on February 28 and on March 6.

This was to ensure a stable petrol distribution network countrywide, to protect employment and the interests of the small businessman; and to prevent vertical integration.

Welcoming Mr Steyn's answers, Mr Malcomess said today that the Government seemed to be regretting its decision to try to stop the public obtaining cheaper petrol.

See page 13.

New pay TV service could cost R15 a month

By Ian Gray

South Africa's first independent subscription television service could cost you as little as R15 a month — if you live in a block of flats.

The service, due to come on stream in the Johannesburg area in October, will cost householders about R30 a month. But for those living in "multi-unit dwellings" — blocks of flats or hotels — it will cost less.

This was announced in Johannesburg last night by Mr Ton Vosloo, chairman of M.Net, the newspaper-funded consortium that will provide South Africans with their first independent all-entertainment channel.

He was "unveiling" the decoder, which will cost individual subscribers about R200 before they can receive the signal beamed by the service via SABC transmitters.

The decoder is a high-security device, which will block off the new station's signal, not only to non-subscribers, but to individuals who have not paid their monthly subscription, more or less on the same basis of telephone rentals.

Because the production process is not yet far enough advanced, the price of the decoders has not yet been finalised.

The M.Net service will be launched in Johannesburg on October 1 (test transmissions are due to start in three months) and in Pretoria on January 1.

Hey! So

Father and baby are shot

Crime Reporter

A Permanent Force father, Mr Michael Jackson (24), and his 17-month-old baby daughter Chantelle, were taken to the Kempton Park Hospital yesterday morning after shots were fired following a family argument.

An East Rand police spokesman said Mr Jackson was reported to be in a serious condition with a bullet wound in the roof of his mouth.

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Cement industry wary of foreign shipments

MICK COLLINS

CEMENT producers are ready to block dumping by foreign manufacturers.

Fighting to contain costs and protect huge capital investments, producers say any offloading of surplus stocks will spell trouble for the industry.

With production already down to 60% of capacity, cement chiefs have made representation to the Board of Trade to stave off any recurrence of events in 1985 when bulk imports were landed at Durban.

Spain and Japan are singled out by local producers, who say they offloaded stocks at Durban at well below the price demanded in their own countries. By doing so, they were able to undercut local suppliers.

"We have had a number of discussions with the BoT and will continue to put our case," says Blue Circle distribution manager David Brockhouse.

"The reaction of the board so far has not been too favourable but we hope for better things to come. As far as we can ascertain, the issue is not closed. The door has been left open for further negotiation."

Brockhouse says total manufacturing capacity for the industry is 11,6-million tons a year.

"Dwaalboom, Pretoria Portland's new facility with a capacity of 600 000 tons, has been mothballed along with several other older kilns which had a total capacity of 2-million tons. Added to that some plants are under-utilising capacity to the extent of 1,5-million tons a year.

"This has led to redundancies and placed the industry in a parlous state."

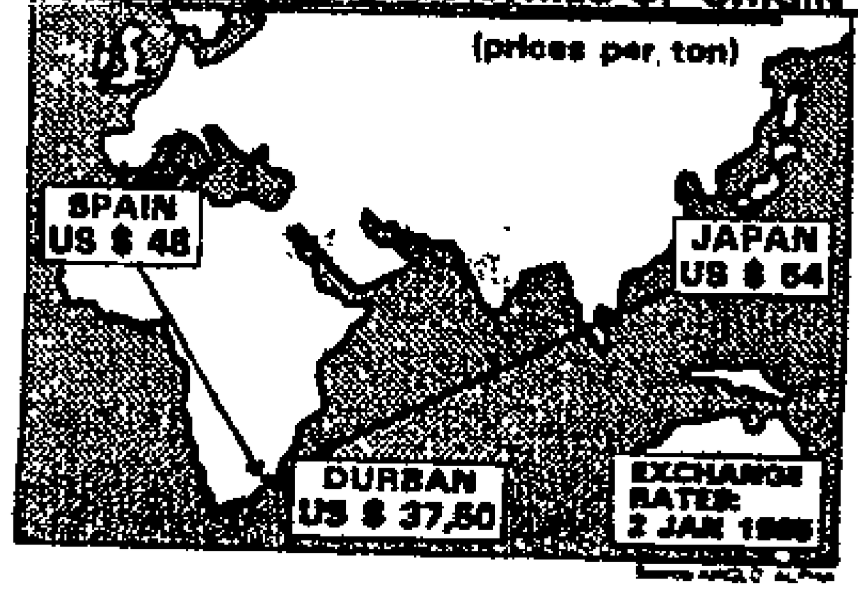
Percy Pavey, GM of Cement Distributors, says long lead times are needed in production planning, with the average cost of setting up a plant in the region of R300m.

"To give investors even a 15% gross return is proving impossible for us. Current averages are around 6%-8% and already sales for 1986 are down some 18% on 1984 figures.

"This year has been particularly chronic for us. April rail increases have not been passed on to the consumer and we will continue to try to absorb them. We have also deferred any further price hikes for the moment."

On the question of dumping, he says the industry has no tariff protection and, unless some form of protection is introduced, investors could shy away from the industry.

COMPARISON DUMPED PRICES IN DURBAN WITH OVERSEAS COUNTRIES OF ORIGIN



The price of foreign cement last year, says Pavey, was far higher in the countries of origin than when the commodity was landed in Durban (see map).

Officials at the Spanish commercial office in Johannesburg say they are unaware of plans to export Spanish cement to South Africa.

A spokesman said yesterday: "If plans to import cement are afoot, we are not aware of them."

Call to reduce import duties

Clothing firms hard hit by fabric shortage

Cape Times 23/4/86

(74)

By AUDREY D'ANGELO

THOUSANDS of jobs, and thousands of rands worth of business, are being lost because a shortage of fabric is forcing Cape Town clothing factories to work short time.

To ease the situation, clothing manufacturers are appealing to the government to reduce import duties temporarily.

Consumer

The chairman of the Cape Clothing Manufacturers Association, Simon Jocum, said in an interview last night that a reduction of import duties would not harm South African textile manufacturers, who would still have the major share of the market.

But it would enable manufacturers to import fabric they needed to carry out orders at prices which would keep clothing within reach of the average consumer.

"We are in the ridiculous situation that there is a shortage of fabric in the middle of a recession," Jocum explained.

"In normal times we import 20% of our fabric and 80% is produced locally. But, because of the weakness of the rand, imported fabric costs so much that at present only about 5% is imported."

However, he said, the South African textile industry was exporting profitably because of the weakness of the rand — which was the correct thing for it to do — and lacked the capacity also to meet an increased demand from local manufacturers.

"They laid off workers at the start of the downturn and cannot get them back — they are lost to the textile industry.

"It takes six months to train workers new to the industry. And the textile industry knows from experience that our economy goes from boom to bust like a yoyo and is unwilling to invest in more plant when it knows demand may have fallen again in a year or so."

Jocum said the textile mills were also unwilling to fill small orders from factories employing 80 workers or so, preferring the long production runs they could get for export orders.

In this situation, a "grey market" had arisen with manufacturers selling fabric to each other.

"The ridiculous situation has arisen when it is almost more profitable to sell fabric to other manufacturers than to sell clothes."

The secretary of the Industrial Council for the Clothing Industry, H Nel, said that in the three months to December the number of jobs in the Western Cape clothing industry had dropped from 59 000 to 51 000.

Applications

Between the end of December and the end of April there had been a further fall to 49 000 jobs and if the shortage of fabric continued he expected a further drop by the end of June.

Nel said he was receiving applications from factories to work short time because of a shortage of fabric.

In a speech to clothing manufacturers at a city hotel last night, Jocum said that raw material prices had risen by 20% in the past year.

Retailers were ordering at shorter notice while the textile mills wanted manufacturers to order further in advance — sometimes as long as eight or ten months.

THE ARGUS 26/4/86

Cost of dressing up may come down

By TOM HOOD

CLOTHING prices could be cut and unemployment eased if a lowering of import duties becomes more widespread in the clothing and textile industries.

The Government cut import duties in the past week on knitted fabrics to 25 percent from around 35 percent.

This follows a redrafting of the import duty structure and will help clothing manufacturers who have been hard hit by high import prices and a shortage of knitwear fabric.

Also, next month clothing manufacturers will present their case to the Government for a temporary reduction in import duties on a wider range of fabrics of which there is an exceptional shortage.

The textile industry is also worried about a shortage of yarn and is applying pressure for a reduction or temporary abolition of duty.

Factories all over the country have laid off workers or cut working hours because of the shortage of fabrics.

"If fabric prices don't come down and the scarcity gets worse, it will obviously affect employment," said the chairman of the Cape Clothing Manufacturers Association, Mr Simon Jocum, this week.

"Once you have factories going on to short time and jobs are involved, the matter must be tackled very quickly."

Exports of fabrics, benefiting from the low rand, had aggravated the shortage.

But exporting was good business and was the industry's right, he added.

"We also have a right to seek other resources at reasonable prices."

Rebate on fabric imports

74 BUS DAY 8/5/86

LINDA ENSOR

REBATE facilities for the import of certain fabrics have been granted by government to overcome local shortages.

The 100% rebate on imported knitted and woven textiles, which are subject to a 25% tariff duty, was welcomed by Mike Getz, president of the National Clothing Federation (NCF).

"The shortages have caused a serious disruption in the clothing industry at the most difficult time in its history," he said. "Without a rebate it would be impossible to import textiles with the rand at its present level."

Stan Schlagman, executive director of the Textile Federation, said the bottleneck situation arose because clothing retailers miscalculated demand last year.

This resulted in a "very appreciable" drop in orders by clothing manufacturers. A rapid rise in demand accelerated by a drop in imports followed.

"The textile industry cannot be expected to reduce lead times to well below what would be possible normally" he said. "The rebates are a temporary, emergency measure to meet an unprecedented situation."

Schlagman said the measure would create serious problems if it were to set a precedent.

(180)(74) FIN MAIL 16/5/86.

IMPORT DUTIES

Textiles in a spin

Does the clothing industry really need the recently announced full duty rebate on imported fabrics? Some industry sources believe not, claiming that it will delay textile production expansion.

The Board of Trade announced last week it would allow the duty-free import of an unspecified quantity of fabric as an emergency move to help clothing manufacturers. This came four to five months after the clothing industry opened talks with textile producers on supply problems experienced late last year.

The full benefits for clothing manufacturers will be known only when the list of duty-free fabrics and quantities are announced within the next week or two. But the savings are expected to run to several millions.

The textile industry is predictably unimpressed. "Many textile manufacturers already had plans to increase production capacity — a move unprecedented in such depressed times. But these have now been put on the back burner," says one source.

The *FM* understands that at least one large listed company has already shelved its plans to increase textile output.

Behind the move lies a story of allied industries being pulled in opposite directions. When clothing makers cut back on orders to keep inventories down during a depressed sales period, textile producers were tempted to sell abroad because of the low rand. But when medium-term export contracts had been clinched, they were caught short by an upturn in local demand.

Mike Getz, president of the National Clothing Federation of SA, points out that duty has been suspended only until supply problems are alleviated. "We've had problems, particularly on timely delivery and acceptable quality, for some time. Contrary to sound economic principles, these problems have intensified during the recession," he says.

Textile Federation director Stanley Shlagman explains the difficulties faced by his industry, which supplies textiles worth some R2,4 billion a year to the local market.

"Local textile manufacturers normally supply about 80% of SA's needs. However, imports fell because of the low rand and more pressure was placed on local producers. But, for the most part, we still met local needs."

Textile exports increased considerably because of low local demand and the low rand between May and October 1985.

"But although the drop in consumer demand was overestimated, causing some re-adjustment problems, the industry managed to readjust by February-March this year, and we could have returned to normal by June-July."

Getz, however, says quality and delivery from a number of large textile suppliers has been deteriorating for some time. "Exports were increased, with the textile manufacturers secure in the knowledge that clothing producers had no alternative sources because of duties, the 10% import surcharge and a very weak rand.

"Additionally, there have been serious contamination problems in cotton yarns which exacerbated the supply problem through non-delivery and quality rejection."

The clothing industry, experiencing the toughest recession in its history, saw hard-won orders lost through fabric shortages. "Manufacturers," says Getz, "were forced to curtail production and employment. Many enterprises have been endangered and a number of jobs remain at risk."

Getz claims that many orders placed between July and September last year remained unfulfilled in January.

"The federation," he adds, "detailed its problems to its suppliers and customers. The appropriate representative organisations were alerted and briefed formally in February. It was tacitly recognised during discussions that imports were the only means of resolving current and expected problems." ■

Firms in tizzy on import cost cut

SA companies dependent on imported materials and components spent yesterday trying — unsuccessfully — to determine which imports would be subject to government's removal of a 10% surcharge.

Finance Minister Barend du Plessis has announced that government would eliminate the surcharge, imposed last September, on selected imports at a cost of R180m in 1986-87.

The list of imports affected, he said, would be published in a future *Government Gazette*. Details on the timing or the contents of the announcement, however, were not released, leaving many SA business executives scrambling to ascertain whether their companies would be affected.

Economics Reporter

"We've been trying all day to establish on which products the surcharge has been waived, and we don't know," said Tiger Oats liason executive Boris Kaplan, who called the proposed reduction "very vital" to Tiger Oats' large import-dependent business.

Kaplan said a reduction in the surcharge on raw materials for Tiger Oats' animal feed could save the company as much as R5,6m a year.

SA Foreign Trade Organisation's (Safto) Warren Smith said the removal of the surcharge would be "good for exports, in the sense that it would reduce the cost of imported capital equipment, and so make exports cheaper".

BUS DAY

Talks to clear anomalies

Industrial Staff

THE Business Equipment Association (BEA) is to hold talks with government to review the question of surcharges and import duties on office equipment.

BEA executive director Les Wood says the talks will be held to clear certain anomalies in the present import-duty structure, particularly the definition of what constitutes computer accessories and spares.

"We recently submitted the results of a survey, which showed that although mainframe suppliers have not noticed any major drop since the imposition of the duties in March 1985, there has been a substantial drop in sales of units of smaller equipment."

The results of the survey showed all suppliers interviewed said industry and commerce was not now in a position to increase expenditure on office equipment.

"Any increase in the cost of units can only result in a reduction in the number of units sold," said Wood.

Wood said the survey results were presented to Deputy Finance Minister Kent Durr and officials of Customs and Excise.

"None of the facts was disputed by government."

He said the minister undertook to take the BEA's position into consideration as part of an overall review.

African leaders call for sanctions

West gets warning

16/7/86 BUS DAY

● ARAP MOI

NAIROBI — Leaders of seven East and Central African nations said yesterday Africans would not forgive Western governments which failed to apply mandatory sanctions against SA.

They called for comprehensive sanctions in a joint communique at the close of a two-day summit meeting attended by Sudan's prime minister and the presidents of Kenya, Zaire, Tanzania, Uganda, Rwanda and Burundi.

"The people of Africa will never forget those that deliberately failed to join them at the crucial moment in their fight against ... apartheid," the communique said.

It was signed by Daniel Arap Moi of Kenya, Yoweri Museveni of Uganda, Mobutu Sese Seko of Zaire, Ali Hassan Mwinyi of Tanzania, Juvenal Habyarimana of Rwanda, Jean-Baptiste Bagaza of Burundi and Sadiq el-Mahdi of Sudan.

They agreed to strengthen co-operation on security, crime detection, cultural and social programmes, disease control, trade, transport and communications.

They called for steps to prevent dissidents from conducting subversive activities against their home countries from bases in neighbouring states.

They agreed to meet again in November in Kigali, Rwanda.

Three of the participating nations — Zaire, Uganda and Kenya — border on Sudan, which is torn by a civil war.

The leaders were briefed on the conflict by El-Mahdi.

El-Mahdi said after the summit that Sudan's recent elections had been conducted democratically and had produced a government committed to human rights and negotiations.

"The people organising the violence have lost all credibility," he said, referring to the rebels fighting in southern Sudan. "There is no reason for anyone to bear arms against the government."

He said the government was willing to talk directly to rebel leader John Garang or to include his Sudan People's Liberation Army in a planned national conference. — Sapa-AP.

Sandton keen to be 'open'

HAMISH McINDOE

SANDTON should be opened to all races and used as the pilot scheme for a zone free of group areas, PFP MP for the area David Dalling said yesterday.

Speaking at a report-back meeting, Dalling called on President P W Botha to give the town council immediate authority to open Sandton to South Africans of all races.

"Sandton is willing to be a forerunner in the abolition of the Group Areas Act. The times are too urgent for government to wait for the report on the Act by the President's Council," he said.

Dalling said the town would be happy to open its doors to all people who wished to live there.

He urged the State President to use his powers to give Sandton immediate authority to open the town to South Africans of all races.

Govt allows surcharge relief

17/7/86

Own Correspondent

THE Department of Finance has acceded to appeals for relief from the 10% surcharge by widening the list of imported goods that qualify for exemption.

Finance Minister Barend du Plessis said yesterday that in the case of goods entered for home consumption between June 20 and August 31, applications for exemption permits must reach the committee by September 30.

On June 18, Du Plessis exempted many imports on customs schedules 3 and 4 from the surcharge. This latest decision has extended the impact of relief beyond those original categories.

Du Plessis said: "Permits will be issued with retrospective effect if necessary."

Goods entering after September 1 would not qualify for the concession.

An inter-departmental surcharge committee considers applications for exemptions from the payment, but anomalies abound.

One of these was a situation where raw materials were subject to the surcharge but not the finished project. Brush manufacturers found natural bristles qualified for the surcharge while synthetic fibres did not.

Fighting duties

FIN MAIL 18/7/86 (74)

Battle lines are being drawn against the import duties imposed in the March, 1985 Budget on computers and other hi-tech products.

Business Equipment Association (BEA) executive director Les Wood recently met with deputy Finance Minister Kent Durr and the commissioner for Customs and Excise to contest the duties.

"Should companies be unable to afford the dearer equipment and therefore operate less productively or profitably, the loss of tax revenue to the fiscus would probably cancel out the total import revenue," says Wood.

Working on 1984 import figures, Wood points out that the FOB value of equipment imported during that year — and now subject to the new duty — was R837m. "If we deduct the estimated FOB value of equipment supplied to government departments that qualify for full rebate of duty — about 40% of the total — this boils down to about R334m," says Wood.

On the balance of R503m the duty at the new 11,5% rate would amount to R57m. "When the R28m income tax paid by these importers or end users — at the average 50% company tax rate — is deducted, a nett revenue of only R29m remains," he says. Ultimately, Wood reckons, the loss to companies through lack of productivity will cancel out this R29m as less tax will be paid on profits.

Another problem arises with the 2% duty imposed on parts, as there are many different interpretations of what constitutes a part.

"Some importers import parts and assemble these in SA to evade the higher 11,5% duty. For instance, should one import a board to upgrade the power of a computer, it would be difficult to establish whether the board constitutes a spare part or an accessory. The latter carries the higher duty," he says.

Wood contends that apart from the unfavourable exchange rate, the new duties have had a direct effect on the number of hi-tech equipment units being installed in offices and production lines in SA.

"This means the loss of a certain level of efficiency and of production — especially in the case of smaller and medium sized equipment users with limited budgets," he says.

Wood admits that suppliers of mainframe computers as well as the bigger installers of retail electronic equipment have not noted any drop in sales since the import duty was imposed. "But many of the large installations now being put into operation were planned and ordered before the March Budget."

Wood says none of his contentions have been disputed by government. "The minister says he will take the BEA's position into account as part of the overall review of surcharges and import duties," he adds.

20/8/86. 74 BDAY

Stockpiles and barter mooted

Report urges more mineral beneficiation

MAX du PREEZ
Political Correspondent

IMPORT substitution of mineral-based commodities should be considered for strategic reasons.

This was stated in a White Paper on the *Mineral Policy of SA* tabled in Parliament yesterday.

It envisages establishment of a mineral advisory council to oversee the best use of minerals.

The report also states that other trading procedures, such as countertrade, should supplement conventional foreign trade.

An investigation of this matter was completed in co-operation with Safto and other parties.

It was decided to establish a secretariat for non-conventional trade in the Department of Trade and Industry.

The secretariat will assist the private sector and advise on trading activities.

It is reaffirmed that government does not subscribe to trade sanctions and that SA's minerals will be made available to all countries.

The White Paper states government endorses the principle that foreign sources of supply of mineral products should be diversified.

Government also acknowledges that it is responsible for implementing measures, such as stockpiling, to ensure continuity and stability in industry.

It is also aware the search for minerals of strategic importance should be pursued unabated.

The report says government "endorses and encourages all measures taken by the private sector to attract SA nationals to the mineral industry".

Larger numbers of South Africans would probably be attracted to the industry if it were made possible for them to have families living with them near their work.

According to the White Paper, government supports the view that imported mineral-based products must, as far as possible, be replaced by mineral commodities beneficiated in SA.

If the target of the expansion of domestic production through import replacement is to be achieved, entrepreneurs will have to aim at developing and improving competitive techniques in what may be as yet unexploited areas of intermediate and capital goods.

In view of the fact that SA's output of beneficiated mineral products will be destined largely for the export market, government reaffirms its commitment to stimulating the establishment of beneficiation plants and expansion of those already in operation.

Only economically viable enterprises will be considered.

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TEXTILE IMPORTS

Trouble at the mill

Garment manufacturers have put forward a strong case to the Board of Trade and Industry (BTI) for a three-fold increase in the amount of fabric allowed into SA duty-free. They claim local textile producers cannot supply their full needs.

Textile producers have countered their arguments by mounting an equally convincing argument that their difficulty in meeting delivery schedules is temporary. Moreover, they warn that any move to grant the clothing sector additional rebates could hit investment plans to boost the industry's productive capacity.

Having heard argument from both sides and pored over voluminous evidence, the BTI has retired to consider its decision. It will hand down its verdict shortly — in time, garment manufacturers hope, for them to bring in the additional cloth they need to meet orders for the winter 1987 range. That's assuming the decision is in their favour.

The ding-dong between the two sectors of the industry has been on the go for some time. Ever since the rand collapsed, local clothing manufacturers have been forced to source more of their fabric locally. The low value of the rand, coupled with duties of around 25% and a 10% surcharge, have made fabric imports uneconomical.

As demand turned inwards, local textile producers began to buckle under the strain of attempting to meet the industry's cloth requirements. Manufacturers for the retail trade contend that lead times on fabric deliveries have been stretched to unacceptable levels and the supply pipeline has become completely "choked" up.

Three months ago, the BTI allowed them, as a temporary measure, to import R20m worth of fabric duty-free. But manufacturers claim the amount was neligible in terms of their total consumption. They now want the amount stepped up to R60m.

Sadek Vahed, National Federation of Clothing Manufacturers (NFCM) Natal branch chairman, assures the *FM* that the move is a temporary one to "allow us to fill the gaps in our cloth supply." He says manufacturers have no intention of staying in the overseas market on a sustained basis. "Why should we, when we can get cloth cheaper locally?" he asks.

But the textile producers see the appeal for additional duty rebates as the thin edge of the wedge. They are fearful that a "temporary" relaxation will set a precedent and could easily become a "permanent" arrangement.

Says Stanley Shlagman, executive director of the Textile Federation: "If we have to shift from supplying 80% of the local market needs to 90%, we have to be sure that we're not a fugitive market and that, in the long term, we can operate profitably."

Shlagman admits there could be supply problems in some areas, but he says the industry is doing its best to cope. He points out, for example, that the supply of textiles to the local market is up 18% on last year.

Playing the industry's ace, he warns that textile manufacturers are sitting on plans to invest R40m in additional capacity. These plans would be shelved, he says, if, as they suspect, further rebates opened the floodgates to imports.

The fear in the clothing sector, however, is that textile producers are using the leverage of job creation to keep the protective shutters in place while garment manufacturers, and retailers in particular, suffer.

"There is a considerable body of hard evidence," says NFCM's president Mike Getz, "that there is a 20% fabric shortage in the market. In some cases it is a lot higher."

In the so-called "wanted" fabric sector Getz says firms are quoting deliveries well into the first quarter of 1987. "Seven to eight month deliveries are unheard of anywhere in the world," he says.

Vahed says all manufacturers are asking for is six months' temporary relief while producers put their house in order. He says they're even prepared for the rebate to be phased in.

After the powerful presentation they made last week to the BTI, Shlagman is convinced that any decision taken will be "based on facts rather than emotion." ■

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CLOTHING INDUSTRY

Getting warmer

The tattered Cape clothing industry may have left the worst of the recession behind. Early indications from both retailers and manufacturers are that sales are better than

FM INVESTMENT CONFERENCE

Few sectors are more affected by SA's current eco-political malaise than the motor industry. Internationally many of them are prime targets for disinvestment; locally they bear more than their fair share of industrial action.

Meanwhile, they have barely been able to keep their heads above water through the worst recession in decades.

Manufacturers are not the only ones suffering. The bite is also on retailers, who have had to move smartly to ensure survival. Already some have failed.

No one knows the problem better than motor retailing doyen Brian McCarthy, chairman of the McCarthy Group, who will be at the *FM's Investment in 1987* conference this year to share with delegates his experience of a working lifetime in the motor trade.

That working life dates back to 1948 when, fresh from active service in World War 2 and a business administration course at Northwestern University in Illinois, he spent six months with Chrysler in Detroit attending various motor industry courses.

He returned to SA in 1949 and joined McCarthy Rodway. He was appointed a director in 1958, MD in 1963 and chairman in 1975 after the name was changed to McCarthy Group. He relinquished the MD's role in January this year but remains group chairman.

His view of SA business life was broadened through close connections with leading concerns like Amic, C G Smith, NBS, Romatex, Standard Credit Corp and Munich Reinsurance. Outside business he is involved with the SA Foundation (deputy president), SA Institute of International Affairs (committee member), Rhodes University (member of the board of governors) and the Fort Hare Foundation (trustee).

McCarthy is part of a 13-man local and international line-up of speakers who will address this year's conference at the Carlton Hotel on November 13 and 14.

The price is R550 for the first delegate and R500 for each additional delegate from the same company.

Those interested can write to: Yvonne Courtney, FM Promotions Department, PO Box 9959, Johannesburg, 2000, or phone her on (011) 710-2480. The telex number is 4-88921.

FIN MAIL 26/9/86

TEXTILES

74

Small relief

There is only a modicum of comfort for clothing manufacturers in the concessions just granted by the Board of Trade and Industries (BTI) on fabric imports.

To some extent, the BTI has opened the door to additional imports by abolishing the 10% surcharge on landed fabric and offering importers a 5% rebate on the payable duty.

The concessions, however, fall well below the minimum expectations of garment manufacturers, who were seeking a duty-free importation of some 18m metres of cloth over a six-month period to get them over their current supply problems (*Business* September 5).

It seems the BTI was influenced to some extent by textile producers' threats to cut back on new investment plans if a high level of imports once again threatened their operations.

Announcing the new measures, the BTI explains they will be temporary and that they have been framed to avoid "disadvantage to local competitive suppliers."

Garment manufacturers are predicting that the measures will encourage factories to go offshore for the production of some lines — particularly now that the rand has firmed. Local textile producers have added to pressures for such a move by hiking prices substantially on current ranges.

One clothing industry source says a leading local supplier has increased prices on its full range of cottons, poly-cottons and woven fabrics by 20%-55%. At the same time, it has reduced the number of lines available. "It's the old trick of trying to turn off demand by increasing prices," he says.

National Federation of Clothing Manufacturers' President Mike Getz believes the new measures are no long-term solution to their problems of short supply — "especially with delivery dates stretching to a year or more and supplies into the market declining."

What has buoyed up the industry a little is the announcement that the BTI will launch a full investigation into both sides of the industry before reviewing the existing level of tariff protection.

Getz welcomes the moves and says they should sort out some fundamental issues which have long been in contention. ■

Don't link sanctions to import replacement, say experts

By Chris Moerdyk

As Western nations imposed sanctions on South Africa over the past few weeks, the tendency to link the question of import replacement to sanctions has become increasingly popular.

There are commentators who imply that import replacement is a result of sanctions and that South Africa should get on with the job of manufacturing and growing what it can before the crunch leaves us out in the cold.

They believe that while no one has included meaningful imports into the country in any sanctions packages, this could happen sooner rather than later.

On the other hand, there have been others who have warned commerce and industry, as well as government, not to confuse the two issues.

Mr Pat Corbin, president of the Johannesburg Chamber of Commerce and experienced international trader, has said the idea of import replacement only coming about through sanctions was "one of the biggest misconceptions" surrounding the whole issue.

He suggested that instead of putting all the anti-sanctions eggs into an import replacement basket and drastically trying to curb imports, South Africa should be using its substantial buying clout to counter-trade.

Quite simply, this would mean talking turkey with those nations for whom South Africa represents a considerable market and trading-off as far as possible their imports for our exports.

Marketing consultant Mr Mike Perry agrees that the worst thing South Africa could do would be to retaliate and start either cutting back on imports from major supplier nations or buying from more friendly countries.

He claims that as long as South Africa forms an important and lucrative market for supplier nations, the greater the problem they will have in banning sales to South Africa.

What, then, forces import replacement? Mr Corbin says: "Lack of foreign currency."

Should South Africa's exports be allowed to dwindle, its importers will have less available foreign currency to make their overseas purchases. So the only real connection between sanctions and import replacement is exports and not the other way round.

"Importers," he says, "have as much interest in promoting exports as the exporters."

Another misconception regarding import replacement is that this means physically manufacturing products that are normally imported. Mr Perry has pointed out that Rhodesia's greatest success with import replacement was in the agricultural sector.

Everyone agrees, however, that it certainly would not hurt South Africa to look to further opportunities for local manufacture and agricultural production, but this is perhaps what the country should be doing anyway, quite apart from sanctions.

In fact, many of those who have said that a beneficial by-product of sanctions would be import replacement have qualified their statements by suggesting that sanctions would merely be the catalyst to get things going.

But, to a large extent, South Africa appears to be its own worst enemy when it comes to import replacement.

Mr Roger Briggs, managing director of one of the country's largest drill rig and aerial platform manufacturers, has reservations about import replacement in, for example, capital equipment.

He says that South Africa has been like "a spoilt rich kid in a toyshop" with local manufacture being hamstrung by inflexible State and corporate buying procedures.

"Unlike other countries where import replacement succeeded, South Africa has a history of generating wealth ahead of its needs. This has given rise to a situation where buyers could afford the obvious solution irrespective of cost."

In a nutshell, so many local buyers have got used to being able to buy imported equipment, their purchasing systems have now become so entrenched that they lack the flexibility to turn towards the locally manufactured product.

Import replacement will undoubtedly cause headaches in the future.

There seems to be sense in using the country's existing buying clout to "sanctions-proof" our exports and maintain a healthy balance of trade.

But there also seems to be sense in using the sanctions catalyst to generate a steady and carefully monitored increase in local production.

IDC study finds SA industry can make 25 pc of imports

STAR 20/10/86

74

By Michael Chester

Studies by the Industrial Development Corporation have revealed that at least R4 000 million-worth of all products imported every year from overseas could be made by local producers.

Initial results indicate that local industries should be able to manufacture almost 25 percent of all present imports by better use of their production and labour resources.

Normal IDC studies into longer-term investment patterns have been accelerated by growing international threats of sanctions and increasing needs to defend the balance of payments from the repercussions of the weakened rand.

The State-run IDC plans to seek the co-operation of the private sector and the Board of Trade in working out the details of a bold new import substitution programme with economic viability and with no excessive demands on government protection.

SECTORS IDENTIFIED

Among the industrial sectors that have so have been identified as having the potential to reduce dependence on imports and save millions of rands in foreign exchange are:

- Machinery and equipment R800m
- Electrical R570m
- Chemicals R450m
- Office equipment R450m
- Radio and TV R370m
- Paper products R290m
- Textiles and clothing.. R250m
- Automotive vehicles... R175m
- Basic iron and steel R170m
- Mining products R155m
- Metal products R140m
- Rubber products R90m

The IDC regards the provisional list as a guideline to South Africa's own capabilities.

While the precise totals may be amended as practicalities are examined in closer detail, more products may be added as the study progresses.

"Finance for industrial expansion should be no problem," said the managing director of IDC, Mr Koos van Rooy.

"First, the recession has created lots of surplus in existing production capacity and we can take up the slack at very little cost.

"Next, we have adequate cash resources to meet new investment needs for actual industrial expansion."

Campaign to promote manufacture of import substitutes

25/11/86 STAR

Local goods get boost

(74)

By Duncan Guy

Whisky poured into South Africa last year from other countries — worth R103,7 million, no less — according to the Department of Trade and Industry.

In a campaign to promote local manufacture of import substitutes, the department, along with the Industrial Development Corporation and the Board of Trade and Industry, disclosed that the only other imports in 1985 which cost more than whisky were:

- Automatic digital data processing machines.
- Parts of electrical line telephone/telegraphic apparatus.
- Steam and vapour power units, excluding boilers.
- Aluminium oxide/hydroxide.
- Aircraft parts.
- Unassembled vehicles.
- Electrical instruments.
- Printed matter.
- Wheat.

They labelled the potential value of manufacturing import substitutes at R4 000 million.

Research by the three bodies into the next step, known as "Manufacture South African", is still under way.

Manufacturers told The Star that, although a low rand made imports expensive and sanctions were looming, the worth of diversification of manufacturing depended on demand and economic viability.

According to a computer distributor, commodities listed by the campaign as automatic digital processing machines — R741,3 million of which were imported last year — included a wide range of specialised goods.

Printed matter in 1985 cost R108,4 million — but much of it is regarded as being South Africa's fractional consumption of the world's publishing market.

Local printers have, however, found themselves faced with expensive locally-produced paper of limited variety.

Said Mr Hubert Elffers, president of the South African Printing and Allied Industries Federation: "We simply have to adopt an aggressive marketing policy and provide the country's requirements as best we can."

Local cotton production is expected to meet the country's demands next year because more farmers have "cottoned on" to producing the crop which is relatively resistant to drought.

Some R61,7 million worth of cotton was imported last year.

Wheat Board general manager Mr D van Aarde said next year's yield was expected to be more than 2 million tons. Only a fraction of the R107,9 million's worth imported last year would be bought from outside.

A Small Business Development Corporation spokesman said the SBDC was publishing a booklet to assist small businessmen to identify import replacement opportunities.

FIN MAIL 26/11/86 74

IMPORT REPLACEMENT

Meeting demand

The Department of Trade and Industry (DTI) officials are being inundated with inquiries from industrialists and manufacturers seeking a slice of the action in the potential R4 billion a year import replacement market identified by the DTI.

The DTI posted 18 000-20 000 copies of its *Manufacture South Africa* booklet, giving full details of SA's 1985 imports, to industrialists earlier this month. The comprehensive statistics have led to a flood of inquiries.

"Although the booklet has just been released there's been a remarkable response from local manufacturers," the DTI's Willem Smalberger tells the *FM.*

SA's 1985 imports totalled some R22 billion and the DTI has identified a potential import replacement market for goods worth some R4 billion. "We particularly want to help small businessmen as big groups usually have research departments to identify opportunities," says Smalberger.

Industrialists are also referred to the Industrial Development Corporation and the Small Business Development Corporation if they need finance for new plant.

Meanwhile, the Board of Trade and Industry (BTI) is also gearing up to handle new applications for tariff protection from budding manufacturers and industrialists. But there is a proviso.

"The BTI will not support or subsidise inefficient industries. But, the low rand makes it possible for many investors to move into the gap for local manufacture and import replacement. Increased investment and new job creation will also boost economic growth," says Smalberger.

Assocom foreign trade secretary Bess Robertson says the ball is now in the industrialists' court.

They will have to investigate the feasibility of local manufacture, based on normal business considerations.

Afrikaanse Handelsinstituut (AHI) president Christie Kuun also strongly supports the initiative. The AHI has been propagating a "manufacture South African campaign" for the past decade.

"The fact that many items which could be manufactured locally are now imported and with the necessity to retain a surplus on the current account of the balance of payments, makes this policy highly desirable," says Kuun.

But, he adds, SA must take care to retain good relationships with existing trade partners.

IMPORTS

1986

NEWS FOCUS

Bus Day 23/1/86.

Deregulation calls as BoP feels imports squeeze

(74)

ALAN SENDZUL

FOR every extra rand of gross domestic product generated by the manufacturing sector, 68c worth of goods need to be imported.

This stark fact is causing concern in economic circles. Economists are calling for further deregulation and privatisation to release SA's resources to cope with expected economic growth.

Without a release of resources and their more efficient use, the balance of payments (BoP) will be squeezed as the R6,8bn annualised current account surplus faces demands from the repayment of foreign debt and higher import bills.

"Foreign investors might then be tempted to bring back investment capital."

Economic consulting firm Econometrix feels the authorities should avoid fine tuning the current account by either over-stimulating exports or trying to overly reduce import demand.

They estimate that by mid-1986 pressure on the current account from increased economic activity could reduce the surplus to around R5bn, significantly less than Stellenbosch's Bureau of Economic Research projection of R8bn, and that by 1987 it could turn to a deficit of R2,5bn.

Instead, economists say that steps to deregulate the economy could create improved future prospects and attack the core economic problem of bad resource allocation. Foreign investors, attracted as they are to strong economic performance, might then be tempted to bring back their investment capital.

Failing this, the growth strain on balance of payments could plunge the current account into deficit and, combined with the capital account's poor showing, the country's R4,8bn reserves might be severely tested.

As Old Mutual's chief economist Rob Lee points out: "The workings of our open economy are notorious for switching the current account surplus into deficit as business picks up and a recovery gets under way."

This could result in a call to impose direct import controls. But given the fact that imports are a necessary element in economic growth, direct controls would be self-defeating.

Econometrix economist Tony Twine does not believe that a deficit on the current account would exclusively be bad news.

"Between 1960-1975, an era of high economic growth, SA persistently ran deficits on the current account," he says.

A common misconception is that a current account surplus is always a positive development. For SA and other Third World countries, a deficit mostly indicates a growth phase for the economy.

But for SA to return to such a situation the capital account would need to be in surplus, hopefully as foreigners are again tempted to invest in the economy.

Among factors which might fuel imports is a severely depleted stock of production capacity. Outdated technology and wear and tear on equipment will probably mean immediate imports of capital goods to provide the means for growth.

Also, prior to the clampdown by Finance Minister Barend du Plessis, a fair amount of production capacity was exported abroad to recoup on forex losses from a falling currency and to get around idle capacity.

Many businesses trimmed inventories to a minimum to soften the heavy blow of a 25% prime overdraft rate last year. As a result, a perk-up in demand would mean restocking of inventories at significantly higher prices.

Britain 'unlikely' to cancel project on Nimrod plane

LONDON — Despite the fact that Britain is five years behind schedule and £1bn over budget, it is unlikely to scrap development of its Nimrod surveillance plane, defence sources said yesterday.

The sources said so much money and prestige had been invested in the nine-year Nimrod project that it would be extremely difficult to scrap.

A report in yesterday's *Financial Times* said Defence Secretary George Younger was under pressure from the British Air Force to cancel the project and opt for US AWACS (Airborne Warning and Control Systems) spy planes.

They said Younger would soon hold talks with senior officials from General Electric Company (GEC), the prime contractor, to try to find a formula to complete the project.

GEC is demanding an extra £400m to complete development. — Sapa-Reuter.

Nampo slams decision to import maize

14/2/86 MAIZE STAR (74)

By Jackie Unwin

The National Maize Producers' Organisation (Nampo) has criticised the Maize Board for its decision to import white maize and believes it was a result of the board's under-estimation of local consumption.

The Maize Board announced this week it would import a small quantity of white maize to prevent white maize being mixed with yellow. Mixed maize products have been unpopular with consumers.

At the same time, the board has been involved in the export of yellow maize at a loss.

Nampo general manager, Dr Piet Gouws, said: "We are exporting maize at present at a tremendous loss for the local producer. It is yellow maize, but it is maize.

"Now we are going to import maize which will according to sources be landed in South Africa from Zimbabwe at much higher prices than the local maize is sold for here.

"We hear that it will cost between R260 and R270 a ton — about R5,3 million — for maize imported from Zimbabwe."

Mr Hennie Nel, general manager of the Maize Board, said: "I cannot tell you how much maize is to be imported. The transaction has not been finalised and it is a very sensitive area."

It was a limited quantity and would make it possible not to impose the unpopular mixing scheme against the will of the black consumers, said Mr Nel.

He said 500 000 tons of yellow maize had been exported by last December and there might be more exports, depending on the size of this year's crop.

MBA meeting hits at price-fixing

BUS DAY 17/2/86 (82)

Monopolies blamed for soaring building costs

JANE STRACHAN

MONOPOLIES and price-fixing in some sections of the building manufacturing industry have been held responsible for an "astronomical" increase in the cost of building materials.

Chris Kreunen, outgoing president of the Pretoria Master Builders' Association (MBA), said it was no secret that some sections of the building manufacturing industry were virtually controlled by monopolies.

Kreunen spoke at the organisation's annual meeting on Friday.

Last year, at a time when contractors were fighting for survival, cutting their margins to virtually nothing, prices rose astronomically, he said.

"In the instance of soft floor coverings we had price increases, in some cases of 60% for the period December 1984 to December 1985, and in one particular case another increase of 25% in January 1986."

In Kreunen's opinion the problem lay with monopolies and price-fixing and a serious attempt must be made to stimulate free competition.

In so far as the Competition Board's investigation into trading and tendering practices was concerned, Kreunen noted it could lead to the abolition or amendment of certain by-laws and conditions that had operated for years.

He expressed the hope that principles underlying the existing rules would be retained to ensure equity in tendering. Tendering rules of the Building Industries Federation of SA (Bifsa) have been a contentious issue for some time.

Referring to the recession's effect on the building industry in Pretoria, he believed that as far as the amount of work was concerned, the problem was not as severe there as in other centres, but MBA members had contended with builders from other areas taking a large share of work.

His impression now, however, was that Pretoria members got their houses in order, increased efficiency and productivity and were now taking most of available work.

☐ The Pretoria MBA's new president is Neels de Jong.

Banks and JSE talk on gilt market

BUS DAY 17/2/86 (58)

Economics Staff

GILT market deals will soon go through much more smoothly.

Banks and the JSE are jointly working out a better method to clear and settle transactions.

The closer co-operation comes after talks with the Registrar of Financial Institutions.

The banks' involvement will be through a company likely to be named the SA Settlement House (SASH).

SASH and the JSE will appoint a joint technical sub-committee to recommend as soon as possible a practical interface between the JSE Gilt Clearing House and SASH.

This way output of the JSE gilt clearing house will form the basis of cash payment and scrip delivery for deals settled through the JSE gilt clearing house.

The present method of dealing in gilts is not affected by these decisions. SASH plans to extend its activities in due course to act as a depository for scrip and as a settlement mechanism for other types of financial transactions.

Extra wheat could cost R100m

17/2/86 (74) BUS DAY

Business Day Reporter

THE cost of importing 300 000 tons of wheat could cost the country more than R100m.

There are doubts whether government will approve the imports because of the cost, say Wheat Board officials.

The current season from October 1985 to September 1986 is expected to yield a crop of only 1,576-million tons. A board spokesman says the 1984-85 season had seen a total crop of 2,2-million tons.

Estimated annual consumption is 2-million tons, the board has reserves of 720 000. A carry-over of 300 000 tons is required.

hand-grenade and revolver.

Atteridgeville. — Sapa.

Maize imports to cost R50m

BUSDAY 18/2/86 (74)

GERALD REILLY

IMPORTS of white maize will cost the Maize Board R50m, says the National Maize Producers' Organisation.

Nampo GM Piet Gous said yesterday Nampo had learnt that 200 000 tons were to be imported free-on-rail from Zimbabwe for R260 to R270 a ton.

Gous said the imports could have been avoided if the board had earlier mixed small quantities of yellow maize with white maize.

He said people had not liked last year's 75% yellow maize content. "But we have added quality SA yellow maize in small quantities in past years, and it has gone unnoticed."

Barclays predicts R1bn off imports

BUSDAY (74) 19/2/86

Syfrets sees oil benefits ahead

JOHN TILSTON

SA WILL benefit from lower oil costs in more ways than just a reduction in the petrol price.

Estimates of how much will be lopped off the annual import bill vary from the R600m, calculated by Syfrets Trust analysts, to R1bn forecast by Barclays' chief economist Cees Bruggermans — if the price of oil remains below $20/barrel.

London analysts Rowe and Pitman expect the price of a barrel of oil to stabilise around $18 (R37,26 at yesterday's exchange rate).

Last year a barrel cost $27 (R64,28 at an exchange rate of $0,42 — the rand value currently used to determine the price of petrol in SA).

In rand terms this represents a fall of 42% in the cost of petrol.

If even half of this saving is passed on to motorists and companies in petrol prices there will be a decline in the rate of inflation.

Syfrets argues that the lower oil prices will pare 2% off trading partners' inflation rates which will reduce imported inflation. SA could feel the effects of this within four months.

Not only has the oil price declined, but the benefit of this to oil importers has been reinforced by the continued fall of the dollar.

Rowe and Pitman report the lower oil prices, effectively equivalent to a tax cut, will lead to increased spending power in Western economies to boost both consumer and business confidence. They say it will lead to deflation-led growth, something not seen in Europe in modern times.

The initial excitement has dissipated among gold price bulls over the fact that uncertainty caused in the banking community by lower oil prices could benefit the gold price.

Syfrets says continued low inflation among trading partners means they will continue to require SA raw materials this year and next.

Other sectors should also benefit.

All transport-related industries will be given a boost. Airlines, particularly SAA, should benefit from lower fuel bills. At the oil price peak, total fuel costs accounted for over 30% of the total costs of many airlines.

Car manufacturers may enjoy some respite if consumers decide lower petrol prices allow an upgrading to bigger vehicles.

Coal producers, on the other hand, will be hurt as demand for coal on international markets will decline as oil becomes cheaper.

Overall — linked with the higher gold price, improving agricultural prospects, rising diamond sales and some improvement in company earnings — the fall in the oil price should have a favourable impact on the current account, the rand, the inflation rate and the economy, Syfrets says.

Maize imports get go-ahead

21/2/86. (74) BusDay

LINDA ENSOR

IMPORTS of white maize would be necessary this year because of late harvests, Agriculture Minister Greyling Wentzel said yesterday.

As a result of drought conditions at planting time, this season's maize harvest was expected to be four to seven weeks later than usual.

Initial estimates were for a 9,5-million-ton crop, but the National Maize Producers' Organisation (Nampo) feared this might be "dramatically" reduced because of inadequate rainfall in the Western Transvaal and north-western OFS.

Together, these areas produced 60% of the total crop.

The next two weeks would be critical, said Nampo spokesman Giel van Zyl. With no more rain, initial crop predictions would have to be reduced by more than 1-million tons.

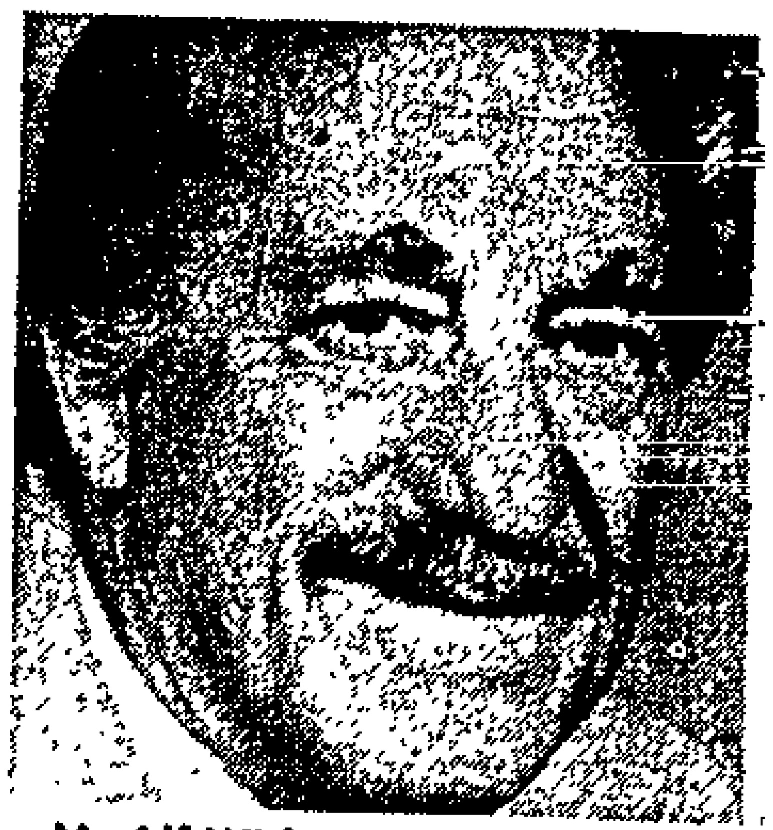
Wentzel said he had granted the Maize Board authority to import a maximum of 200 000 tons of white maize, exclusively for human consumption. He said expected white maize consumption had risen sharply in recent months and was likely to reach 3,3-million tons for the coming season.

Mr Jan van Zyl . . . "own affairs the greatest fraud".

Heated 'own affairs' debate

Retention of apartheid under attack

STAR 21/2/86



Mr Alf Widman . . . "birth of the reform baby just not on".

Political Staff

PARLIAMENT — The whole concept of racially-based "own affairs" in Parliament has come under fire in the House of Assembly.

The National Party stood alone in its defence of the system during yesterday's second-reading debate on the white "own affairs" Mini-Budget.

It was marked by fresh attacks from the official Opposition on the continued adherence to apartheid policies such as race classification, and racial separation in schools and residential areas.

The Minister of the Budget, **Mr F W de Klerk**, and other speakers on the Government side, defended the system on the grounds that it had been approved by a majority of the white electorate.

SEPARATE SCHOOLS AND LIVING AREAS

Launching the Opposition's attack, **Mr Alf Widman (PFP, Hillbrow)** said Mr de Klerk had made it clear in the No-Confidence Debate that separate schools and residential areas, separate voters' rolls and the tricameral parliamentary system would remain.

"So while the State President's speech was pregnant with possibilities at the opening of Parliament, the birth of the reform baby was just not on."

Mr Widman moved an amendment, calling on the House not to pass the second reading unless and until the Ministers' Council undertook to:

- Improve efficiency in its administration in order to uplift the standard and quality of life of all concerned.
- Review sources of revenue for local authorities.
- Remove all racial restrictions on admission to educational institutions.
- Ensure the provision of adequate housing and the protection of those in need.

ASSURANCE ON SOVEREIGNTY

Mr Jan van Zyl (CP, Sunnyside) condemned the "own affairs" system as "the greatest fraud and bluff one can get".

He moved an amendment calling on the House to decline to pass the second reading unless the Government gave an assurance that the sovereignty of the "white Parliament" would be restored.

Mr Derrick Watterson (NRP, Umbilo) said his party would oppose the Bill on the grounds that it was not properly motivated. He said that while he still supported the constitution, he believed the system of "own affairs" could not work in respect of local government and hospital services.

Mr Louis Stofberg (HNP, Sasolburg) rejected the "own affairs" system on the grounds that whites were being impoverished in order to provide benefits to other race groups. For the first time since the 1930s thousands of white children were going to school hungry.

"There had been a "gross mismanagement" of South Africa's finances by the Government, he said.

Govt will try to help local authorities

STAR 22/2/86

PARLIAMENT — The Government would go out of its way to ensure local authorities remained viable and that viability would be enhanced, the Minister of the Budget, **Mr F W de Klerk** said yesterday.

Replying to Second Reading debate on the House's Part Appropriation Bill, he said this enhancement, however, would not be done in a manner that would affect other interests.

Referring to a suggestion by **Mr Alf Widman (PFP, Hillbrow)** that a municipal bank be created to aid ailing local authorities, he said he supposed this bank would make money available at subsidised low interest rates.

"Who must subsidise these low rates?" he asked.

There was already a small fund available to municipalities in need, but the moment one began helping them in a bigger way, the taxpayer would suffer.

"Will the honorable member support increased taxation to pay for this?" he asked.

Figures for wheat and maize imports

STAR 21/2/86

PARLIAMENT — A total of 95 958 tons of feed wheat and 228 382 tons of yellow maize was imported into South Africa last year, the Minister of Agricultural Economics and of Water Affairs, **Mr Greyling Wentzel**, said yesterday in written reply to a question from **Mr John Malcomess (PFP)**. — Sapa.

Privatisation probe goes on

Parliament — Investigations were being carried out in every government department into ways in which privatisation could be implemented without affecting efficiency, the Minister of the Budget in the House of Assembly, **Mr F W de Klerk**, said yesterday.

Replying to debate in the second reading of the House's Part Appropriation Bill, he said the Commission for Administration was conducting a similar investigation.

Privatisation would have financial advantages for the State, but was not something that could be done quickly.

It had to be tackled carefully and planned thoroughly.

"We don't want to throw the baby out with the bathwater," he said. — Sapa.

Indian schools 'just as open'

STAR 21/2/86

Political Staff

PARLIAMENT — Indian schools are just as open to other races as Coloured schools, the chairman of the Ministers' Council in the House of Delegates, **Mr Amichand Rajbansi**, said yesterday.

During the mini-budget debate, Mr Rajbansi said he wished to make clear there was no difference between the Houses of Delegates and Representatives on policy regarding open education.

All recent applications from blacks for admission to Indian schools had been approved.

Maize import plan under fire

STAR 22/2/86

74

By Jackie Unwin

Approval has been given to import a maximum of 200 000 tons of white maize for local consumption to overcome a shortage before the next crop is harvested, according to the Minsiter of Agricultural Economics and Water Affairs, Mr Greyling Wentzel.

Drought conditions resulted in late planting this season and the harvest will be between four and seven weeks late. The amount to be imported will depend on early yields from the new crop.

The National Maize Producers' Organisation (Nampo) has attacked the import decision which, it said, resulted from an under-estimation of local consumption. Nampo felt the imports could have been avoided if a small quantity of yellow maize could be mixed with white — a move which the consumer would not have noticed. South Africa is exporting yellow maize at a loss.

EXTREME CASES

Mr Wentzel said the mixing of white maize with yellow was done only in extreme circumstances because the consumer preferred pure-white maize products. The mixing of the two in the past had been adversely received.

The only maize being exported this year was the yellow variety, of which there was a reasonable surplus.

He said a report that consumption of maize had decreased referred to yellow maize and this had occurred in the past year. Demand for white maize in the past month had increased considerably.

The expected consumption of white maize for the coming season is 3,3 million tons.

or revenue accounts; if so, (i) to which Development Boards, (ii) what is the total amount of these loans and (iii) when does he anticipate that repayment will be made?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(a) Bridging loans—Yes.

(i) Development Board	(ii) Amount
Natalia	R16 497 000
East Rand	R15 372 000
Oranje-Vaal	R20 000 000

(iii) Repayment will be considered as soon as the new sources of revenue for the local authorities have been realised and will depend on the extent of the new sources of income.

(b) Other loans—No.

HANSARD 6/3/86

Coal/minerals: exports

QCOL 375. 210 279

233. Mr L F STOFBERG asked the Minister of Mineral and Energy Affairs:†

Whether he exercises control over exports of coal and minerals; if so (a) in what way and (b) what procedure is followed in determining whether the yields in respect of such exports are correct for exchange and tax purposes?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

Yes, apart from coal, also in respect of tiger's eye and emeralds.

(a) By means of permit control in terms of the relevant legislation and export control regulations.

(b) This aspect does not rest with the department of Mineral and Energy Affairs.

Imported meat 74

Q COL 376.

294. Mr R W HARDINGHAM asked the Minister of Finance:

HANSARD 6/3/86

(1) What was the (a) quantity and (b) value of the (i) tinned, (ii) processed, (iii) cured and (iv) spiced meat that was imported into the Republic in the latest specified year for which figures are available;

(2) what was the country of origin in each case?

The MINISTER OF FINANCE:

The import statistics can unfortunately not be furnished in the format as requested. Import statistics of meat according to the classifications in the Customs and Excise Tariff are however furnished for the period 1 November 1984 to 31 October 1985.

Description	Country of Origin	Quantity Kg	Value R
Meat and edible meat offals, salted, in brine, dried or smoked:			
Ham	Belgium	258	1 061
	W Germany	954	9 438
	France	12 282	139 250

Description	Country of Origin	Quantity Kg	Value R
	Italy	1 174	23 886
	Other unspecified countries	7 894	27 798
Other meat of swine	Denmark	76 016	301 569
	UK	23 939	96 528
	France	12 219	44 625
	Austria	60	1 012
	Italy	445	2 197
	USA	318	2 797
	Other unspecified countries	463	2 119
Other	France	419	3 087
	Switzerland	216	4 925
	Italy	512	2 517
	Israel	274	2 146
	Australia	16 712	17 782
	Other unspecified countries	7 040	32 195
Sausages and the like of meat, meat offal or animal blood:			
Other in airtight metal containers	UK	1 584	3 412
	W Germany	3 574	17 261
	France	117	1 299
	Switzerland	936	7 871
	Spain	3 428	20 184
	Italy	25 497	98 349
	Hong Kong	731	6 490
	Other unspecified countries	78	265
Other	Denmark	1 301	6 558
	W Germany	2 779	22 244
	France	31 713	252 121
	Austria	980	7 058
	Italy	20 479	90 948
	Other unspecified countries	1 108	6 702
Other prepared or preserved meat or meat offal:			
Bacon and Ham	W Germany	242	2 108
	France	25 292	290 523
	Switzerland	78	1 517

Description	Country of Origin	Quantity Kg	Value R
	Italy	2 050	12 164
	Canada	937	9 335
	Other unspecified countries	408 897	1 901 339
Pastes	Belgium	3 115	33 749
	Germany	2 002	14 616
	France	5 028	54 129
	Switzerland	1 883	16 965
	Other unspecified countries	1 178	6 426
Meat in airtight metal containers	Denmark	912 292	3 571 928
	UK	14 900	73 498
	Belgium	14 400	61 353
	Netherlands	98 599	527 818
	W Germany	3 821	12 240
	France	2 867	32 274
	Switzerland	2 189	8 223
	Spain	1 718	13 858
	Italy	2 310	9 848
	Brazil	1 632	13 229
	Hong Kong	44	2 440
	Other unspecified countries	243 992	457 378
Other	Sweden	3 499	30 670
	Denmark	133 712	638 633
	UK	55 753	450 855
	Belgium	2 623	24 094
	Netherlands	301	1 587
	W Germany	276	1393
	France	32 082	156 940
	Switzerland	435	8 797
	Italy	2 530	12 987
	USA	61 234	123 938
	Israel	4 484	23 710
	Hong Kong	71	1 165
	Other unspecified countries	991	6 207

Customs/excise duties

295. Mr R W HARDINGHAM asked the Minister of Finance:

What was the (a) actual and/or (b) estimated amount collected in customs and excise duties in 1985 in respect of (i) medicines for veterinary use, (ii) agricultural machinery and (iii) fertilizers?

The MINISTER OF FINANCE:

Customs Duty

(a) (i) Separate statistics in connection with revenue in respect of medicines for veterinary use are not available. Revenue in respect of medicines for human and veterinary use is as follows:

Medicines R6 686 998

(ii) Agricultural machinery R 88 924

The figure which is furnished is in respect of agricultural machinery classifiable in tariff heading 84.24 of Part 1 of Schedule No. 1 to the Customs and Excise Act.

It should be noted that agricultural machinery is in the most cases free of customs duty or subject to a relatively low rate of customs duty.

(iii) Fertilisers R2 359 599

Statistics for the year 1985 are not yet available and the above-mentioned figures are in respect of the period 1 January 1985 to 31 October 1985.

(b) Estimates of customs duty in respect of separate goods are not available.

Excise Duty

The above-mentioned goods are not subject to the payment of excise duty.

Q COL 381.

HANSARD 6/3/86

Suicide

325. Mr B B GOODALL asked the Minister of Defence:

(1) Whether any persons serving in the South African Defence Force committed suicide during the latest specified period of five years for which figures are available; if so, (a) how many and (b) on what dates;

(2) whether any of these persons used equipment belonging to the Defence Force in committing suicide; if so, how many;

(3) whether the South African Defence Force provides any counselling services to (a) national servicemen and (b) members of the Permanent Force; if not, why not; if so, (i) what services, (ii) what are the qualifications required of persons performing these services and (iii) where are such services provided?

The MINISTER OF DEFENCE:

(1) Yes.

(a) and (b) Statistics on cases of suicide are only available since September 1983 on a monthly basis.

Month	1983	1984	1985	1986
January		1	5	2
February		2	6	
March		3	1	
April		3	3	
May		0	3	
June		1	4	
July		6	1	
August		1	5	
September	1	3	2	
October	5	1	5	
November	3	1	1	
December	2	3	1	

Total: 74.

(2) A record is not kept of who owned the suicide instrument.

(3) No.

(a), (b) and (c) Fall away.

Brokers of SA Transport Services

*7. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

Whether any brokers handle insurance business on behalf of the South African Transport Services; if so, (a) what brokers and (b) who are the directors or partners of these brokers?

†The MINISTER OF NATIONAL EDUCATION (for the Minister of Transport Affairs):

Yes.

(a) SA Transport Services' insurances in respect of aircraft, ledger guarantee scheme and principle controlled insurance are arranged through a Broking Consortium consisting of Safseker (Pty) Limited, Priceforbes Federale Volkskas Limited, Hubert Hosken and Company (Pty) Limited, and Sancura Insurance Brokers Limited.

(b) I have the names of the directors concerned in my possession but do not consider it appropriate to furnish these names across the floor. I will furnish the names in a separate note to the hon member.

Coal Resources Act

*8. Mr B B GOODALL asked the Minister of Mineral and Energy Affairs:

(1) Whether he received any representations from a certain body, the name of which has been furnished to the Minister's Department for the purpose of his reply, regarding the Coal Resources Act, No 60 of 1985; if so, (a) when, (b) what was the nature of these representations and (c) what is the name of this body;

(2) whether these recommendations have been (a) submitted to and (b) considered by the State law advisers; if not, why not; if so,

(3) whether any action has been taken in connection with the said Act as a result of these representations; if not, why not; if so, what action?

The MINISTER OF MANPOWER (for the Minister of Mineral and Energy Affairs) (Reply laid upon the Table with leave of House):

(1) Yes.

(a) During February and March 1985.

(b) Notwithstanding the fact that the Coal Resources Bill 1985 was largely a consolidation of existing legislation it was not supported because the feeling was that sufficient legislation existed to exercise Government functions in respect of the coal industry. Recommendations made way that—

(i) A right of appeal to the Supreme Court should be embodied; and

(ii) the Coal Advisory Committee should consist of suppliers, distributors and consumers. After having had discussions certain other amendments were also suggested.

(c) The South African Federated Chamber of Industries.

(2) (a) and (b) Yes.

(3) A right of appeal was not specifically embodied in the Coal Resources Act, 1985 as the general legal system does not deprive a person of his right of recourse to the courts. The proposed legislation was already amended to establish a Coal Advisory Committee which was representative of the coal industry. The other amendments was mainly of a legal-technical nature without affecting the principles of the proposed legislation. Logistical considerations as well as the preventage of possible counter-productive actions determined that the amendments should receive further consideration during a later review of the Bill. This review was intended after the Coal Advisory Committee had advised me whether or not Government control on price and distribution matters should continue.

HoA

Q Col 573 .
HANSARD 18/3/86 .

Surcharge/general sales tax

*9. Dr W J SNYMAN asked the Minister of Finance:†

What total amount was collected in (a) surcharges on imported pharmaceutical goods and (b) general sales tax on pharmaceutical goods in the latest specified financial year for which figures are available?

†The MINISTER OF FINANCE:

(a) October 1985 to December 1985—R4 687 009.

(b) Statistics which relate only to the collection of sales tax in respect of sales of pharmaceutical goods are not available. According to available statistics the total amounts of sales tax collected during the 1984/85 financial year in respect of—

(i) sales of pharmaceutical and toilet preparations by wholesalers and

(ii) sales of goods by chemists, were R26 362 589 and R110 692 533 respectively.

Q Col 573 .
HANSARD 18/3/86

Medicine: importation

(74)

*10. Dr W J SNYMAN asked the Minister of Finance:†

What was the total amount spent by the (a) State and (b) private sector on the importation of medicine in the latest specified financial year for which figures are available?

The MINISTER OF FINANCE:

The question cannot be replied to in the format phrased as the particulars are not available.

Particulars of the import value of medicine are, however, available and are as follows:

From 1 January 1985 to 31 December 1985.

(a) State R5 107 525

(b) Private sector R171 775 751

Q Col 574
HANSARD 18/3/86

Alexandra: persons killed/injured

*11. Mr D J DALLING asked the Minister of Law and Order:

(a) How many persons have been (i) killed and (ii) injured as a result of police action in Alexandra Township since 15 February 1986 and (b) what are the (i) names and (ii) ages of those killed?

†The MINISTER OF LAW AND ORDER:

(a) (i) 17 persons.

(ii) 115 persons.

(b) (i) and (ii). I do not deem it in the public interest to make known the personal particulars of victims of unrest, some of whom can not be identified.

Mr D J DALLING: Mr Chairman, arising out of the hon the Minister's reply, I should like to ask him to explain to this House why he holds that particular view; in other words, why does the hon the Minister consider that it is not in the interests of the public to have this information?

†The MINISTER: Mr Chairman, I am not prepared to give the hon member any expla-

HoA

The MINISTER OF AGRICULTURAL ECONOMICS:

(a) (i) *Fresh milk* — *cent per litre with effect from 1 June 1985*

Bloemfontein:	44,29	Prices paid by distributors to the Board for producer's mild with 3,5% butterfat.
Cape:	47,42	
Natal:	45,12	
Transvaal:	45,13	

(ii) *Industrial milk* (according to grades and chemical quality)

Grade A plus bulk facilities:	466 cent per kg butterfat and protein
Grade A:	407 cent per kg butterfat and protein
Grade B:	394 cent per kg butterfat and protein
Grade C:	378 cent per kg butterfat and protein

(b)

Fresh milk:	None.
Industrial milk:	(with effect from 85/12/01)
Grade A plus bulk facilities:	20 cent per kg butterfat and protein
Grade A:	None
Grade B:	None
Grade C:	None.

HANSARD 24/3/86
3 GEN (74) Q COL 667.

Production/exports

542. Mr P A MYBURGH asked the Minister of Agricultural Economics:

What was the value of the Republic's agricultural (a) production and (b) exports in 1985?

The MINISTER OF AGRICULTURAL ECONOMICS:

(a) R10 641 million.

(b) R2 200 million (preliminary estimates).

Q COL 667.
3 GEN HANSARD 24/3/86

Marketing Act

543. Mr P A MYBURGH asked the Minister of Agricultural Economics:

What percentage of South Africa's total agricultural production in the 1984-85 production seasons was not under the control of any board established under the Marketing Act No 59 of 1968?

The MINISTER OF AGRICULTURAL ECONOMICS:

28,6 per cent.

HANSARD 24/3/86 Q COL 668.
3 GEN 633

Marketing boards: bursaries

633. Mr P R C ROGERS asked the Minister of Agricultural Economics:

Whether any marketing boards made grants to his Department for bursary purposes in 1985; if so, (a) which marketing boards, (b) how many grants were made by each such marketing board and (c) what was the amount of the grant in each case?

The MINISTER OF AGRICULTURAL ECONOMICS:

(a) Marketing Board	(b) Number of Bursaries	(c) Amount of Bursaries
Potato Board	2	R3 600 per bursary
Wheat Board	6	R3 600 per bursary
Dairy Board	2	R3 600 per bursary
Meat Board	11	R3 600 per bursary
Wool Board	7	R3 600 per bursary

The allocation of bursaries during 1986 to all four Departments of Agriculture is receiving attention.

Q COL 669.
3 GEN HANSARD 25/3/86

Bread/maize/butter: subsidies

652. Mr E K MOORCROFT asked the Minister of Agricultural Economics:

What amount was paid out in subsidies in respect of (a) bread, (b) maize and (c) butter for consumer use in the 1984-85 financial year?

The MINISTER OF AGRICULTURAL ECONOMICS:

(a) R194 285 276.

(b) R215 million, including R48 803 790 in respect of losses on imported maize.

(c) None.

Q COL 669.
HANSARD 25/3/86

Black Transport Services Act

673. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

What was the total amount collected in terms of the provisions of the Black Transport Services Act, No 53 of 1957, in contributions from employers between July 1957 and 31 March 1985?

The MINISTER OF TRANSPORT AFFAIRS:

R259 011 557,49.

3 GEN 58

Land and Agricultural Bank

HANSARD 25/3/86 Q COL 669.

699. Mr D J N MALCOMESS asked the Minister of Finance:

(1) How many (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks are employed by the Land and Agricultural Bank;

(2) whether any such employees are in receipt of housing loans from this Bank; if so, how many in respect of each race group;

(3) whether any of these housing loans exceed R70 000; if so, how many;

(4) what is the amount of the highest housing loan received by an employee of this Bank;

(5) in respect of what date is this information furnished?

The MINISTER OF FINANCE:

(1) (a) 993.

(b) 27.

(c) None.

(d) 129.

(2) Yes—Whites 495, Coloureds 6 and Blacks 1.

(3) Yes—41.

(4) R97 500.

(5) 31 December 1985.

TUESDAY, 25 MARCH 1986

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†Indicates translated version.

For oral reply:

General Affairs:

Question standing over from Tuesday, 18 March 1986:

Birkenhead

*31. Mr R M BURROWS asked the Minister of National Education:

(1) Whether the National Monuments Council has received any applications for permits for divers to (a) inspect the wreck of the *Birkenhead* and (b) recover wreck material from it; if so, (i) when and (ii) from whom;

(2) whether any permits were granted; if so, (a) to whom and (b) when;

(7) (a) and (b) Yes, the accused will appear in the Regional Court on 4 April 1986.

(8) No.

GCOL 699
HANSARD 25/3/86

Vigilantes

*25. Mr K M ANDREW asked the Minister of Law and Order:

(1) Whether any vigilantes were operating in Zolani Township near Ashton in 1985; if so,

(2) whether the South African Police took any action in respect of these vigilantes; if so, (a) what action, (b) when and (c) with what result; if not, why not;

(3) whether these vigilantes operated with the (a) knowledge and/or (b) co-operation of the South African Police; if so, (i) why, (ii) what was the nature of this co-operation and (iii) who authorised the South African Police to co-operate with them;

(4) whether any (a) fire-arms were and (b) ammunition was issued to such vigilantes by the South African Police; if so, why;

(5) whether the South African Police received any complaints from residents of Zolani Township concerning any (a) councillors and/or (b) vigilantes; if so, (i) how many, (ii) on what dates and (iii) what was the nature of these complaints;

(6) whether any residents of Zolani Township laid any charges against (a) councillors and/or (b) vigilantes; if so, (i) how many, (ii) on what dates and (iii) what was the nature of these charges;

(7) whether the South African Police investigated these (a) complaints and (b) charges; if not, why not; if so, what were the findings in each case;

(8) whether he will make a statement on the matter?

The MINISTER OF LAW AND ORDER:

(1) Yes.

(2) No, because at that stage the police had no knowledge of the existence of a vigilante group.

(3) to (5) No.

(6) (a) Yes.

(i) Four.

(ii) 12 and 20 November 1985 and again on 3 and 7 December 1985.

(iii) Three charges of assault and one charge of attempted murder.

(b) Yes.

(i) Four.

(ii) 4, 12 and 20 November 1985 and again on 7 December 1985.

(iii) Four charges of assault.

(7)(a) and (b) Yes, with regard to the councillors, prosecution was refused in three cases. The remaining charge is still being investigated. With regard to the vigilantes prosecution was refused in two cases; in another case the Attorney-General's decision is being awaited and the last case is still being investigated.

(8) No.

GCOL 700
HANSARD 25/3/86

Tendered goods/supplies

*26. Mr K M ANDREW asked the Minister of Transport Affairs:

(1) Whether (a) the South African Transport Services and (b) any specified divisions thereof have followed the same procedure over the past year in regard to all tendered goods or supplies originating (i) partly or (ii) wholly from foreign countries; if not,

(2) whether a different procedure has been followed over the past year in regard to such goods or supplies originating (a) partly or (b) wholly from certain foreign countries; if so, (i) what was the nature of this procedure, (ii)(aa) when and (bb) why was it introduced, (iii)(aa) in respect of which foreign countries was it applied and (bb) to what extent in each case and (iv)(aa) since when and (bb) why has this procedure been applied in respect of each such foreign country;

(3) whether the South African Transport Services obtained Cabinet approval for allowing this procedure in respect of certain foreign countries; if not, why not; if so, when?

†The MINISTER OF TRANSPORT AFFAIRS:

(1) (a) and (b) No.

(2) (a) and (b) Yes.

(i) Tenderers were erroneously advised that offers incorporating supplies from Sweden would not be considered by Transport Services.

(ii) (aa) 7 January 1986.

(bb) Due to an administrative error.

(iii) (aa) Sweden.

(bb) Please refer to reply in respect of part (2)(i) of the question.

(iv) (aa) 7 January 1986.

(bb) Please refer to reply in respect of part (2)(i) of the question.

(3) No. The procedure introduced was due to an administrative error.

GCOL 702
HANSARD 25/3/86

Report of Education Committee

*27. Mr R M BURROWS asked the Minister of National Education:

(1) Whether he has been furnished with a copy of the Report of the Education Committee on Recommendations for National Education Policy Objectives and Strategies submitted to the Minister of National Education of South West Africa; if not, why not; if so,

(2) whether he will furnish the House with information contained in this report; if not, why not; if so, what recommendations are contained in the report in regard to the structure of education in South West Africa;

(3) whether a dissenting minority report was submitted in regard to this matter; if so, what was the purport of the minority report;

(4) whether he will make a statement on the matter?

The MINISTER OF NATIONAL EDUCATION:

(1) No.

(2) Falls away.

(3) Falls away.

(4) Falls away.

GCOL 702
HANSARD 25/3/86

Ekangala Co-ordinating Committee

*28. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

(1) Whether his Department recognises the Ekangala Co-ordinating Committee, which is also known as the Representative Authorised Committee; if

Scheme, specific control measures are not justified and has therefore recommended that—

restructive registration of fresh milk distributors be abolished;
restrictive registration of industrial milk manufacturers be abolished;
the single channel prohibition in respect of butter and cheese be abolished;
the fixation of wholesale and retail prices in respect of butter and cheese be abolished; and
the Dairy Board will only purchase surplus butter and skimmed milk.

The findings of the National Marketing Council in respect of the Cotton Scheme were that the existing control measures are justified and should remain unchanged except that the Cotton Board should substitute its present system of restrictive registration of cotton ginners for a system of formal registration. Such a recommendation is contained in the report.

(3) No, the reports have been submitted to the Boards concerned and the South African Agricultural Union. Certain recommendations in respect of the Dairy Scheme are being applied already.

Telephones

642. Mr E K MOORCROFT asked the Minister of Communications:

(1) How many (a) applications for telephones were received and (b) telephones were installed for (i) private and (ii) business purposes in Grahamstown in 1985;

(2) whether there is a backlog for this area at present; if so, (a) what was the backlog as at the latest specified date for which figures are available and (b) when is it anticipated that the backlog will be eliminated?

The MINISTER OF COMMUNICATIONS:

(1) (a) 1 615;

(b) (i) 1 036; and

(ii) 437.

(2) Yes;

(a) 418, as at 28 February 1986; and

(b) 88 of the applications will be met as soon as the unrest situation in the Black residential area is normalised, 201 during the first quarter of the 1986-87 financial year after completion of an extension to the exchange, 24 later during that financial year and the remaining 105 during the 1988-89 financial year after completion of cable works.

Sheep scab

645. Mr E K MOORCROFT asked the Minister of Agricultural Economics:

(1) How many outbreaks of sheep scab were reported in the Republic in 1985;

(2) how many farmers were prosecuted in that year for offences under the relevant provisions of the Animal Diseases and Parasites Act, No 13 of 1956?

The MINISTER OF AGRICULTURAL ECONOMICS:

(1) 106 of which 23 occured in KwaZulu.

(2) 13.

GCQ 876 HANSARD 7/4/86

Agricultural land

651. Mr E K MOORCROFT asked the Minister of Agricultural Economics:

What is the estimated area that was lost for agricultural purposes as a result of urban development in the 1984-85 financial year?

The MINISTER OF AGRICULTURAL ECONOMICS:

2 987 hectares.

GCQ 877 HANSARD 7/4/86

State veterinarians

653. Mr E K MOORCROFT asked the Minister of Agricultural Economics:

Whether there are any vacancies for State veterinarians in his Department; if so, how many?

The MINISTER OF AGRICULTURAL ECONOMICS:

Yes, 18 vacancies.

GCQ 877 HANSARD 7/4/86

Veterinarians

654. Mr E K MOORCROFT asked the Minister of Agricultural Economics:

(a) How many (i) White, (ii) Black, (iii) Coloured and (iv) Asian veterinarians are registered in the Republic at present and (b) in respect of what date is this information furnished?

The MINISTER OF AGRICULTURAL ECONOMICS:

(a) (i) 1 343.

(ii) 1.

(iii) 1.

(iv) 3.

(Figures are for the RSA and National States).

(b) 20 March 1986.

Blue Train

665. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

(1) How many passengers travelled on the Blue Train in 1985;

(2) whether all such passengers paid the full fare; if not, how many paid the full fare in that year?

The MINISTER OF TRANSPORT AFFAIRS:

(1) 16 299.

(2) No, 16 050 (ie 98,5 per cent).

74 GCQ 878 HANSARD 7/4/86

Milk-powder

675. Mr D J N MALCOMESS asked the Minister of Agricultural Economics:

(1) How much milk-powder was (a) produced and (b) sold in the Republic in 1985;

(2) whether milk-powder was imported in this year; if so, (a) by whom, (b) from what country or countries and (c) at what price in each case;

(3) whether any South African individuals or companies acted as agents in any of these transactions; if so, what are their names;

(4) whether milk-powder is being exported at present; if so, at what price;

(5) whether any South African individuals or companies are acting as agents in such transactions at present; if so, what are their names;

(6) whether this milk-powder is being exported at a loss; if so, (a) what is the nature of the loss and (b) how will this loss be recouped?

The MINISTER OF AGRICULTURAL ECONOMICS:

(1) (a) 24 719 ton skimmed milk powder
11 214 ton full cream milk powder.

(b) 16 248 ton skimmed milk powder
11 835 ton full cream milk powder.

(difference derived from surplus of previous year)

(2) No.

(a), (b) and (c) Falls away.

(3) Falls away.

(4) Yes, average of R1 300 per ton free on board.

(5) Yes, Elders International
Sunland Investments
Mitsuni Co Ltd.

(6) Yes.

(a) R2 000 per ton average.

(b) from the Board's stabilisation fund.

Milk-powder

676. Mr D J N MALCOMESS asked the Minister of Agricultural Economics:

(1) Whether milk-powder is being exported at a profit; if not,

(2) whether a levy is charged on fresh milk in order to recover the loss; if so, (a) what amount (i) had been recovered and (ii) remained to be recovered as at the latest specified date for which figures are available and (b) when is it anticipated that the levy will be discontinued?

The MINISTER OF AGRICULTURAL ECONOMICS:

(1) No.

(2) Yes.

(a) At present 2,5 cents per litre on all milk.

(i) R89,1 million as from 83-07-01 until 86-02-28.

(ii) R90 million during the 1986/87 financial year.

HoA

(b) February 1987 if no further surplusses are produced.

7/4/86 Q cor 880

Dairy/meat/wheat products: imports

HANSARD (3) GEN. (74)

677. Mr D J N MALCOMESS asked the Minister of Agricultural Economics:

What was the value of the (a) dairy, (b) meat and (c) wheat products imported by the Republic during the latest specified period of 12 months for which figures are available?

The MINISTER OF AGRICULTURAL ECONOMICS:

(a) R11 million (products for which a specific demand exists but which are not manufactured locally) for the period 1/3/85 to 28/2/86.

(b) R7 617 300 (excluding fresh meat) imported by private concerns during the period 1/1/84 to 31/12/84. Figure is applicable to the entire custom area (RSA, Botswana, Lesotho and Swaziland).

(c) No wheat products imported by the Wheat Board during the period 1/5/85 to 30/4/86.

Blue Train

Q cor 880

HANSARD 7/4/86 (287)

678. Mr J H VAN DER MERWE asked the Minister of Transport Affairs:†

Whether any persons travelled (a) free of charge and (b) at a reduced tariff on the Blue Train in the period 1 January 1984 to 31 December 1985; if so, (i) how many in each case and (ii) (aa) how many of these persons were employees of the South African Transport Services and (bb) what was the amount that the South African Transport Services lost in fares in respect of the journeys of each of these two categories of persons?

The MINISTER OF TRANSPORT AFFAIRS:

(a) and (b) Yes.

(i) 213 and 136 respectively.

(ii) (aa) 106.

(bb) The poor occupancy of the Blue Train during 1985 has led to a more aggressive marketing campaign aimed at the local market.

In order to familiarise more persons of the travel trade with the Blue Train, spare capacity was utilised to make free tickets and tickets at discount fares available to such persons. Transport Services actually thus sustained no loss on fares. In fact, the publicity from this exercise generated additional income.

7/4/86 Q cor 881.

London: travel bureau

(269) (16) HANSARD

685. Mr P G SOAL asked the Minister of Transport Affairs:

(1) Whether the South African Transport Services maintains a travel bureau in London; if so, (a) where in London (b) at what total cost and (c) how many persons are employed at this bureau;

(2) whether any (a) bookings are and (b) other business is carried out at this travel bureau; if not, what is the purpose of the bureau; if so, (i) how many bookings were made at this bureau in the 1985-86 financial year, (ii) in respect of what services were these bookings made and (iii) what other business is carried out at this bureau?

The MINISTER OF TRANSPORT AFFAIRS:

(1) Yes.

(a) 48 Leicester Square, WC2H 7HX, London.

(b) R1 million per annum.

(c) 10.

(2) (a) and (b) Yes.

(i) 3620 until January 1986.

(ii) Train journeys; Scheduled motor coach tours for Sartravel and private operators; Charter coaches from Sartravel and private organisations; Car hire; Hotel reservations; Inclusive tours; Safari tours for private operators and game lodges; Air bookings.

(iii) Pro-active promotions of South Africa as a tourist destination which, inter alia, include the:

—organisation of and participation in travel workshops;
—attendance of seminars relating to travel matters;
—organisation of and participation in promotions and exhibitions of travel clubs;
—liaision with wholesale and retail agents in the travel trade;
—development of tours and the printing of suitable brochures for package tours to South Africa;
—liaison with South African Airways, South African Tourism Board, the South African Embassy and South African hotel groups;
—arrangement of educational tours for travel agents and travel writers to South Africa in conjunction with South African Airways and the South African Tourism Board; and
—advertising of the products of Transport Services in the media.

Flights diverted/delayed

693. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

How many scheduled South African Airways flights were (a) diverted and (b) delayed as a result of weather conditions at (i) Port Elizabeth, (ii) Cape Town, (iii) Durban and (iv) East London in each of domestic UK economy and there has been no indication that the Bank of England would refuse to countenance a contested bid

● From Page 1

McWilliam explained Stancha's hostility to the Lloyds approach on the grounds

10/4/86. 74 ~~S WHEAT~~ BUSDAY

GERALD REILLY

Massive SA grain shortage

SOUTH AFRICA will spend about R140m in foreign exchange this year to import 500 000 tons of grain to make good the shortages caused by drought.

To ensure sufficient wheat stocks despite the drought-shrunken crop of 1,57-million tons — 2-million tons are needed to meet local demand — the government is expected to approve the importing of 300 000 tons.

And according to Wheat Board sources, if the crop now being planted is late, there could be a wheat shortage in December. The 300 000 tons are needed to ensure adequate milling supplies from the start of the new season in October until the new crop is harvested about the end of November.

If the crop is late, further imports might be necessary. Although wheat prices on over-supplied world markets are low, the cost of importing 300 000 tons under current conditions, including the $0,47 exchange rate, would be about R84m.

However, the wheat could be landed in SA at R100 a ton less than the local price, which would give government a solid profit of about R30m.

Maize, too, is to be imported from Zimbabwe to ensure an adequate supply of pure white meal. The cost in rands of the 200 000 tons to be imported at about R280 a ton — compared with the local price of R218 a ton — will be about R54m.

The actual loss in rands in this deal is estimated at about R12m, which will be paid for by the taxpayer. The National Maize Producers Organisation (Nampo) has claimed that imports are unnecessary.

Nampo head Piet Gous also says that western Transvaal farmers can expect extensive crop failures this year because of the lack of rain over the last few weeks.

He adds that a crop of about 1,5-million tons, with earnings in the region of R330m, is expected because insufficient rain fell in February and March to nurture late plantings.

Confidentiality will be identified by a code which been completed; if not, (a) why not and (b) when is it anticipated that they will be completed; if so, what was the (a) quantity and (b) value of each category of stores involved in these offences;

(4) whether any persons have been prosecuted in this regard; if so, (a) how many, (b) when and (c) with what result;

(5) whether any steps have been taken to prevent a recurrence; if so, what steps?

The MINISTER OF DEFENCE:

Yes. Details iro subsection (1) to (4) are as follows:

Subsection		Fuel	Tyres	Other stores Welding machine	Engines
(1) (a) and (b)		Theft suspected in December 1985	November 1985	Between January 1984 and January 1986	1981 and 1982
(2)		Yes	Yes	Yes	Yes
	(a)	December 1985	November 1985	December 1985	December 1985
	(b)	In all cases by the Military Police in co-operation with the SWA Police.			
(3)		No	Yes	No	No
	(a)	Evidence is still being gathered	10	Evidence is still being gathered	Evidence is still being gathered
	(b)	Undeterminable	R635,50	Undeterminable	Undeterminable
(4)		None	Yes	None	None
	(a)		4		
	(b)		9 December 1985		
	(c)		Found guilty in Magistrate's Court. Fines of between R250-R300 instituted.		

(5) Yes.
—Control staff of the stores concerned is rotated.
—The security fence around the stores area strengthened.
—Guards are posted after normal working hours.
—The officer commanding conducts monthly stock taking.
—Fuel tanks of vehicles sealed with a lead seal.

HoA

Q col HANSARD 14/4/86

Citizen Force

740. Mr G B D McINTOSH asked the Minister of Defence:

(1) Whether any persons liable to perform service of up to 120 days in cycles of two years in terms of sections 21 and 22(3)(b) or section 89A of the Defence Act, No 44 of 1957, did not perform any service in 1984 and 1985, respectively; if so, what percentage of the total number of members of the Citizen Force did not perform such service in each of these years;

(2) what percentage of the total number of members of the Citizen Force performed service for periods of (a) up to 30 days, (b) from 31 to 90 days and (c) from 91 to 120 days in each of the above years?

The MINISTER OF DEFENCE:

(1) and (2) Service records of Citizen Force members who are liable to perform service in terms of sections 21 and 22(3)(b) or section 89A of the Defence Act, 1957 are held on a decentralised basis at units and consequently these figures are not readily available. In view of the extent of the task it would require a great effort, taking up considerable time, to obtain the information.

Q col 1061 HANSARD 14/4/86 (74)

Aircraft fuel

742. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

What is the estimated saving for the South African Airways on aircraft fuel in the 1986-87 financial year as a result of (a) the rand/dollar exchange rate at present as compared with the exchange rate used for budget purposes and (b) the international and local decline in crude oil prices?

The MINISTER OF TRANSPORT AFFAIRS:

(a) R41 million.

(b) R14 million.

HoA

Own Affairs:

Q col 1062

Teacher/pupil ratio

HANSARD 14/4/86

59. Mr R M BURROWS asked the Minister of Education and Culture:

What teacher/pupil ratio was applicable in (a) primary and (b) secondary schools in (i) each of the provincial education departments, and (ii) his Department, as at the latest specified date for which figures are available?

The MINISTER OF EDUCATION AND CULTURE:

Natal

(a) 1 to 21,2;

(b) 1 to 16,32;
(as on 31 December 1985).

Cape

(a) 1 to 18;

(b) 1 to 16;
(as on 31 December 1985).

Orange Free State

(a) 1 to 22,2;

(b) 1 to 16,1;
(information in respect of 1985).

Transvaal

(a) 1 to 24,2;

(b) 1 to 16,8;
(information as on 10th school day 1986).

The Department of Education and Culture

The Department of Education and Culture manages schools for Special Education, schools falling under the Children's Act and training centres for Mentally Retarded Children.

In the schools for Special Education, pre-primary, primary and secondary pupils receive tuition in the same building.

At present the following teacher/pupil

the House of Assembly on 9 April 1986.

(4) (a) and (b) These are matters which do not fall under the Department of Trade and Industry. The Department was involved in the matter only in so far as an import permit is required. The application for an import permit was referred to the Department of Environment Affairs for comment and that Department recommended that an import permit whould not be issued.

(5) No.
(a), (b) and (c): Fall away.

(6) It is not known whether any South African company was involved in tendering *per se*. The application for an import permit was made by PBN and Associates.

(7) Falls away.

(8) Falls away.

(9) No. Statements have already been made as indicated under (3).

QCOL 1263
HANSARD 22/4/86 (74)

Crude oil

*8. Mr R R HULLEY asked the Minister of Mineral and Energy Affairs:

(1) What was the average rand cost per barrel of crude oil imported into the Republic in 1985;

(2) what was the rand cost per barrel of such oil imported into the Republic as at the latest specified date for which figures are available?

†The MINISTER OF TRADE AND INDUSTRY (for the Minister of Mineral and Energy Affairs):

(1) R62,14 per barrel, landed.

(2) R48 per barrel, landed, according to figures available for March 1986.

QCOL.
HANSARD 22/4/86

Group Areas Act

*9. Mr J H VAN DER MERWE asked the Minister of Constitutional Development and Planning:†

(1) Whether the Government intends making it possible for members of different population groups to live in the same residential areas; if so,

(2) whether the (a) Group Areas Act and (b) any other laws are to be amended to make provision for this; if so, (i) when and (ii) what other laws;

(3) whether he will make a statement on the matter?

The DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) This possibility already exists in controlled and specified areas, ie areas which have not been proclaimed as group areas, where members of different groups lawfully own or occupy land or premises.

(2) Falls away.

(3) No.

†Mr J H VAN DER MERWE: Mr Speaker, arising out of the hon the Deputy Minister's reply, is it the Government's intention to relax existing laws so that people of colour and Whites can live together more readily in the same residential areas?

†The DEPUTY MINISTER: The Group Areas Act has been investigated by a technical committee under the chairmanship of Judge Strydom. This has been referred to the President's Council which is busy with an investigation at present and which will produce a report later.

†Mr J H VAN DER MERWE: Mr Speaker, further arising from the hon the Deputy Minister's reply, is separate residential areas still a matter which is not negotiable to the Government?

†The DEPUTY MINISTER: I think the State President expressed himself very clearly on this, amongst other things, in the no-confidence debate.

Mr M A TARR: Mr Speaker, arising further from the hon the Deputy Minister's reply, I should like to ask him, if the people in a particular district or region were to request the hon the Minister formally to consider scrapping the Group Areas Act, whether he would be prepared to do so?

†The DEPUTY MINISTER: No, Mr Speaker, we are not prepared to consider such a thing. Such a request is not applicable at all because the Group Areas Act is applicable throughout the country. [Interjections.]

†Mr S P BARNARD: Mr Speaker, further arising out of the hon the Deputy Minister's reply, may I ask him whether his Department has granted permits to people of colour who live in White areas at the moment, namely Mayfair and Central Johannesburg?

†The DEPUTY MINISTER: Mr Speaker, it is very difficult to reply to this question off the cuff, but as far as I know, such permits are not granted to people of one population group to live in a residential area within the group area of another population group. It is possible that such permits have in fact been granted, but I cannot give a direct answer to this question.

†Mr J H VAN DER MERWE: Mr Speaker, further arising out of the reply of the hon the Deputy Minister, may I ask him whether his Department or any other State Department has given an instruction to the police in Johannesburg not to apply the provisions of the Group Areas Act there any longer?

†The DEPUTY MINISTER: No, Mr Speaker, I do not give such instructions.

†Mr J H VAN DER MERWE: Mr Speaker, further arising out of the reply of the hon the Deputy Minister, may I ask him whether he is aware that many thousands of people of colour live in the White areas in the central parts of Johannesburg? I can assure him that in some blocks of flats up to 400 of people of colour live in White flats. The police do not act against them.

†The DEPUTY MINISTER: Mr Speaker, I am aware that the Group Areas Act like any other law, is also contravened. For example, theft also takes place. We are giving this our attention. [Interjections.]

Latin

*10. Mr H D K VAN DER MERWE asked the Minister of Justice:†

(1) Whether a commission or committee was recently appointed to investigate the matter of the qualifications of Latin I as a requirement for admission to the Bar; if so, (a) when, (b) who are the members of this commission or committtee and (c) what progress has been made in this regard; if not,

(2) whether he will make a statement on the matter?

†The MINISTER OF JUSTICE:

(1) No.

(2) Yes. The question regarding the requirement of Latin as prescribed by section 3(2)(a) of the Admission of Advocates Act, 1964 (Act 74 of 1964), recently received the attention of the Cape of Good Hope Provincial Division of the Supreme Court in the case of *The University of Cape Town v The Cape Bar Council and Another* (at present unreported). It appears that this judgment is in conflict with the approach adopted in this regard by the Natal and Transvaal Divisions in the past, that the applicant appealed and that the appeal has been set down for 22 May 1986 in the Appellate Division. While the possibility of an appeal still exists, I am not in a position to comment on the matter. I nevertheless regard the matter as of the utmost importance because, besides the Latin issue, the purview of the English and Afrikaans language courses is also involved.

US exports to SA take a big drop

(74)

BUS DAY 28/4/86

CHERILYN IRETON

THE 26% tumble in imports from the US during the first quarter was largely the result of cancelled maize shipments.

Figures released by Customs and Excise show that imports from most world zones to SA improved in rand terms during the period.

The US was an exception, with imports falling from R1,045bn during the first quarter of 1985 to R766m in 1986.

SA Foreign Trade Organisation consultant Anne Moore pinpointed 50% of the problem as the fall-off in maize imports from the US.

Drought in 1984, and the shortage of yellow maize, resulted in the Maize Board importing 410 000 tons from the US. This pushed up the vallue of US shipments by at least R124m during that period.

There have been no maize imports from the US this year, according to Maize Board GM Hennie Nel.

US commerce officials are not sure where the other fall occurred because figures supplied by Customs and Excise do not separate categories of imported US goods.

US commerce officials said fear of US trade sanctions and boycotts were encouraging local companies to look for other sources of supply.

They added that, although the rand/dollar rate was comparable with what it was a year ago, many companies were still unwilling to buy capital goods from the US.

(b) Floor prices of certain cultivars have been lowered to discourage production and sales promotion is planned.

Chemicals for ripening of crops

HANSARD 7/5/86

761. Dr M S BARNARD asked the Minister of Agricultural Economics:

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(1) Whether any use is made in the Republic of (a) the chemical daminozide and (b) any other specified chemicals to regulate the ripening and improve the storage life of certain crops; if so, (a) from what (i) countries and (ii) companies are these chemicals obtained, (b) in respect of which crops are they used and (c) what quantities of each of these chemicals were used in the Republic during the latest specified period of 12 months for which information is available;

(2) whether any steps are to be taken in respect of any of these chemicals; if so, (a) in respect of which chemicals, (b) what steps, (c) why and (d) when?

The MINISTER OF AGRICULTURAL ECONOMICS:

(1) (a) Yes.

(b) Ethephon.

(a) (i) USA.

(ii) Uniroyal.
Agricura.
Applied Agricultural Products.
Union Carbide.

(b) Apples (Starking), peaches, pineapples, Barlinka grapes, tomangoes, grapefuit, cherries, plums and tobacco.

(c) Daminozide: 700 kg during 1985;
ethephon: 36 680 litres (diluted mixture) during 1985 (Used predominantly in sugar cane and a small quantity in the fruit industry in the Western Cape).

(2) (a) Daminozide.

(b) The standing Interdepartmental Committee for the Safeguarding of Man against Poisonous Substances supplied all available information to the Department of National Health for the purpose of toxicological evaluation. The comments have not been received yet.

(c) An application has been received to extend the use of the chemical for instance in hot-houses.

(d) 10 June 1985.

GCR 1660

Rents/service charges in arrears

HANSARD 7/5/86

781. Mr L F STOFBERG asked the Minister of Constitutional Development and Planning:†

(1) Whether the Department of Co-operation and Development in conjunction with Development Boards carried out an investigation into arrear rents and service charges in Black residential areas; if so, (a)(i) when and (ii) by whom was the investigation carried out, (b) what were the results of the investigation and (c)(i) what amounts in (aa) rent and (bb) service charges were in arrears in respect of each specified Black residential area and (ii) in respect of what date is this information furnished;

(2) whether he has taken or will take steps in this connection; if not, why not; if so, (a) what steps and (b) when?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) (a)(i) and (ii), (b), (c)(i)(aa), (bb) and (ii) The hon member must note that the Department of Co-operation and Development ceased to exist on 31 August 1985 and for that reason the reply is applicable as from 1 September 1985.

In order to assist development boards or local authorities to collect rents and service charges which may be due, the Department of Constitutional Development and Planning provided guidelines for a plan of action which is to be adjusted in accordance with local circumstances. This does not entail a specific investigation.

(2) The Department is continuously evaluating the plan of action, (a) and (b) fall away.

GCR 1661

Community councils/local authorities

HANSARD 7/5/86

846. Mr A SAVAGE asked the Minister of Constitutional Development and Planning:

(1) How many (a)(i) community councils and (ii) other Black local authorities had been constituted, and (b) wards were there in each specified Development Board area, as at the latest specified date for which information is available;

(2) whether there were any vacancies in any of these councils and/or local authorities as at the above date; if so, how many in respect of each specified Development Board area;

(3) whether any of these councils and/or local authorities did not have a quorum of councillors as at the above date; if so, how many in respect of each Development Board area;

(4) whether any of these councils and/or local authorities were unable to function as at the above date; if so, (a) why and (b) how many in respect of each Development Board area?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) (a) (i) 192 Community councils.

(ii) 23 Town councils and 19 village councils.

(b) On 16 April 1986 the *number of wards* per council in each specified development board area and

(2) the *number of vacancies* per such council are as set out below, while

(3) those councils which had *no quorum*, are shown as such and

(4) (a) the councils as indicated could not, in the absence of a quorum take decisions, although provision has been made for the continuation of functions (b) as indicated in respect of each development board and community council/local authority.

Western Cape

Community Councils	Wards	Vacancies
1. Stellenbosch (Mfuleni)	7	2
2. Ashton (Zolani)	7	1
3. Ceres (Nduli)	5	1
4. Hermanus (Zwelihle)	5	0
5. Cape Town (Nyanga, Guguletu, Langa)	21	9
6. Paarl (Mbekweni)	7	1
7. Robertson (Ngubela)	7	6 (no quorum)
8. Stellenbosch (Kaya Mandi)	7	0
9. Walfish Bay (Kuisebmond)	7	0
10. Worcester (Zweletemba)	7	6 (no quorum)

Local Authorities: None.

Northern Cape

Community Councils	Wards	Vacancies
1. Barkly West (Mataleng)	6	0
2. Britstown (Mziwabantu)	5	0

ment and (b) in respect of what date is this information furnished?

†The MINISTER OF HEALTH SERVICES AND WELFARE (for the Minister of Education and Culture):

(a) (i) and (ii) Such detailed statistics are normally not kept and are dependent on a variety of factors, for instance the choice of subjects by pupils for a particular year and the school timetable which is drawn up accordingly. While it can be argued that in a Latin class of 15 pupils the same number of vacancies exist, this would be a misrepresentation. Statistics regarding the exact number of pupils that can be accommodated in each class in each school are not kept and are therefore not readily available. The same applies to smaller primary schools where standards are grouped together. The planning is done according to local needs and vacancies which exist elsewhere do not influence the provision in local needs,

(b) falls away.

For written reply:

General Affairs:

Q COL 1791 20/5/86 HANSARD

Oil

803. Mr R R HULLEY asked the Minister of Mineral and Energy Affairs:

In respect of the latest specified date for which figures are available, (a) what was the landed cost in South Africa of crude oil in United States dollars per barrel, (b) what, in respect of 93-octane petrol, was this cost expressed in cents per litre at the pump and (c) what elements comprised the marketing margin in the latest petrol price composition?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(a) USA $ 14,01 per barrel for April 1986.

(b) The landed cost as reflected in the price on 14 April 1986 was 41,50 c/ℓ.

(c) The petrol price contain a wholesale margin and a retail margin which in both cases are aimed at receiving normal operational costs as well as a reasonable return on funds employed.

Staff establishment

813. Mr M A TARR asked the State President:

(1) (a) What was the authorised staff establishment of his Office in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of his Office regarding the promotion of Blacks, Coloureds and Indians to higher grades;

(2) whether staff of different race groups belong to the same staff association; if not, why not?

The STATE PRESIDENT:

(*See* reply to Question No 839 in col 1802.)

Q COL 1792 HANSARD 20/5/86

Staff establishment

814. Mr M A TARR asked the Deputy Minister of Information:

(1) (a) What was the authorised staff establishment of the Bureau for Information in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of the Bureau regarding the promotion of Blacks, Coloureds and Indians to higher grades;

(2) whether staff of different race groups belong to the same staff association; if not, why not?

The DEPUTY MINISTER OF INFORMATION:

(*See* reply to Question No 839 in col 1802.)

HANSARD

Staff establishment

817. Mr M A TARR asked the Minister of Transport Affairs:

(1) (a) What was the authorised staff establishment of the Department of Transport in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of this Department regarding the promotion of Blacks, Coloureds and Indians to higher grades;

(2) whether staff of different race groups belong to the same staff association; if not, why not?

The MINISTER OF TRANSPORT AFFAIRS:

(*See* reply to Question No 839 in col 1802.)

Staff establishment

818. Mr M A TARR asked the Minister of Constitutional Development and Planning:

(1) (a) What was the authorised staff establishment of his Department in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of his Department regarding the promotion of Blacks, Coloureds and Indians to higher grades;

(2) whether staff of different race groups belong to the same staff association; if not, why not?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(*See* reply to Question No 839 in col 1802.)

Staff establishment

819. Mr M A TARR asked the Minister of Foreign Affairs:

(1) (a) What was the authorised staff establishment of his Department in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of his Department regarding the promotion of Blacks, Coloureds and Indians to higher grades;

(2) whether staff of different race groups belong to the same staff association; if not, why not?

The MINISTER OF FOREIGN AFFAIRS:

(*See* reply to Question No 839 in col 1802.)

Staff establishment

820. Mr M A TARR asked the Minister of National Education:

(1) (a) What was the authorised staff establishment of his Department in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of his Department regarding the promotion of Blacks, Coloureds and Indians to higher grades;

FRIDAY, 6 JUNE 1986

†Indicates translated version

For written reply:

General Affairs:

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HANSARD

Maputo: Imports of petrol/diesel fuel

1007. Mr L F STOFBERG asked the Minister of Mineral and Energy Affairs:†

(1) Whether petrol and diesel fuel for use in the eastern parts of the Transvaal is supplied by means of imports through Maputo; if not,

(2) whether it is anticipated that large quantities of fuel will be provided by means of imports through Maputo in the foreseeable future; if not,

(3) whether a zone price system for fuel, based on the delivery of large quantities of fuel through Maputo, is being maintained; if so, why;

(4) whether, in terms of the above-mentioned zone price system, fuel users in certain parts of the country are being subsidised by fuel users in other parts of the country; if so, (a) why and (b) what are the relevant particulars in this connection?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) No.

(2) No.

(3) and (4)(a) and (b) Yes. Maputo has been phased out as port for the importation of crude oil as a result of the production of Sasol II and III as well as Natref being sufficient to supply the whole of the Transvaal with petrol and diesel. The prices of Sasol products supplied to the crude oil industry for the marketing of those products, excluding those marketed by Sasol itself through Sasol pumps, include transportation costs equal to the amount of transportation should these products be distributed through Maputo.

In accordance with the current price zone system, the prices of products sold in a portion of the area served by Natref are based on the transportation tariff calculated at the Maputo port tariff while Natref supplies the products at the Durban port transportation tariff. The deficit is being debited to the industry's under-overrecovery account and the recovery thereoff is spread over the total consumption in the Republic. The amount is small relative to the total value of sales in the country.

The total price zoning system is currently being investigated in order to eliminate the abovementioned as well as other problems.

English-speaking persons: income tax into Treasury

HANSARD

1064. Mr H D K VAN DER MERWE asked the Minister of Finance:†

6/6/86

Whether his Department has statistics on what portion of the amounts paid into the Treasury by English-speaking persons in South Africa by way of income tax, has been spent on education for Afrikaans-speaking persons; if not, why not; if so, what amounts from this source were spent on such education during the past four decades?

The MINISTER OF FINANCE:

No, it does not serve any fiscal purpose to keep information of this nature.

HANSARD

Unemployed persons

6/6/86

1070. Mr B B GOODALL asked the Minister of Manpower:

(1) (a) What total amount was spent during the latest 12-month period for which information is available on (i) job creation programmes and (ii) programmes for training unemployed persons and (b) how many persons were (i) employed as a result and (ii) given training;

(2) what (a) total number of persons were involved in, and (b) was the total cost of, administering these programmes as at the latest specified date for which information is available?

The MINISTER OF MANPOWER:

(1) (a) (i) An amount of R124,77 million was spent on job creation programmes during the 1985-86 financial year.

(ii) R87,6 million was spent on programmes for the training of unemployed persons during the 1985-86 financial year.

(b) (i) More than 560 000 persons were employed.

(ii) 253 168 persons were given training.

(2) (a) The number of persons involved on these programmes by participating bodies varied from day to day and consequently it is not possible to determine the exact figure.

(b) Officials involved with the special job creation programmes do this work over and above their normal duties and consequently there were no extra costs incurred in the administration of the programmes.

Annual reports

1090. Mr P G SOAL asked the Minister of Manpower:

(a) How many annual reports were produced by his Department during the latest specified period of 12 months for which information is available, (b) in respect of what bodies were these reports produced, (c) what was the cost of producing each such report and (d) who did the printing of each report?

The MINISTER OF MANPOWER:

(a) Four reports were produced.

(b) Director General of Manpower in respect of the 1985 calendar year.
National Manpower Commission in respect of the 1985 calendar year.
Unemployment Insurance Fund in respect of the 1984 calendar year.
Workmen's Compensation Commissioner in respect of the 1984-85 financial year.

(c) R24 490,46; R16 520,00; R1 377,60; R1 093,22.

(d) Cape and Transvaal Printers (Pty) Ltd, Cape Town
Cape and Transvaal Printers (Pty) Ltd, Cape Town
Pretoria Printers, Pretoria
Hennie's Secretarial Services (Pty), Ltd, Pretoria.

Annual reports

1097. Mr P G SOAL asked the Minister of Finance:

(a) How many annual reports were produced by his Department during the latest specified period of 12 months for which information is available, (b) in respect of what bodies were these reports produced, (c) what was the cost of producing each such report and (d) who did the printing of each report?

The MINISTER OF FINANCE:

(a) Seven.

(b) (i) S A Mint.

(ii) Branch: Public Finance (Report of the Local Authorities Loans Fund Board).

(xvii) South African Library;

(xviii) The State Library;

(xix) Grocott & Sherry;

(xx) Seymore & Van Biljon;

(xxi) F, T and R Printers;

(xxii) Heer Printers;

(xxiii) University of Stellenbosch.

Post and Telecommunications

1085. Mr P G SOAL asked the Minister of Communications:

(a) How many annual reports were produced by the Department of Posts and Telecommunications during the latest specified period of 12 months for which information is available, (b) in respect of what bodies were these reports produced, (c) what was the cost of producing each such report and (d) who did the printing of each report?

The MINISTER OF COMMUNICATIONS:

(a) One, during the 12 months that ended on 31 May 1986.

(b) The Annual Report of the Department of Posts and Telecommunications.

(c) R21 705.

(d) The Department's own printing works.

Annual reports

1087. Mr P G SOAL asked the Minister of Education and Development Aid:

(a) How many annual reports were produced by the Department of Education and Training during the latest specified period of 12 months for which information is available, (b) in respect of what bodies were these reports produced, (c) what was the cost of producing each such report and (d) who did the printing of each report?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(a) One.

(b) The Department of Education and Training.

(c) A final statement has not yet been received from the Government Printer.

(d) Cape and Transvaal Printers for the Government Printer, Pretoria.

TUESDAY, 10 JUNE 1986

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†Indicates translated version.

For oral reply:

General Affairs:

†Mr SPEAKER: It has come to my notice that Questions Nos 7, 21 and 22 for oral reply today, deal with Crossroads and the KTC squatter camp.

As the matter became *sub judice* after the Supreme Court had granted an interdict in respect of the KTC squatter camp, these three questions cannot be put.

Mr G B D McINTOSH: Mr Speaker, in view of the fact that the interdict has clearly been ignored, both yesterday and today, do you not believe that as a matter of urgent public importance these questions should be answered, particularly taking into account the non-observance of that interdict yesterday, and evidently this morning as well?

Mr SPEAKER: Order! I want to tell the hon member for Pietermaritzburg-North that two wrongs do not make a right. We have to abide by the interdict granted by the Supreme Court.

Kabokweni magistrate's court

10/6/86. HANSARD

*1. Mr P G SOAL asked the Minister of Law and Order:

(1) With reference to his reply to Question No 13 on 6 May 1986, (a) who (i) was the head and (ii) were the other members of the panel investigating the incident at the Kabokweni magistrate's court near White River in the Eastern Transvaal on or about 11 March 1986 and (b) what was the nature of the investigation;

(2) whether this investigation has been completed; if not, when is it anticipated that it will be completed; if so, when;

(3) whether the investigating panel has reported its findings; if not, when is it anticipated that a report will be available; if so, (a) when and (b) what were the (i) findings and (ii) recommendations;

(4) whether any action has been taken as a result of this investigation; if so, what action;

(5) whether he will make a statement on the matter?

†The MINISTER OF LAW AND ORDER:

(1) (a) (i) and (ii) Major General A J Wandrag, the Divisional Commissioner, other commissioned officers and members of the Force.

(b) To investigate the events on 11 March 1986 at the Kabokweni magistrate's court and the circumstances leading thereto, with specific reference to the actions of the South African Police.

(2) Yes, on 21 April 1986, after which a comprehensive report was prepared, which was submitted to me on 15 May 1986.

(3) Yes.

(a) 15 May 1986.

(b) (i) and (ii) Since the inquest has not been completed yet, I do not deem it in the interest of the administration of justice to make known the findings and recommendations of the investigation.

(4) I refer the hon member to my answer in paragraph (3)(b)(i) and (ii).

(5) No.

Petrol prices

*2. Mr L F STOFBERG asked the Minister of Mineral and Energy Affairs:†

Whether the revenue earned by the Republiek from exports of minerals, fuel, lubricants and related products to member countries of the Organisation for Economic Co-operation and Development was set off at the latest fixing of petrol prices; if so, (a) in what manner and (b) on what date were these petrol prices announced; if not, (i) what total amount did these exports come to over the latest specified period of 12 months for which figures are available and (ii) in what manner did his Department set off this amount?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

No. The rest of the question falls away.

Exports

HANSARD

*3. Mr L F STOFBERG asked the Minister of Mineral and Energy Affairs:†

(1) Whether the Republic exported minerals, fuel lubricants and related products to the amount of approximately two milliard dollars to member countries of the Organisation for Economic Co-operation and Development over the past two years; if so,

(2) Whether he will furnish particulars of these exports; if not, why not; if so,

what products do these exports comprise;

(3) whether his Department exercises any control over the export prices of such products; if so, what is the nature of such control; if not, why not?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) The export value of products to member countries of the Organisation for Economic Co-operation and Development over the past two years amounted to well in excess of two milliard dollars.

(2) No. At this stage the identification of these commodities is not in the national interest.

(3) Prices are not controlled

Code of conduct

*4. Mr L F STOFBERG asked the Minister of Trade and Industry:†

(1) Whether he has been informed that member countries of the Organisation for Economic Co-operation and Development have prescribed a code of conduct for multinational undertakings; if so,

(2) whether he has the text of this code of conduct; if so, what is the purport of the main articles of the code of conduct;

(3) whether he will prescribe a similar code of conduct for multinational companies operating in the Republic; if not, why not;

(4) whether he will make a statement on the matter?

The MINISTER OF TRADE AND INDUSTRY:

(1) No. The Republic of South Africa is not a member of the Organisation for Economic Co-operation and Development and information on the Organisation's activities is not furnished by it to the South African Government.

(2) Falls away.

(3) No. Multinational companies which operate in South Africa are subject to laws, rules and regulations of the country.

(4) ~~No.~~

HANSARD

Wynberg Senior Secondary School

*5. Mr R M BURROWS asked the Minister of Law and Order:

(1) Whether any members of the South African Police took any action in or in the vicinity of the Wynberg Senior Secondary School on 22 May 1986; if so, (a) how many such members were deployed, (b) what was the nature of the operation in which they were involved, (c) what was the rank of the person who was in charge of such members and (d) what specified equipment did the police have on this occasion;

(2) whether any members of the South African Police were at any stage involved in the alleged whipping of pupils at this high school (a) outside and (b) on school property; if so, (i) why, (ii) what is the rank of the person who gave the order in this regard, (iii) how many pupils were injured as a result and (iv) what was the nature of their injuries;

(3) whether the pupils concerned were given warning to disperse before members of the South African police took action; if not why not; if so, (a) what warning were they given, (b) how was the warning broadcast and (c) what was the response of the pupils to this warning;

(4) Whether any educational personnel attempted to intercede between the police and the pupils; if so, (a) in what manner, (b) what were the circumstances surrounding the intercession and (c) what was the reponse of the police to these attempts;

(5) whether any policemen (a) entered any houses near the school and (b) took any action against any persons present in these houses; if so, (i) what were the circumstances surrounding these incidents in each case, (ii) why, (iii) (aa) in terms of what statutory provision and (bb) on whose instructions did they enter these houses and (iv) (aa) what specified action did they take and (bb) with what result?

†The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) 65 members.

(b) To maintain law and order.

(c) A Colonel of the South African Police.

(d) A variety of weapons which were adequate to meet the given situation.

(2) (a) No.

(i) to (iv) Fall away.

(b) Yes.

(i) To disperse pupils who were holding an illegal gathering and who acted riotously.

(ii) A Lieutenant of the South African Police.

(iii) and (iv) The South African Police is not aware of any injuries which the pupils sustained.

(3) Yes.

(a) To leave the schoolgrounds peacefully within 30 minutes, or else the police would act against them.

(b) Orally by the headmaster.

(c) As the police was at that stage not on the schoolgrounds, it is not known how the pupils reacted to the warning.

(4) Yes.

(a) The headmaster undertook to warn the pupils himself to disperse

(b) I refer the hon member to my answer in pargraph (3)(c).

(c) The police left the schoolgrounds in order to give the headmaster the opportunity to warn the pupils himself.

(5) (a) and (b) No.

(i) to (iv) Fall away.

Mr R M BURROWS: Mr Speaker, arising from the hon the Minister's reply can he inform us as to whether the Police entered the school grounds at the request of the principal?

The MINISTER: Mr Speaker, I do not know; I do not have the information readily available.

~~HANSARD~~

Exports to Soviet Union

*6. Mr E K MOORCROFT asked the Minister of Agricultural Economics:

Whether any requests have been received for the export of any agricultural products from South Africa to the Soviet Union following the recent nuclear power plant disaster at Chernobyl: if so, (a) when, (b) from whom, (c) what products are involved and (d) what was the response thereto?

sunrise news

cilities at the centre. ment," said Mr Henen. be made in Mossel Bay. — Sapa

government could do about what was being distributed elsewhere in the world.

STAR 7/6/86 74

Bread price should hold despite wheat imports

By Jackie Unwin

Although South Africa is having to import large quantities of wheat this year, its landed cost will be well below the domestic price and should not affect the price of bread, says Mr Dennis van Aarde, Wheat Board general manager.

But he could not say whether the bread price would rise in the long term if the local wheat price rises — as it is expected to — because of substantial input cost increases.

This would result in the Government's R150 million bread subsidy running out.

Mr van Aarde said it was difficult to foresee what would happen to the bread price. "We will have to see what the price of wheat for the new season will be. If there are no cost increases the bread subsidy will be sufficient to see us through to March next year.

"But should the cost of wheat and the milling and baking industry costs increase, the bread subsidy will run out during the year. Then there will be two options, to make further funds available, or to push up the price of bread."

The board had recommended the importing of 300 000 tons. "This should see us through until the new wheat comes in at the end of November," said Mr van Aarde.

"We have concluded contracts with the Canadian Wheat Board for the importing of 55 000 tons and 90 000 tons from Australia. We are now calling for tenders for a further 90 000 tons.

Mr van Aarde said the imported wheat at a landed cost of about R300 a ton will still be below the domestic price of R325 a ton.

New toll road will

D063184

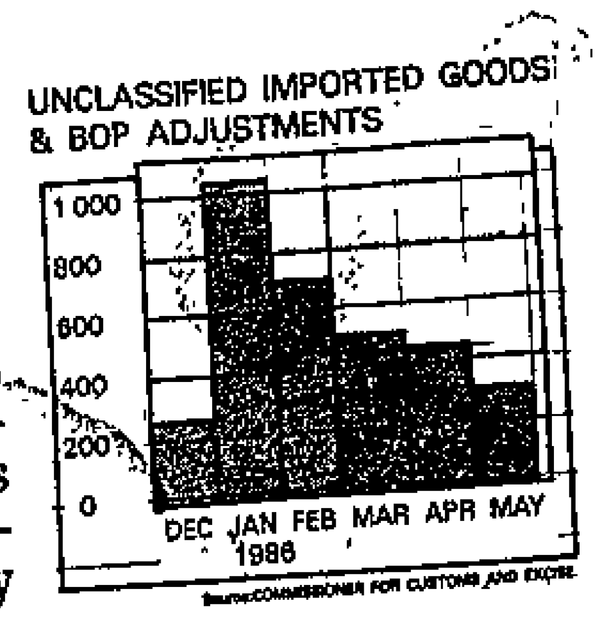
BUSDAY 74

25/6/86

Imports tumble in May

Economics Reporter

IMPORTS by SA declined by 14% in dollar terms last month from April — indicating, economists say, that government has largely abandoned its policy of stockpiling foreign oil.



At the same time, exports rose 4,2% in dollar terms, reflecting higher growth in SA's trading partners in Europe and Asia.

In rand terms, imports dropped 8,1%, to R1,94bn, in May, according to figures released by the Commissioner for Customs and Excise. But the rand depreciated by more than 9%, making imported

● To Page 3

BUSDAY 74

25/6/86

Imports show marked decline

● From Page 1

goods more expensive in volume terms.

Measured in dollars, imports fell to $886m from $1,03bn in April.

More than half of the decline in imports was accounted for by a drop in government's "unclassified" category, which includes oil and military components. Unclassified imports fell to R339m from R426m the month before.

Country gets ready to face the worst

R2-bn spent as SA stockpiles for sanctions

31/7/86 · STAR

74

By Michael Chester

Spending by South Africa on huge stockpiles of strategic items such as oil and other vital minerals has been behind a R2 000 million surge in import bills in recent months as sanction threats grow louder.

A South African Reserve Bank mid-year bulletin confirms that a sudden 20 percent jump in the value of merchandise imports in the first three months of the year was "entirely owing to a sharp increase in imports of mineral products for purposes of strategic stockpiling".

The climb would have been even steeper had the volume of other imports not dropped by 7,5 percent over the same period.

Industrial sources say the Government probably took full advantage of a plunge in world prices to boost reserves of crude oil, in particular.

They dismiss overseas news reports of stockpiling of coal and steel as nonsense, because South Africa already produces more than it needs of both.

Latest figures from the Commissioner for Customs and Excise, while not divulging a breakdown of spending on strategic stockpiles, nor the impact of rand exchange rates, show that the buying pattern was repeated in the second quarter.

The import bill covering the six months to June increased from about R11 100 million to almost R13 000 million compared with the first half of last year.

Mounting political threats of sanctions and trade boycotts have also triggered a series of behind-the-scenes talks between the authorities and the private business sector on the shaping of new export strategies.

Panic buttons

Mr Fritz Stockenstrom, executive director of the Afrikaanse Handelsinstituut, said today: "No one is pressing panic buttons at the moment. We are all hopeful that a real sanctions crunch will be averted — even at what now seems to be five minutes to midnight.

"But we would be well advised to put contingency plans in place. Import replacement schemes remain of great importance — not only because of sanctions threats, but also because of exchange rate blows to the cost of imports, and the crucial need to create more jobs.

"I am convinced we have not yet heard the last word on sanctions and that there is still room to avert them. But it's only sensible to prepare new industrial strategies. The outside world would be more constructive if it talked about helping to solve our economic problems rather than make them worse."

31/7/86

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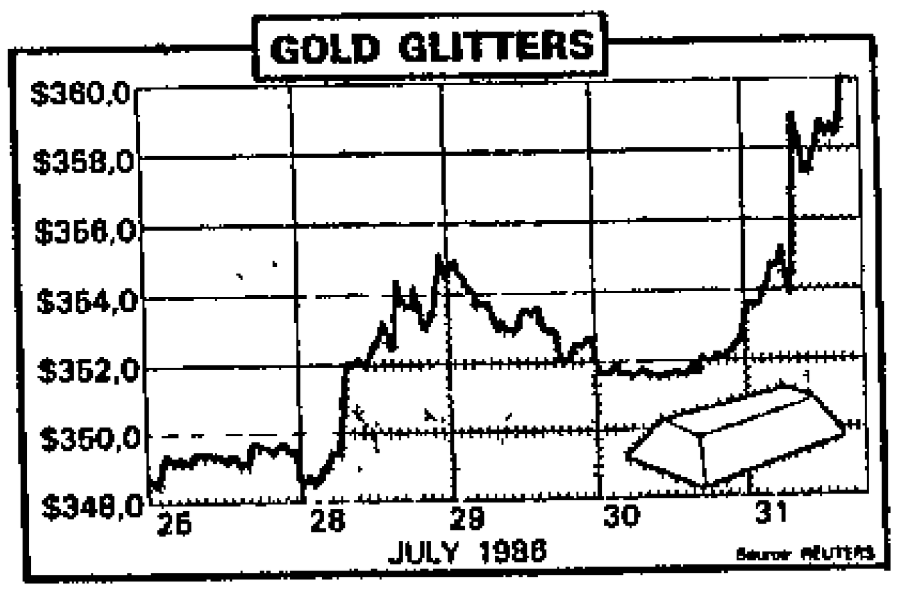
(74)

Golds at record level

MERVYN HARRIS

THE GOLD price rise to the $360 level sent gold and other mining shares racing to record levels on Diagonal Street yesterday.

The JSE all gold index surged 44,3 points — one of its biggest-ever, single-day rises — to hit a new peak of 1 386,2. With the industrial and platinum indices also hitting new highs, the JSE overall index was swept 25,8 points higher at a record 1 613,1.



On the back of the higher gold price and amid speculation of a further cut in Bank rate, the bull run in the capital market continued, with yields approaching levels last seen a year ago.

RSA 13% 2005 stock closed at 15,49%, sharply down from yesterday's close of 15,85%. Escom 11% 2009 stock closed at 15,75% (16,29%).

The gold price take-off started at the London morning fixing and continued in New York where follow-through buying lifted it $9 to $361.

Reports suggested German, Swiss and Chinese dealers were major buyers on renewed concern over the weak dollar.

Gold was also boosted by short covering on confirmation of big Japanese pur-

To Page 2

Hong Kong bans Kruger imports

HONG KONG — The government of Hong Kong is banning the import of gold coins minted in SA.

It said yesterday the ban would apply from August 8.

A spokesman said the ban was imposed after careful consideration of all relevant factors and similar actions taken by other countries. It offered no further justification.

A number of other countries, including the US, have moved to block trading in SA gold coins.

The ban applies to all SA gold coins, including Krugerrands and the new Protea.

Violators of the ban will face a fine of up to HK$500 000 and two years in jail.

The government said it was not banning dealing in SA gold coins or imports of such coins from third countries.

Hong Kong is the biggest gold dealing centre in Asia. Until last year when the Canadian Maple Leaf gold coin became popular locally, it was probably the world's foremost market for Krugerrands.

In 1985, Hong Kong imported HK$447m worth of SA gold coins, representing 55% of its total imports of gold coins.

In 1984, imports were worth HK$1,11bn — 93% of all gold coins entering Hong Kong. — AP-DJ.

Importers act to beat sanctions

ALAN SENDZUL

SMALLER South African importers have been accelerating import orders to weather the uncertainty of supply disruptions which might occur from sanctions.

Over a wide range of industrial sectors there seems to be a bunching of import orders, which has contributed to the weaker exchange rate over the June month-end.

Barclays Bank, however, did not confirm a marked increase in volumes on the foreign exchange market over the past few weeks, saying it would be difficult to distinguish between changes in normal month-end commitments and those in response to increasing pessimism over supply blockades.

A senior dealer said: "We have not seen the proportions which could suggest large-scale stockpiling as a protection against sanctions."

But another bank's international division felt exporters had been precipitating sales abroad which could have eased undue pressure on the rand.

Radem Laboratories, a company specialising in medical supplies, said it had been increasing stocks, although this would only constitute a breather from supply distortions.

BUSDAY (58)

11/8/86 BUSDAY

Commodities consumption index shows only tiny rise

Import-price falls curb producer-price inflation

Economics Reporter

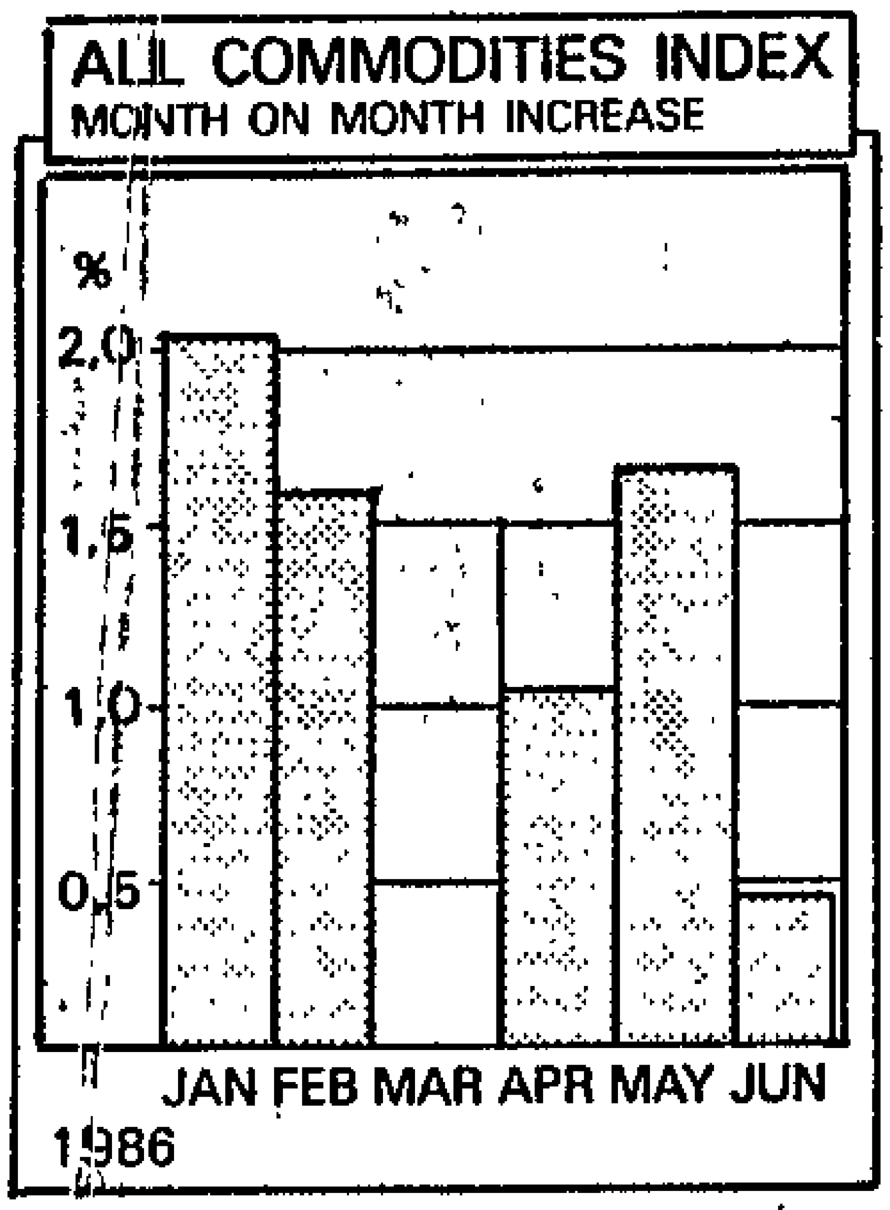
PRODUCER-price inflation, aided by far lower import prices, continued to slow in June, rising just 0,4% from May this year and 19% from June 1985.

Central Statistical Services say the index of all commodities for consumption rose to 213,3 in June — from 212,5 the month before and 179,2 a year ago. The year-to-year increase in June was the lowest since last December's increase of 18,7%.

The monthly index rose 1,7% in May and 1% in April.

Prices of imported goods, which account for 25% of the total index, declined for the fourth consecutive month — to 221,7 from 225,5.

Rand Merchant Bank economist Rudolf Gouws says the annualised increase in import prices for the first six months of the year was just



6,0% — down from 35,9% in the last six months of 1985 — "really a remarkable slowdown".

Gouws attributes the improvement in imports to the relative strength of the rand up to June. Its weak performance since then will probably show up in higher producer prices beginning in July.

Economists differ on whether the favourable trend in inflation will continue.

One says the June result, though somewhat surprising, will probably not be duplicated in the next few months because of pent-up demand for production.

Locally produced commodities rose in price by 1% in June from May and by 18,6% from a year before. The annualised rate of inflation for the January-to-June period declined to 16,7% from 20,4% in the July-to-December period of 1985.

The producer price index generally indicates how the broader measure of consumer price inflation will perform in the next few months.

DD 19/8/86 (24)

US wheat deal plan wins friends for SA

Dispatch Correspondent

WASHINGTON — South Africa has won important friends in America's hard-pressed farmbelt — and is wielding a powerful new anti-sanctions weapon — with a tentative offer to buy an annual 500 000 tons of wheat from Kansas, Oklahoma, Nebraska and Texas, starting next year.

This is triple the 156 000 tons of grain bought from US farmers this year, and considerably more than the 301 000 tons South Africa bought worldwide.

The US Agriculture Department said it had been told the purchases of hard red winter wheat could go as high as a million tons a year.

Because no contract has been signed yet, congressmen from the farm states are under notice that if sweeping new sanctions become law they will have to answer to angry constituents.

The Republican Party faces an uphill battle to retain control of the Senate in the November elections, and its biggest problems are in farm states where its senators are in knife-edge contests with Democratic candidates.

The purchase offer, which was confirmed yesterday by the South African embassy and the Agriculture Department, had a significant behind-the-scenes impact on last week's Senate sanctions debate and could prevent an embargo on agricultural products being enacted.

Oklahoma Senator Don Nickles persuaded his colleagues to accept an amendment that would exempt export credits for farm products from the proposed ban on loans to the South African Government and its parastatals.

Senator Nickles's move was hotly contested by non-farm state Democrats, and passed by just one vote.

Knowledge of the projected grain purchase also helped kill a measure offered by Senator Christopher Dood that would have banned "the import of goods marketed or exported by South African parastatals".

Senator Robert Dole of Kansas, the majority leader, protested that South Africa would counterattack by boycotting US farmers.

The agriculture counsellor at the South African Embassy, Mr Johannes Carstens, who has been lobbying energetically with the powerful US Wheat Growers' Association, said his government had been "aware" of the political considerations when it made the grain purchase offer.

Wheat imports expected to soar

20/8/86 Business Day

GERALD REILLY

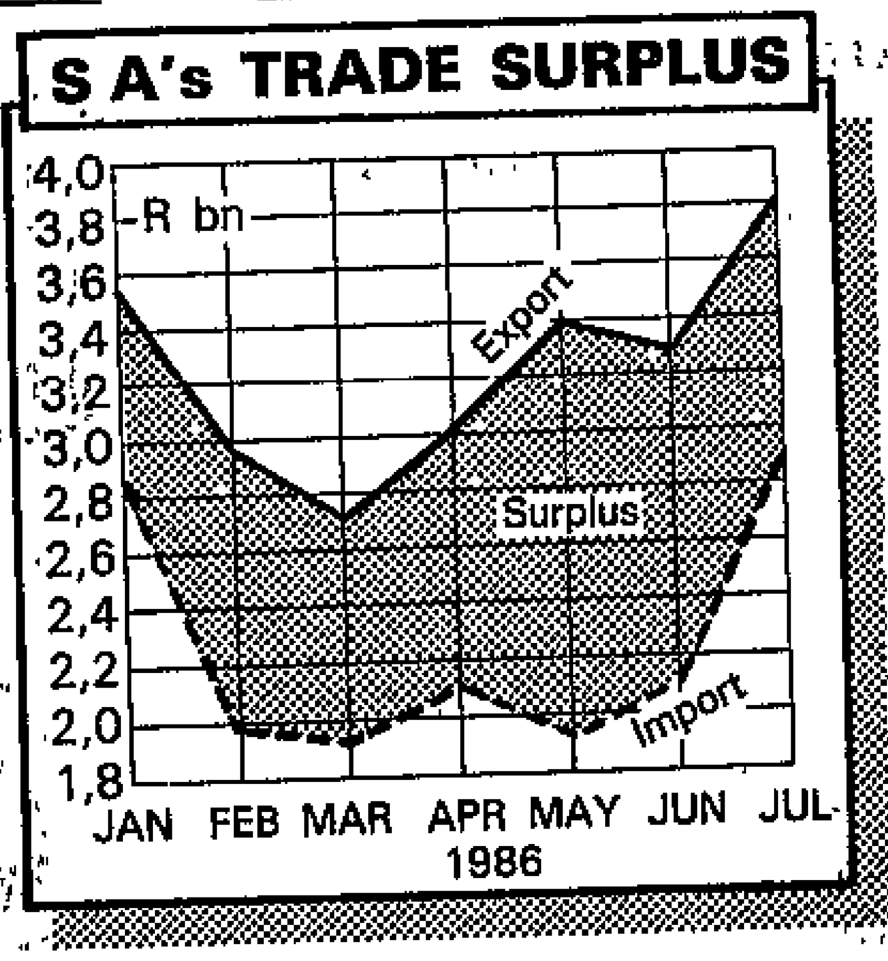
SOUTH AFRICA might have to import about a million tons of wheat a year in five or six years' time if consumption continued to increase, Wheat Boad GM Denis van Aarde said in Pretoria yesterday.

He said he knew nothing of a reported tentative SA offer to buy 500 000 tons of wheat a year from the US.

US reports said the offer could be used as a powerful anti-sanctions weapon by the SA government.

Van Aarde said the board had imported 314 000 tons of wheat — 156 000 tons from the US — from Canada, Australia and the US this year.

He said the next SA crop was likely to be about 1,9-million tons, making it necessary to import between 200 000 and 300 000 tons next season.



More import stockpiling?

BUSDAY 28/8/86 (74)

ALAN SENDZUL

SA'S surplus on the trade account narrowed R216m to R994,2m in July, pointing strongly to further stockpiling of strategic imports.

Latest customs and excise statistics show a 57,3% spurt year-on-year to R3,83bn for unclassified imports which include oil and weapons. On a monthly comparison, June to July, the increase was R150m.

Although exports rose 15,7% in July to R3,84bn, this growth was eclipsed by the 30% rise in imports to R2,85bn. The import bill seems to have suffered far more from a weak rand than exports benefited.

The rise in imports has exceeded the pace of export growth, but the heavy influence of depressed commodity markets, particularly gold, should be born in mind.

Although this pattern is not yet a trend it looks likely to be repeated next month, since the rand has been steadily declining from its $0,50 peak in mid-May.

SA's major trading partners remain in Europe where total imports for July amounted to R6,79bn (R5,47bn) and exports earned R5,84bn (R4,88bn).

The Asian continent is the next most important with imports at R2,64bn (R2,05bn). Exports were R2,23bn (R2,9bn). SA purchases from America were R2,04bn (R1,65bn) compared with exports of R2,22bn (R1,79bn).

SA stays mum on its new wheat sources

7/10/86 STAR (74)

By David Braun, Political Correspondent

The Government is not revealing the identities of foreign countries which have offered wheat to South Africa.

Agriculture Ministry sources will only confirm that several offers had been made since Minister of Foreign Affairs Mr Pik Botha pointed out last week that if the US banned the purchase of South African produce, South Africa might have no choice but to halt the importation of US grain.

The sources said it was not in the interests of South Africa, nor the countries which made the offers, to disclose their names.

South African agricultural interests are quite confident that the country will have no problem whatsoever in finding foreign suppliers of grain.

Although it is not Government policy to use boycotts and sanctions, it was understood today that the authorities were unlikely to award grain contracts to farmers of countries which have banned the importation of South African produce.

WORLD SURPLUS

US farmers are unlikely to get another South African contract. Australian and Canadian farmers are also likely to be penalised for their governments' policies towards South Africa.

Though South Africa is not a major buyer of grain on world markets (the country imported just over 300 000 tons of wheat this year), there is a growing world surplus of wheat.

The 122 million-ton international "wheat mountain" is estimated to grow to 150 million tons this year. This year's international wheat harvest is estimated at 505 million tons, the second largest on record and the third in succession to exceed 500 million tons.

E Cape 'could produce what SA must import'

(74) Ev Post 9/10/86

Post Reporter

THE Eastern Cape, with its industrial skills and spare capacity, is ideally placed to produce goods imported at increasing expense from the Far East.

This was said forcefully in Cape Town today by Mr Alan Gardiner, a director of Pick 'n Pay, who is directly involved in buying for the chain of stores.

Asked if the Eastern Cape, in its present situation, could play a leading role providing substitutes for highly priced imports he said:

"Oh yes, if you look at the Eastern Province in terms of manufacturing capabilities that exist there, you should be in a position to produce goods like crazy.

"You have facilities that are shut down. If you had the right type of people — some real entrepreneurs — that area could be 'turned on' overnight.

"There are a heck of a lot of goods we should be producing here instead of importing."

The competition, he said, was not that daunting.

"Maybe people in this country don't realise what the opposition is like. I travel to China, Korea, Japan and I see what is made there in little holes in the wall.

"It's the typhoon season and a lot of factories were blown down because they were tin shacks.

"But I go there and tell them what I want and next morning they deliver it to my hotel. In this country, I might get it at Easter."

He said it was sometimes cheaper to import goods than to make them locally, but added: "It can be cheap to produce here. As we know, the Taiwanese have set up factories in the homelands.

"Pick 'n Pay is a major importer of goods but we are also very involved in getting goods made locally.

"One section of our business, which concerns itself mainly with the curio trade, was importing 95% of its goods. It's now importing 50% of them — and this adjustment has been made in six months.

"Sometimes the local maker comes back and says the price will be a little higher and we say fine. We would sooner support local industry."

But he also warned: "It's sometimes easier to deal with factories overseas than factories here. If I place an order in Taiwan I can get it in six weeks. Here I might wait six months.

"When I chase an order in the homelands I'm sometimes told it got lost, the truck has broken down or the men are on strike.

"That is no good to me. When I buy something I buy it on a plan.

"There are people who try to make money on incentives instead of making goods and selling them.

"There is one particular company in Ciskei — they lose millions of rands — which fires the management staff every few months.

"I think PE could be different because you have the business skills in addition to the facilities."

Mr Gardiner gave, as examples, the following imported goods which the Eastern Cape could be making:

Cheap torches: "Imported from China at the moment."

Hammers, ordinary cheap tools.

Outdoor furniture: "Some is being made in South Africa, but a lot being imported from the Far East. When we looked around to get someone to produce here the price we were quoted was excessive. We asked why, and eventually found someone to make it for half the price."

Paper plate holders: "Millions and millions are imported into SA each year."

Sound equipment, FM-type radios. "We don't have to make hi-tech products. Maybe we should be getting into manufacturing TVs. Years ago certain companies were given production rights. We should be manufacturing, all we are doing at the moment is assembling."

Wooden doors: "Imported by the container load."

Plastic hall runners: "All they are is simple transparent plastic to cover hall carpets."

Car trolley jacks: "We used to sell them at R29. Now they're more expensive because of the exchange rate."

Bench grinders: "We have stopped importing and found a local producer. It didn't involve any major outlay to get into production."

RED MEAT IMPORTS 17/10/86 (74)

Out for blood

FINMAIL

SA has begun another round of meat imports — and precipitated another industry row. Some 700 t of meat destined for canners has already arrived this month and another 400 t is due to follow shortly.

This, according to Red Meat Producers' Organisation chairman Fanie van Rensburg, is to make up a shortfall in the supply of red meat to the factories. He calculates the shortage at some 1 300 t out of a total consumption by the sector of 2 000 t a month.

There are two reasons for the undersupply. One is that farmers in areas where there has been some rain are attempting to build up herds after the wholesale slaughter during the drought. The other is seasonal. There is usually a shortage of third grade meat from August to November because winter is the best time to build up animals for better grades in the feedlots.

Van Rensburg says these imports will be necessary for at least five more months. However, there isn't an end in sight. He believes there will be a general shortage of red meat next year, even higher grades, because of a fall off in the calving rate.

More concern

"During the drought farmers slaughtered into their capital — culling female animals. We expect this will lead to a 5%-10% drop in the calving rate this year. This is why we have already seen a rise in the liveweight price of feedlot cattle from 130c/kg to 220c/kg and why retail consumers can certainly expect even higher prices."

A 10% fall in the calving rate would mean about 200 000 less cattle available for slaughter, based on the 2m head sent to the abattoirs in the past year. The amount of red meat produced for the market was 440 889 t, which could mean imports of some 44 000 t next year. Similarly, a 5% drop would represent 22 000 t, and the real figure probably lies between the two.

Whatever happens, the whole question of imports is causing concern to the Organisation of Livestock Producers (OLP). Executive director Roy van der Westhuizen says imports should be considered only when wholesale prices reach 550c/kg for mutton and 400c/kg for beef. In August, the wholesale prices for local produce were 436,2c/kg for mutton, 295c/kg for beef and 278c/kg for pork.

He is also worried by the fact that imports are not agreed in an open system, and that the differentials between the price of imports and local produce are not going into the farmers' stabilisation fund.

"The OLP," says Van der Westhuizen, "doesn't argue that there should not be imports, particularly if there is a need to stabilise the market."

Putting sectoral interests first, however, he says he would like to see an open tender system "otherwise it's open to abuse, with the possibility of the importer pocketing the difference on each carcass. If we look at a landed price of imports of something like 300c/kg and a 400c/kg local wholesale price, there is R1 000 to be made on each ton of imported meat.

"We're also concerned that the Meat Board might get locked into long-term supply contracts which would mean we end up in another surplus situation. This is particularly important when one considers that there is a worldwide glut of red meat, some of which could easily be dumped here."

Deputy Meat Board GM Frans Pieterse tells the *FM* it is policy at the moment not to comment on the import situation because of the sensitivity of the issue. ■

NATIONAL

'Made in SA' could save R4 000m

23/10/86

The Argus Correspondent

JOHANNESBURG. — Studies by the Industrial Development Corporation have shown that at least R4 000-million worth of products imported every year from abroad could be made by local producers.

Initial results indicate that local industries should be able to manufacture nearly 25 percent of all current imports by better use of their own production and labour resources.

THREATS

Normal IDC studies into longer-term investment patterns have been accelerated by growing international threats of sanctions and increasing need to protect the balance of payments from the repercussions of the weakened rand.

The State-run IDC now plans to seek the co-operation of the private sector and the Board of Trade in working out details of a bold new import substitution programme.

Among the industrial sectors that have been identified as having the potential to reduce dependence on imports and save millions of rands in foreign exchange are:

Machinery and equipment (R800-m), electrical (R570-m), chemicals (R450-m), office equipment (R450-m), radio and TV (R370-m), paper products (R290-m), textiles and clothing (R250-m), automotive vehicles (R175-m), basic iron and steel (R170-m), mining products (R155-m), metal products (R140-m), rubber products (R 90-m).

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Steak 'n Kidney

Oil magnate admits supplying South Africa

SM
27/10/88
74

The Star Bureau

LONDON — One of the world's largest oil traders, Mr John Deuss, has become the first oilman to admit supplying South Africa, according to a report in *The Observer*.

The newspaper quotes him as saying: "Oil is essential, and I don't see anything wrong in selling to the South Africans."

Mr Deuss (44), from Holland, said his company, Transworld, traded two million barrels of oil a day, equivalent to the United Kingdom's entire production.

He denied suggestions he had used "ghost ships" without names to deliver oil to South Africa and that false documentation had been used.

"I am against apartheid," he said. "But I don't see the sense of depriving South Africa of oil. Sanctions don't work."

Protest over SAA presence

The Star's Foreign News Service

MELBOURNE — About 50 chanting and placard-waving anti-apartheid demonstrators protested at Sydney airport at the weekend against the continuing Australian presence of South African Airways.

They called on Prime Minister Bob Hawke to carry out his promise to expel the airline as part of the government's sanctions package.

DO 4/11/86

74

US farm exports to SA down by $32m

WASHINGTON — New figures from the United States Department of Agriculture (USDA) show US trade sanctions against South Africa will have little impact on sales of grain and other commodities produced by American farmers.

This year, according to the department's Economic Research Service, sales to South Africa are expected to be about $75 million, less than 0.3 per cent of US agricultural exports.

President Ronald Reagan vetoed legislation on September 26 that would have imposed US trade sanctions on South Africa to protest against its apartheid policies. The House of Delegates voted to override the veto on September 29, and the Senate followed a few days later.

But the move by Congress to override Mr Reagan's veto also produced warnings by South Africa that US farming sales would suffer.

At least four senators were contacted by South Africa, including Mr Charles Grassley and Mr Edward Zorinski, who voted to override the veto, and Mr Jesse Helms and Mr Paul Laxalt, who supported the president.

Mr Lawrence A. Witucki, of the department's Economic Research Service, said South Africa's agricultural imports in 1985 totaled $870 million, of which the US supplied about $108 million's worth, mostly grains, oilseed products, tallow and seeds.

In return, the US imported about $98 million worth of South African products last year, less than 0.4 per cent of US agricultural imports in 1985. This year, imports from South Africa are expected to decline to $75 million, matching US agricultural exports to South Africa.

Mr Witucki's research showed that South Africa last year depended more on agricultural buyers in Europe, Asia and Africa than on the United States. Europe also was the largest seller of agricultural products to South Africa.

Moreover, he found that while South Africa's agricultural exports to all foreign buyers were worth more than $1 billion last year, those sales amounted to only 6 per cent of the country's total exports last year. Minerals made up most of South Africa's export earnings, with gold accounting for 42 per cent of the total.

Although relatively small, loss of the South African market rubs a sensitive nerve among administration officials and farm leaders because of a general decline in US agricultural exports.

In the fiscal year that ended on September 30, the USDA estimated that the value of shipments dropped to a nine-year low of $26.5 billion after peaking at $43.8 billion in 1980-81.

Although USDA officials predict the quantity of shipments will increase in 1986-87, lower prices will keep their total value down. — AP

150 000 tons of wheat imports

BusDay 11/11/86

(74)

GERALD REILLY

WHEAT imports this year ~~are likely~~ likely to amount to about 150 000 tons and there will be no problem in finding suppliers — in spite of boycotts.

Wheat Board GM Dennis van Aarde told *Business Day* in Pretoria yesterday that although the final estimate of the crop had not yet been made it was likely to be just over 2-million tons.

In fact, he said, the crop would just about match local demand.

The board's carry-over into the current season amounted to a two-month milling supply, or about 320 000 tons.

The intention was to raise the carry-over into next season to at least a three-month supply. This could require the importation of about 150 000 tons.

Van Aarde said widespread rains had ensured a good crop in the Free State and Transvaal growing areas.

This would compensate for the losses suffered in the Cape because of excessive rains and high humidity.

SA drops to 17th in UK

74 BUSDAY 18/11/86

MICK COLLINS

FROM being the UK's 12th largest market in 1984, SA slipped to 17th position in 1985, the South Africa Britain Trade Association (Sabrita) annual report said.

And it blamed the adverse rate of exchange and the recession in SA as the main causes of the decline.

The report said: "The final quarter of 1985 rounded off a year of deep and continued recession in SA, recovery from which was further delayed by the political repercussions of the country's unrest.

"The year's difficulties were reflected in a lower level of UK exports (in sterling terms) than in the previous year."

UK visible exports to SA in 1985 totalled £1,01bn (R2,86bn) compared with £1,20bn (R2,31bn) in 1984.

Ironically, the UK increased its share of what was a shrinking market during this time from 11,1% in 1984 to 12,2% in 1985, placing it in third place behind Germany and the US.

SA exports helped by the weak rand increased from R1,39bn (£726m) in 1984 to R2,68bn (£946m) in 1985.

The UK's visible export figures for the first seven months of 1986 continue to reflect a similar trend — from £619m (R1,49bn) in 1985 to £489m (R1,61bn) in 1986.

Artificial resins top import lists

74

BUDDAY 17/12/86

MICK COLLINS

IMPORTS of artificial resins and plastic materials soared by 40,4% in the first 10 months of the year.

They were followed closely by products of the chemical and allied industries, which rose 32,1% in the same period.

The five largest categories of imports increased by an overall 20,8%.

Imports of vehicles, aircraft and parts, and certain associated transport equipment rose 27%.

Imports generally increased by 7,8% in October, compared with October 1985. This was a smaller increase than the 11,8% of September and continued the declining trend since the huge jump of 53,4% in July.

Figures released by the Federated Chamber of Industries (FCI) show that exports rose by 8% in October — a smaller increase than the 46,4% of September and more in line with the 10,8% of August.

An FCI report says: "It should be noted, however, that the October 1985 export figure was the largest of the monthly figures for 1985, so that the 8% increase seems to be inadvertently low. The October increase is also lower than the average increase reported for the 10-month period of 18,7%."

This is illustrated by the fact that average monthly exports for 1986 came to R3,5bn, against the R4,5bn of October, which is 28,3% higher and markedly in excess of the 8% increase of October 1986 on October 1985.

The five largest categories of merchandise exports rose 15,2% over the first 10 months. Highest increases occurred in vegetable products (73,4%), followed by products of the chemical and allied industries (38,7%). Exports of base metals and kindred manufactured articles rose by 18,2% in the same period.

IMPERIS

1981

(a) (i) R32 966 000 in respect of fresh milk and R25 008 000 in respect of industrial milk during the current financial year of the Dairy Board ending 28 February 1987.

(ii) Will only be known after the closing of the current financial year.

(b) Surpluses of milk powder are not expected to occur during the next financial year. The levy collected on fresh milk in respect of the removal of surpluses and paid into the Dairy Board's Stabilisation Fund, does not relate to surplus milk powder only, but to the removal of surpluses of all dairy products. The relevant levy could therefore only be reduced when no surpluses are produced.

Milk-powder

356 Mr D J N MALCOMESS asked the Minister of Agriculture:

(1) How much milk-powder was *(a)* produced and *(b)* sold in the Republic in 1986,

(2) whether milk-powder was imported in this year; if so, *(a)* by whom, *(b)* from what country or countries and *(c)* at what price in each case;

(3) whether any South African individuals or companies acted as agents in any of these transactions; if so, what are their names,

(4) whether milk-powder is being exported at present; if so, at what price;

(5) whether any South African individuals or companies are acting as agents in such transactions at present; if so, what are their names;

(6) whether this milk-powder is being exported at a loss; if so, *(a)* what is the nature of the loss and *(b)* how will this loss be recouped?

The MINISTER OF AGRICULTURE:

(1) *(a)* 17 162 tons of skimmed milk powder.
10 826 tons of full cream milk powder.

(b) 25 075 tons of skimmed milk powder
11 250 tons of full cream milk powder

(2) No.

(3) Falls away

(4) No

(5) Falls away.

(6) Falls away.

Dairy/meat/wheat products

357. Mr D J N MALCOMESS asked the Minister of Agriculture:

What was the value of the *(a)* dairy, *(b)* meat and *(c)* wheat products imported by the Republic during the latest specified period of 12 months for which figures are available?

The MINISTER OF AGRICULTURE:

(a) Permits were issued for the importation of 869 tons of exotic cheese (of which the value cannot be determined) during 1986

(b) Meat to the value of R16 639 033 was imported by private concerns in the Customs Union Area during 1985. The Meat Board imported factory beef, mutton and off-fall to the value of R16 469 573 during 1986.

(c) No wheat products were imported during 1986.

HoA

Grain imported

358 Mr D J N MALCOMESS asked the Minister of Agriculture:

Whether any grain was imported into South Africa in 1986; if so, *(a)* how many tons, *(b)* what was the nationality of the ships in which the grain was transported and *(c)* who collected the (i) brokerage and (ii) insurance premiums in respect of each shipment?

The MINISTER OF AGRICULTURE:

Yes.

(a) 312 722 tons of wheat:
34 850 tons of barley,
202 000 tons of white maize.

(b) Except in the case of two ships hired by the Wheat Board itself from Safmarine, the nationality of the other eight ships is not known as shipment was arranged by the suppliers.

(c) (i) In the case of the two Safmarine ships, the brokerage was paid by the owners to Messrs Louis Dreyfus Trading, Ltd It is not known who received the brokerage, if any, in the case of the other ships

(ii) No insurance premiums were paid in respect of the imported wheat and maize The barley was imported by the malt manufacturers and the required particulars in respect thereof are not known.

Sherlock Davids

359. Mr B B GOODALL asked the Minister of Defence:

(1) Whether a certain person, whose name has been furnished to the South African Defence Force for the purpose of the Minister's reply, was shot and killed at a Defence Force roadblock in Queenstown on or about 19 October 1986; if so, *(a)* what was the purpose of the roadblock, *(b)* what were the circumstances surrounding the incident and *(c)* what is the name of this person,

(2) whether the Defence Force has appointed a board of inquiry to investigate this incident; if not, why not; if so, *(a)* when and *(b)* what is the (i) rank of and (ii) position held by the person in charge of the inquiry;

(3) whether this board has concluded its inquiry; if not, why not; if so, what were the findings?

The MINISTER OF DEFENCE.

(1) Yes.

(a) To exercise control over vehicle movement in the present state of emergency

(b) The driver of the vehicle ignored various hand and torch signals to stop, resulting in shots being fired at the vehicle

(c) Sherlock Davids.

(2) Yes

(a) 21 October 1986

(b) (i) Brigadier

(ii) Officer in the Permanent Force Reserve.

(3) Yes. A Board of Inquiry is an internal departmental procedure of which the findings cannot be made public. The normal Judicial Inquest by the civilian authorities still has to be concluded

Queenstown: murder

360. Mr B B GOODALL asked the Minister of Law and Order:

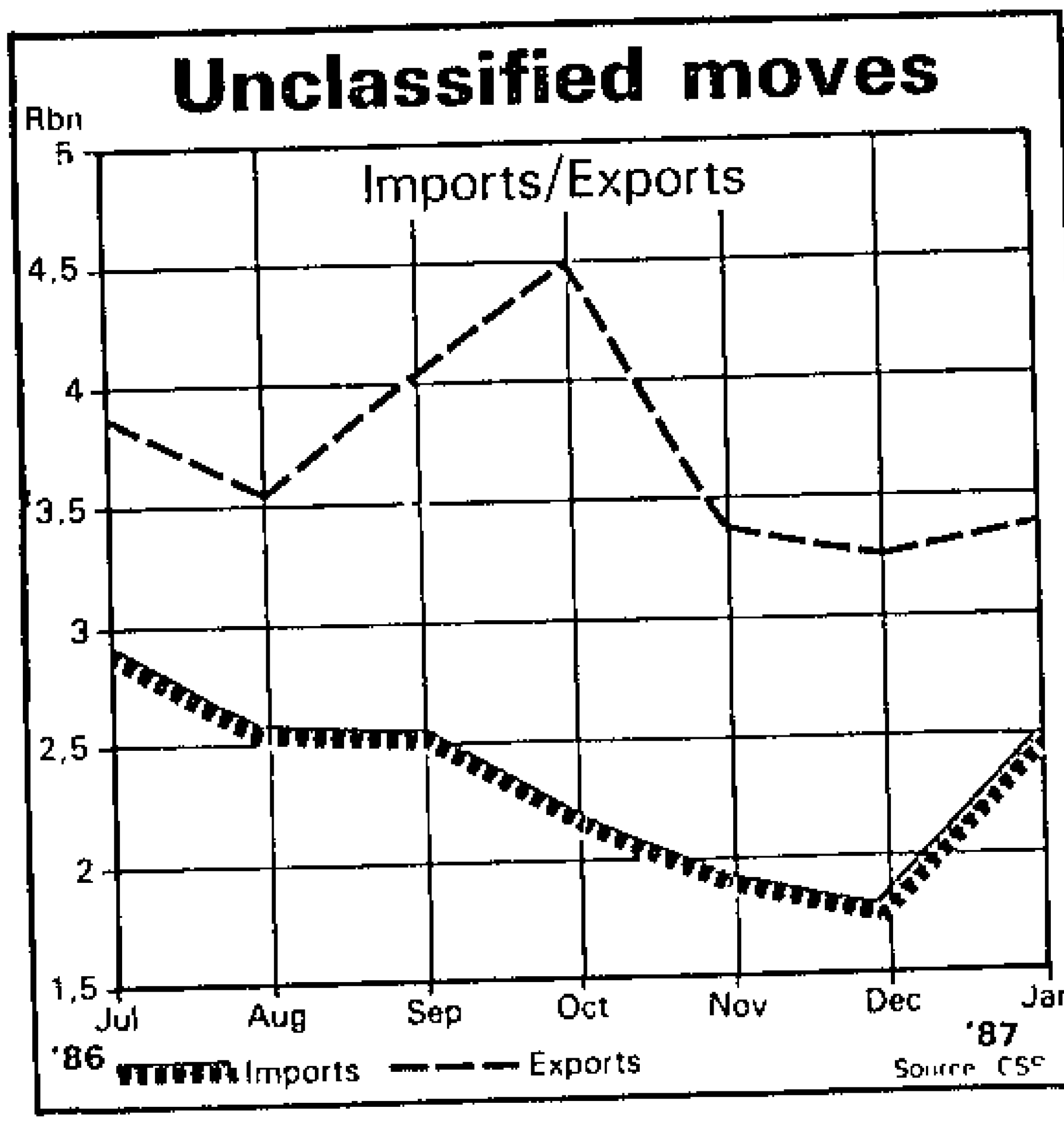
(1) Whether a murder docket has been opened in regard to the alleged shooting in Queenstown on or about

HoA

RISING IMPORTS ERODE SURPLUS

FM 6/3/87 74

Economists do not attach any major significance to the fall in trade surplus for January, by 35% to R906,2m from December's R1,4 billion. The surplus was eroded by a 28% increase in imports, the first since July, to R2,41 billion from R1,89 billion in December. Exports rose marginally to R3,31 billion from R3,29 billion.



Some commentators believe that the higher imports reflect improving economic growth. However, Rob Lee of Old Mutual points out that the increase, which was mainly in the unclassified sector, was most likely due to oil imports as SA stocks up for the coming winter: "The increase, therefore, can be attributed to seasonal factors rather than any permanent upsurge in import demand."

Imports are also coming off a low base.

On a year-to-year basis January's figure, despite the increase, was 16% lower than the comparable figure in 1986.

Aggravating this is that during this period the rand depreciated against major third currencies, in which imports are denominated, indicating a substantial decline in volumes.

Generally, economists expect imports to pick up this year. Combined with little improvement in exports, this suggests a reduced surplus on current account of about R4,5 billion for the year. (see **Balance of Payments**).

FINANCIAL MAIL MARCH 6 1987

"...without representation".

Cape Times 10/3/87

74/88

Container cargo to SA down 40%

JOHANNESBURG. — The volume of European exports to SA carried by container lines has declined 40% in the last two years, British shipping executive Antony Butterwick said.

He said that despite the drop and low freight rates, the shipping conference he heads will increase trips to South Africa as a "very strong act of faith and confidence" in the country's future.

He is chairman of the Europe South and South-East African Conference Lines and joint MD of P & O Containers Ltd.

A statement said frequency of sailings by Southern Africa-Europe container services is being increased from nine to seven days.

Butterwick said container line trading activity was showing signs of a "slight pick up in certain parts of the world along with a minor upward trend in freight rates".

"Sadly, this is not happening in South Africa," he added.

The executive said the industry's fundamental problem was freight rates at "sub-economic levels".

The rates were being "forced down by competition, by independent operators who are good, bad and indifferent", he said. — Reuter

16/6/87 Hansard

out of the hon the Minister's reply, can he give us a guarantee that no action will be taken against any teacher who wishes to teach and refuses to register under the existing single race register?

†The MINISTER: No, Mr Speaker.

Universities

*6. Mr R M BURROWS asked the Minister of Education and Culture:

Whether he or his Department has taken or intends taking any steps to restrict the admission of students to universities falling under his control on the basis of racial criteria; if so, what steps?

†The MINISTER OF EDUCATION AND CULTURE:

No

Race quotas/restrictions

*7. Mr R M BURROWS asked the Minister of Education and Culture:

Whether, with reference to his reply to Question No 3 on 2 September 1986, any amendment is being contemplated or has been made to the policy of race quotas or restrictions in regard to the admission of students to technikons; if not, why not; if so, what is the present policy?

The MINISTER OF EDUCATION AND CULTURE:

Yes, in the sense that the Minister maintains a dialogue with Rectors of Technikons under his jurisdiction regarding the rendering of service to members of other population groups, taking into consideration the provisions of the Constitution, academic merit, regional needs, the character and ethos of the institutions and ensuring that other and smaller technikons are not deprived of potential students.

Mr R M BURROWS: Mr Speaker, arising out of the hon the Minister's reply, can he give us an indication as to whether the quota for Whites at any technikon has been reduced below 90%?

†The MINISTER: Mr Speaker, if the hon member had been listening he would have realised that we have ongoing discussions with the principals of technikons, and after negotiations with individual principals of technikons we are busy adjusting the policy in the light of the needs so determined at a particular technikon.

Universities

*8. Mr C J DERBY-LEWIS asked the Minister of Education and Culture:

(1) To what extent are student fees in respect of universities falling under the control of his Department subsidised;

(2) whether these subsidies are granted subject to certain conditions; if so, what are these conditions?

†The MINISTER OF EDUCATION AND CULTURE:

(1) The universities are subsidised in terms of a scientifically determined formula. The implication is that the Department of Education and Culture subsidises student fees by approximately 80%;

(2) subsidies are determined purely on the number of full-time equivalent students.

For written reply:

General Affairs.

Hansard 16/6/87

Maize: landed cost

20. Dr M S BARNARD asked the Minister of Agriculture:

What was the (a) landed cost of each consignment of maize imported in 1985 and (b) (i) outflow of foreign currency and (ii) extra cost to the taxpayer as a result of these imports?

The MINISTER OF AGRICULTURE:

(a) The landed cost of each consignment of maize imported in 1985 is not available. During the period 1 May 1984 to 30 April 1985, 2 043 543 tons of maize were imported at an average landed cost of R248,06 per ton. No maize was imported after 30 April 1985.

(74) 16/6/87 Hansard

(b) (i) The total landed cost was R506 914 526.

(ii) An amount of R92 789 776 could not be recovered in the selling price of the imported maize and had to be financed by the State.

Medical University of Southern Africa

32. Mr K M ANDREW asked the Minister of Education and Development Aid:

How many applications by students for admission to the first-year course in the faculties of (a) medicine, (b) dentistry and (c) veterinary science have been (i) received and (ii) accepted at the Medical University of Southern Africa in respect of 1987?

16/6/87

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

Hansard

	(i)	(ii)
(a)	3 123	427
(b)	531	80
(c)	86	29

Universities: students registered

38. Mr K M ANDREW asked the Minister of Education and Development Aid:

(a) How many (i) White, (ii) Coloured, (iii) Asian and (iv) Black students were registered in 1986 at each university falling under the control of his Department and (b) how many of these students were first-year students in each case?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(a) Information in respect of (i), (ii), (iii) and (iv) is included in the Department of Education and Training, Annual Report 1986, Table 8.2.1, p 45.

16/6/87 Hansard

(b)

	(i)	(ii)	(iii)	(iv)
University of Zululand	3	0	3	1 223
University of the North	0	2	0	1 448
Medical University of Southern Africa	0	0	18	414
Vista University	0	51	2	614

Work opportunities

46. Mr J J WALSH asked the Minister of Education and Development Aid:

(a) How many new work opportunities were created for Blacks in each employment sector by each of the development corporations in the 1985-86 financial year and (b) what was the cost per opportunity in each sector?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

The powers concerning work opportunities created by the national development corporations vest in the governments of the respective self-governing territories and I can therefore not furnish the information requested in that regard.

Particulars regarding work opportunities created by the South African Development Trust Corporation, Limited, are as follows:

	Commerce, services and housing	Establishment of industries	Small industries	Mining	Agriculture	Transport	Other
(a)	23	2 731	[illegible]	—	1 600	—	—
(b)	R7 391	R1 672	[illegible]	—	R8 141	—	—

Hansard 16/6/87

Inflation major threat to exports

CR 27/6/87

VENICE — The high rate of inflation was a major threat to the country's export industries, and had an adverse impact on the cost of production of the gold mining industry, the Director General of Finance, Dr Chris Stals, said here.

Addressing the World Gold Conference in Venice, he said although the inflation rate declined from more than 16% last year to an adjusted annual rate of slightly below 15% in the first third of 1987, it remained unacceptably high, when compared with the relatively low rates of its major trading partners.

In the House of Assembly in Cape Town the PFP spokesman on finance, Mr Harry Schwarz, said the figures announced yesterday of 17,3% for the general inflation rate and of 25,8% for food should be of great concern to every South African,

He said in the committee stage debate on the own affairs budget that inflation was "strangling our people, the poor, the low income groups". — Sapa

Kwa-Thema	36 686	27 119	47 674
Tokoza	21 668	11 282	30 219
Tembisa	71 675	47 857	40 255
Tsakane	15 289	17 143	33 123
Duduza	9 706	7 642	15 157
West Rand			
Soweto	185 820	190 060	163 802
Dobsonville	21 784	18 481	36 350
Diepmeadow	87 843	83 212	41 435
Alexandra	29 215	33 642	20 323
Kagiso	15 300	23 400	38 280
Mohlakeng	16 200	16 478	21 083
Northern Cape			
Galeshewe	19 905	22 783	40 378
Nonzwakazi	2 460	2 666	4 850
Western Transvaal			
Jouberton	12 300	13 500	25 800
Ikageng	11 993	11 678	19 827
Eastern Cape			
Ibayi	71 469	83 077	138 843
Rini	11 131	12 861	26 560
Pahallelo	3 424	1 710	11 306
Kwanobuhle	35 190	44 022	25 992
Lingelihle	3 270	3 996	8 734

Legal training

202. Mr D J DALLING asked the Minister of Justice:

How many (a) White, (b) Coloured, (c) Indian and (d) Black persons (i) attended and (ii) successfully completed courses in (aa) functional and (bb) legal training provided by the legal training branch of his Department in 1986?

The MINISTER OF JUSTICE:

		(a) White	(b) Coloured	(c) Indian	(d) Black
(aa)	(i)	966	2	5	163
	(ii)	966	2	5	163
(bb)	(i)	240	6	—	3
	(ii)	140	2	—	1

In respect of (bb) (ii) I may add that if a student was unsuccessful in only one examination paper, it is deemed that he has not he has not completed the course successfully.

Magistrates/prosecutors

203. Mr D J DALLING asked the Minister of Justice:

(a) How many (i) White, (ii) Coloured, (iii) Indian and (iv) Black persons were employed by his Department as (aa) regional court magistrates, (bb) magistrates and (cc) prosecutors as at the latest specified date for which information is available and (b) in which magisterial areas was each of the above categories of posts filled by (i) Coloured, (ii) Indian and (iii) Black personnel as at that date?

The MINISTER OF JUSTICE:

As on 31 May 1987:

(aa) Regional Magistrate:

(a) (i) 140.

(ii) 0.

(iii) 0

(iv) 0

(b) (i), (ii) and (iii) Fall away.

(bb) Magistrates:

(a) (i) 828.

(ii) 0.

(iii) 15

(iv) 0

(b) (i) and (iii) Fall away.

(ii) Chatsworth.
Inanda (Verulam)
Lower Tugela (Stanger)
Durban

(cc) State Prosecutor:

(a) (i) 920.

(ii) 49.

(iii) 39

(iv) 11

(b) (i) Malmesbury
The Cape (Cape Town)
Bellville
Wynberg
Paarl
Kuils River
Worcester
Port Elizabeth
East London
Kempton Park
Alfred (Harding)
Vanderbijlpark
Johannesburg
Alberton
Roodepoort
Randfontein

(ii) Inanda (Verulam)
Chatsworth
Durban
Umzinto (Scottburgh)
Eshowe
Lower Tugela (Stanger)
Pietermaritzburg
Pinetown
Johannesburg Vanderbijlpark

(iii) East London
Pretoria
Wonderboom (Pretoria North)
Pietermaritzburg
Johannesburg
Inanda (Verulam)
Springs
Krugersdorp
Wynberg

Hansard 26/6/87

Dairy Board

206. Mr D J N MALCOMESS asked the Minister of Agriculture:

(a) What were the fixed assets of the Dairy Board as at 28 February 1986 and (b) which of these assets had an original value of R50 000 or more?

The MINISTER OF AGRICULTURE:

(a) Head Office building, Arcadia, Pretoria; office building, Bellville and two old renovated dwellings used as offices at Bloemfontein and Pietermaritzburg.

(b) All the aforesaid fixed assets had an original value of more than R50 000.

Hansard 26/6/87

Fish Hoek/Noordhoek Valley: kaolin

212. Mr R R HULLEY asked the Minister of Economic Affairs and Technology:

(1) Whether he will furnish information on applications for loans received by the Small Business Development Corporation; if not, why not; if so,

(2) whether the Corporation has received any applications for loans to finance the mining of kaolin in the Fish Hoek or Noordhoek Valley area; if so, what are the names of the persons or companies that applied;

(3) whether any of these applications were granted; if so, (a) what are the names of the persons or companies that were granted these loans, (b) what was the amount of each loan, (c) on what date was each loan granted and (d) in respect of what specified kaolin deposit was each successful application made?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(1) No. Although the Small Business Development Corporation is a public company and particulars pertaining to the operation and finances of the Corporation as such are available to the public and are, in fact, published in the Corporation's Annual Report which is also tabled in Parliament, individual applications for loans received by the Corporation are internal matters the divulgement of which could jeopardise the applicants concerned.

(2) and (3) Fall away.

Dairy products imported

224. Mr R W HARDINGHAM asked the Minister of Agriculture:

Whether any dairy products were imported into the Republic in 1986; if so, (a) what products and (b) (i) in what quantity, and (ii) at what cost, in each case?

The MINISTER OF AGRICULTURE:

Yes.

(a) Only exotic cheese which is either not manufactured at all or manufactured in insufficient quantities in the RSA.

(b) (i) 869 tons; and

(ii) unknown, since the cheese was imported by private importers.

74 26/6/87 (3) Dairy: milk Hansard

Sunflower seed: oil

233 Mr R W HARDINGHAM asked the Minister of Agriculture:

(1) What quantities of sunflower seed for oil extraction purposes were on hand as at the latest specified date for which figures are available;

(2) whether consideration is being given to importing sunflower seed for national consumption, if not, why not; if so,

(3) whether any sunflower seed will be imported for this purpose; if so, (a) when, (b) in what quantities, (c) from what countries and (d) at what price?

The MINISTER OF AGRICULTURE:

(1) 301 599 tons on 31 May 1987

(2) and (3) No; should importation become necessary, it would be cheaper to import oil

(A) General 26/6/87

Locust control

234 Mr R W HARDINGHAM asked the Minister of Agriculture:

What amount was spent on locust control during the latest specified period of 12 months for which figures are available?

The MINISTER OF AGRICULTURE:

R20 451 326.00 until 31 May 1987.

Conservation of Agricultural Resources Act

235. Mr R W HARDINGHAM asked the Minister of Agriculture:

Whether any persons were prosecuted for contravening the provisions of the Conservation of Agricultural Resources Act, No 43 of 1983, during the latest specified period of 12 months for which figures are available; if so, (a) how many and (b) (i) for what contraventions and (ii) what were the fines in each case?

The MINISTER OF AGRICULTURE:

Yes.

(a) 11, until 31 May 1987;

(b) (i) 4 for unauthorised burning of veld and grazing of burnt veld,
5 for unauthorised ploughing of virgin soil;
1 for exceeding the prescribed number of animals which may be kept on veld; and
1 for damaging a subsidised waterway.

(ii) In respect of—

(aa) The unauthorised burning of veld and grazing of burnt veld—

2 were sentenced to fines of R500 or three months imprisonment, suspended for five years;
1 was sentenced to a fine of R300 or three months imprisonment, suspended for three years; and
1 was found not guilty.

(bb) The unauthorised ploughing of virgin soil—

1 was sentenced to a fine of R750 or three months imprisonment of which R600 or 70 days was suspended for two years,
1 was sentenced to a fine of R200, suspended for two years;
1 was sentenced to a fine of R200 or two months imprisonment, suspended for two years;
1 was warned and discharged; and
1 was found not guilty;

26/6/87

(cc) The exceeding of the prescribed number of animals to be kept on veld, the accused was sentenced to a fine of R200 or 9 months imprisonment, of which half was suspended for 4 years; and

(dd) The damaging of a subsidised waterway, the accused was sentenced to a fine of R500 or 100 days imprisonment, suspended for three years and was ordered to repair the waterway.

QUESTIONS UNDER NAME OF MEMBER

African Bank will act as local guarantor

(74)

Eximbank loans for SA black business

9/7/87

KAY TURVEY

AN independent US government agency, Export-Import Bank of the US (Eximbank) plans to offer generous loans to SA black-owned businesses which import American goods.

Eximbank, which has not extended credit to SA for more than five years, recently approached the African Bank to act as a guarantor to cover loans of up to 85% on US imports to SA.

The loans will be offered on repayment terms of a year or more, to businesses which are at least 51% black owned

In terms of the US Comprehensive Anti-Apartheid Act, Eximbank has the mandate to offer loans to SA businesses provided they are 51% black owned.

Eximbank offers a wide range of support programmes worldwide to facilitate the export and financing of US manufactured goods and services.

African Bank CE and senior GM Gaby Magomola, who was formerly with First National, said yesterday the negotiations were still subject to Reserve Bank approval as the African Bank no longer had a licence to deal in foreign exchange.

However, he did not envisage this would cause problems as foreign exchange transactions could be made through other banks, while they could requested permits to deal in exports.

The dollar denominated loans could pose foreign exchange risks to buyers and required Reserve Bank approval.

Magomola described the negotiations as an important development in the extension of credit lines to SA, in addition to being an encouragement to black businesses to explore the US export business.

The offer recognises the relatively small scale of of black business, and loans as low as $5 000 will be considered.

Magomola, who has extensive American banking connections after spending seven years with Citibank in New York, was approached by Eximbank while on a US business trip recently.

(74) FM 31/7/87

FOOD IMPORTS

Health authorities in the dock

More than 1 000 t of irradiated French meat has been allowed by the Department of Health to become an untraceable and inextricable part of the local food chain.

The meat is Mechanically Deboned Poultry (MDP), which is finely ground chicken and turkey meat mechanically separated from the bone and widely used as an "extender" by the local food industry in the preparation of processed meat products like polony. It is also extensively used in hamburgers and sausages, including frankfurters.

The South African food industry annually uses more than 12 000 t of MDP valued in excess of R20m. Most of this is imported because of the country's quantity requirements and because the bulk of European MDP is turkey rather than chicken.

The saga of the French MDP, some of which might be fit only for use as pet food rather than for human consumption, began at the end of 1986 when large quantities of the product were rejected by South African veterinary authorities on arrival here.

All imported fresh meat has to conform with standards set by the Directorate of Veterinary Services and incorporated in import permits required for every consignment. Each permit includes a Veterinary Health Certificate signed by an authorised veterinary surgeon in the country of origin and stating that the product conforms to stipulated age, bacteriological, packaging and refrigeration standards.

Early this year, an international commodity broker noted that the rejection rate of French MDP had been dramatically reversed. Investigation showed that consignments tested on arrival in SA produced bacteriological results that were almost sterile. Enquiry in France turned up the fact that the MDP had been irradiated.

Commercial irradiation of food by cobalt or caesium gamma rays, X-rays or electron beams is a controversial process under investigation in several countries, including the US and UK, and by several international organisations including the European Parliament.

Proponents maintain it is completely safe, kills potentially harmful bacteria in foods, and is an effective way of prolonging the shelf life of fresh food such as meat and fruit. Opponents say its innocuousness has not been established beyond doubt; it affects the nutritional content of food; it destroys bacteria that signal food deterioration while not destroying bacterial toxins, and it can be used to pass off bad food as good.

The UK currently bans the import of irradiated food as does Scandinavia, the US, Japan and several Third World countries including the Philippines.

The Director-General of health confirmed to the *FM* that his department became aware of the importation of irradiated MDP from France in March. On March 23, all available French MDP imported since January — 58 full containerloads (FCLs) — was detained.

Of that total, 16 FCLs became the subject of a court case when commodity broker Harlington Investments took importer Saint International CC and the Director-General of Health to the Supreme Court in an attempt to prevent release of the MDP.

Harlington lost the case. Judge Kriegler found that health officials had acted correctly and that the irradiated MDP was not harmful to health. In consequence 57 containers of irradiated MDP were released for sale Kriegler did, however, grant leave to appeal.

The Director-General of Health refused to give details of the French companies of origin of the 57 containers of irradiated MDP, the importers who had imported the product, or the local companies that bought it. He also refused to state where the MDP had been irradiated.

The department maintains that such "matters and facts are covered by Section 16 of Act 54 of 1972 (The Foodstuffs, Cosmetics and Disinfectants Act) which forbids disclosures of this nature."

The only action so far taken on the import of irradiated MDP has been the amendment by the Directorate of Veterinary Services of South African import permits When the issue was brought to its notice, it consulted the director (Foodstuffs, Cosmetics, Disinfectants and Hazardous Substances) of the Department of National Health and Population Development and then added two new clauses requiring certification that:

- "The meat was not subjected to ionising irradiation"; and
- "The meat was containerised and sealed under (an authorised veterinary surgeon's) direct supervision."

These two clauses now effectively represent SA's national policy on the import of irradiated MDP. They will only be lifted or amended by the Directorate of Veterinary Services in conjunction with the Department of Health.

A new set of regulations governing irradiation is currently in draft form and should be published in the *Government Gazette* within a few months. In view of the widespread reservations abroad, the matter should have been expedited and opened to public debate.

But in the meantime, that irradiated MDP is being consumed by South Africans of all ages and races.

It would not have been permitted into most First World and many Third World countries. Yet it was allowed into SA.

The risk might be slight, but it exists. The Department of Health should have considered the issue of national public health more carefully, and certainly in a broader context than a single favourable judgment in a civil action — and have done so sooner. ■

CAR HIRE MERGER?

There now seems little doubt that negotiations are taking place between Hertz Car Hire and Imperial Car Hire with a view to a merger. Neither party will confirm whom they are negotiating with, though Hertz MD Noel de Villiers admits that negotiations are taking place.

The SA car hire market is expected to grow to about R100m this year against last year's R75m. Last year Avis claimed it had 49,7% of the market with Hertz and Imperial at 18% each and the balance spread over a host of smaller operators.

Industry sources generally agree that, should the merger come off, it would achieve a degree of rationalisation of locations, manpower, administration costs and the customer base, as well as make for better utilisation of existing fleets.

RATTRAY RESERVES

Botswana venture

The recent purchase of a 50% interest in the massive 40 468 ha Mashatu Game Reserve in Botswana's north-eastern Tuli enclave has made Mike Rattray pre-eminent in southern Africa's private game reserve business.

Rattray refuses to disclose the financial details of his deal with Rennies, nor the venture's projected profitability. But it is clear that long-term capital appreciation on the huge investment, owned jointly with the Botswana Development Corporation and managed by Rattray Reserves (RR), was a factor in his decision.

His company already owns the world-famous, 23 067 ha Mala Mala game reserve adjoining the Kruger National Park, as well as the 3 237 ha Malachite game reserve near Mkuzi in northern Zululand. Along with the National Parks Board, Botswana

(iii) (aa) Interest is payable on reducing balance and will vary over the period of the loan. The initial amount in interest payable is R4 324 325 during November 1986.

(bb) R8 648 648 per annum.

(iv) (aa) 20 years.

(bb) November 1986.

(3) Yes.

(a) From own revenue and other sources still being investigated.

(b)

	(i) Soweto	(ii) Dobsonville	(iii) Diepmeadow
30 June 1985	R114 525 405	R 9 288 648	R49 158 919
30 June 1986	R114 525 405	R 9 288 648	R49 158 919
30 June 1987	R125 977 945	R10 217 513	R54 074 811

(4) Not applicable.

Botswana/Swaziland/Lesotho: customs revenue

411. Mr W J D VAN WYK asked the Minister of Finance:†

(a) What percentage of the Republic's customs revenue was paid over to (i) Botswana, (ii) Swaziland and (iii) Lesotho as at the latest specified date for which information is available and (b) what amount of customs revenue was paid over to each of these countries in 1984, 1985 and 1986, respectively?

The MINISTER OF FINANCE:

(a)

	1986-87
(i) Botswana	5,529%
(ii) Swaziland	2,846%
(iii) Lesotho	3,426%

Note. The precentages have been calculated on the combined income of customs duty, excise duty, surcharge and miscellaneous for the financial year 1986-87.

(b)

	1984-85
Botswana	R180 544 000
Swaziland	R130 409 000
Lesotho	R151 498 000

	1985-86
Botswana	R174 429 000
Swaziland	R136 576 000
Lesotho	R161 086 000

	1986-87
Botswana	R232 796 000
Swaziland	R119 811 000
Lesotho	R144 259 000

Newsprint imported

412. Mr W J D VAN WYK asked the Minister of Finance:†

(a) How many tons of newsprint were imported in each of the latest specified five years for which information is available and (b) what was the rand value of these imports in each such year?

The MINISTER OF FINANCE:

(a) and (b)

	Ton	R (value)
1982	284,8	184 183
1983	150,2	54 384
1984	441,0	202 829
1985	110,6	171 694
1986	590,9	451 697

FRIDAY, 11 SEPTEMBER 1987

†Indicates translated version.

For written reply:

General Affairs:

[Reply *bound in Annexures of House of Assembly see M/119—1987.*]

219. Dr M S BARNARD asked the Minister

Hansard 11/9/87

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of National Health and Population Development:

(1) (a) How many community health centres were there in each province as at the latest specified date for which information is available and (b) what (i) was the staff complement of each such centre and (ii) were the functions performed by the staff of these centres as at that date;

(2) whether any further community health centres are planned; if so, (a) how many in each province and (b) when are they due to be completed in each case?

Detainee: nature/cause of injuries

238. Dr M S BARNARD asked the Minister of Law and Order:

With reference to his reply to Question No 70 on 23 February 1987, (a) what was the (i) nature and (ii) cause of the injuries of each detainee which required treatment in hospital and (b) which of these injuries were sustained (i) prior and (ii) subsequent to the detention of these persons?

The MINISTER OF LAW AND ORDER:

(a) (i) A variety of injuries, *inter alia* broken limbs, arm and hand injuries, head injuries, groin injuries, eye injuries, gunshot wounds, jaw injuries and dog bite wounds.

(ii) Because these injuries are unrest-related, it is, with the exception of gunshot and dog-bite wounds, difficult to ascertain what caused these specific wounds.

(b) (i) As far as could be ascertained, all the injuries were sustained before or during arrest.

(ii) Falls away.

Group Areas Act

310. Mr S S VAN DER MERWE asked the Minister of Constitutional Development and Planning:

(a) How many notices were served in terms of section 41 of the Group Areas Act, No 36 of 1966, during the latest specified period of 12 months for which information is available and (b) (i) on what dates, (ii) in which towns or areas and (iii) in respect of what specified properties was each such notice served?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(a) Since 1 September 1986 notices have been issued in respect of 41 premises and forwarded to the relative offices of the SA Police to be served. Confirmation has not yet been received in respect of all notices and it is therefore not known how many have already been served.

(b) (i) to (iii) Fall away.

Annual reports

384. Mr K M ANDREW asked the Minister of National Health and Population Development:

(1) (a) (i) How many annual reports were produced in 1986 by his Department and/or statutory bodies falling under his Department and (ii) in respect of what bodies were these reports produced, (b) what was the cost of producing each such report, (c) how many copies of each report were printed and (d) who undertook the printing of each report;

(2) whether the printing of these reports was put out to tender; if not, why not; if so, (a) what was the (i) lowest and (ii) highest tender submitted, and (b) what was the amount of the successful tender, in each case;

(3) whether any copies of these reports were sold; if so, (a) how many, (b) to whom, and (c) at what price, in respect of each report;

(4) in respect of each of the latest specified five years for which information is available, (a) what was the total cost to his Department of these annual reports, (b) how many copies were printed, (c) how many of these reports contained (i) full colour and

Hansard 11/9/87

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74 Bday 5/10/87

Swedish firms' supplies stalled

NORMAN SHEPHERD

DIRECT supplies from companies accounting for 50% of Sweden's trade with SA have been frozen pending applications for exemption from the general trade ban.

Swedish Legation Minister Jan Lundvik said Atlas Copco and Sandvik (and subsidiary Secoroc) had been told on Thursday not to trade with SA for a week until the government decided on their applications.

However, spokesmen for the companies in SA said on Friday they had not yet been made aware of the freeze.

The firms asked for exemption under a clause in the ban allowing continuation of trade where prohibition would have the reverse effect of the intended purpose of the embargo.

Swedish newspapers reported the companies as saying their withdrawal would benefit an SA company and government.

Lundvik said the latest companies to get their applications for exemptions rejected were: Jegab Display, Swemac, Frigoscandia, Ahlsell Mineral and Nobel Pharma.

Dialysis equipment supplier Gambro received an exemption, he said.

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1987

BUSDAY 14/1/87.

Protectionism slated

DAVID FURLONGER

FARMING consultants are at odds with agricultural industry and government officials on the effect of import protection policies.

Consultants say over-zealous protection is stunting output and pushing up food prices. Officials say protection is no worse than overseas and that farmers must be protected from exploitation — particularly when dealing with sometimes extravagant claims for new livestock breeds.

But according to consultant Symond Fiske: "It's not government's role to stop idiots being idiots. If someone's going to lose money he will. And the sooner the better, so the money finishes up in the hands of someone who knows how to handle it."

Critics of import controls say they are bureaucratic and outdated. By keeping out — or delaying — seeds and livestock with a better yield than domestic strains, they impose enormous strains on the economy.

"It doesn't make sense in such a small economy as ours," says Fiske. "You have to concede at some stage that the cost of keeping disease out is too great in relation to the costs being imposed on the economy."

Andries Cronje, assistant director of the Department of Agriculture's Directorate of Plant & Seed Control, says many overseas seed strains don't adapt to SA conditions.

"Any seed can come in if it has a suitable health certificate from overseas. It is the same world-wide. If it can fulfil requirements for diseases, we take it and test it."

Consultants say, however, there is no need to test such strains — nor should co-operatives or control boards be allowed to hinder their introduction.

"The only way to find out if something is suitable is to suck it and see," says Fiske. "Try it out and if it doesn't work, too bad."

Consultants are also critical of livestock breeders' unwillingness to import new breeds that could offer better yields than existing lines.

While accepting that some overseas breeds could help improve yields, Jan van der Walt, manager of the SA Agricultural Union's Red Meat Producers' Organisation, says farmers need to be protected from exploitation.

Natal-based consultant John Harrison says: "If the farmer brings in purple and yellow pigs and no one likes them, that's his loss. He doesn't need legislation to protect him."

FINMAIL 23/1/87

IMPORT REPLACEMENT

Boost for board

SA's **import** replacement programme will take a small step forward with the opening of a R10m cardboard carton factory at Isithebe later this year. The import benefit will flow from the fact that local fibre board, supplied by Sappi and Mondi, will be used for the first time.

Metal Box (MB) is consolidating its liquid packaging division, currently split between two locations in Durban, into a single state-of-the-art plant in KwaZulu's showpiece industrial township.

Financial director Dave Kennealy says that depending on price and supply, MB would like to use locally supplied fibre board rather than continue to get expensive coated fibre board from abroad.

Tests are currently being conducted with board supplied by both Sappi and Mondi and Kennealy says he hopes to be able to draw supplies in commercial quantity by the middle of the year. One drawback is that the board will be supplied uncoated and the finishing will have to be done at MB.

Another potential problem lies in the pricing structure. Kennealy says his suppliers have let it be known that they will price their board roughly in line with the price of imported coated board.

With the rising price of imports, at least before the latest rise in the rand, locally produced plastics are grabbing a bigger slice of the packaging market. Kennealy warns that board suppliers will have to keep a wary eye on plastic alternatives if they are to remain competitive in the carton market. ■

FINANCIAL MAIL JANUARY 23 1987

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FM 6/2/87

JEWELLERY INDUSTRY (74)

Hassles at home

The Jewellery Council of SA (JCSA) is at last making headway in its battle to promote SA's Cinderella jewellery industry — and to grab a bigger share of the multi-billion international jewellery market.

Local manufacturers have griped for years that countries like Israel, India, Belgium and Italy earn billions of dollars annually by beneficiating and re-exporting South African gems and precious metals.

On February 10 JCSA executive director Tim Davidson presents the council's case for new measures to promote the fledgling industry to the review committee on State assistance for mineral beneficiation (*Business* January 23). This follows intensive discussions with several State departments over the past year.

At the heart of the case is a call for government to scrap immediately the 35% *ad valorem* duty on locally-manufactured jewellery, which, with 12% GST, puts an effective 51% duty on local products. Manufacturers claim these measures alone have practically strangled the industry at birth.

The council is also calling for the scrapping of the gold ratio, which demands that a minimum of 20% value be added to exportable gold jewellery. Italian manufacturers, for example, who produce some 200 t of gold jewellery a year, have to add only 7% value.

Government will also be asked to provide financial aid to the local industry. This will enable it to compete with countries like Israel, where the State provides export credits as well as subsidised working capital.

Robert Schwartz, MD of Schwartz Jewellers, SA's only international jewellery group, says SA has lost billions in jewellery exports over the past 18 years by failing to expand local manufacture.

Since the imposition of the *ad valorem* duty in 1968 the local industry has shrunk, in real terms, to just 5% of its size 18 years ago.

And, adds Schwartz, many entrepreneurs have left the country and valuable employment opportunities have been lost. to 30%.

While SA diamond cutters and polishers now employ some 2 000 workers, the Israeli industry employs some 18 000. India officially employs about 500 000 and Belgium's diamond cutting industry provides work for 10 000.

Israel, India, the US and Belgium export cut and polished diamonds worth some $3 billion a year. South African sales are worth a mere $100m.

While SA is the world's major gold producer it used less than 1 t of its own gold for jewellery manufacture last year. In the same year it imported about 10 t of gold jewellery in its expensive beneficiated form — a ridiculous anomaly.

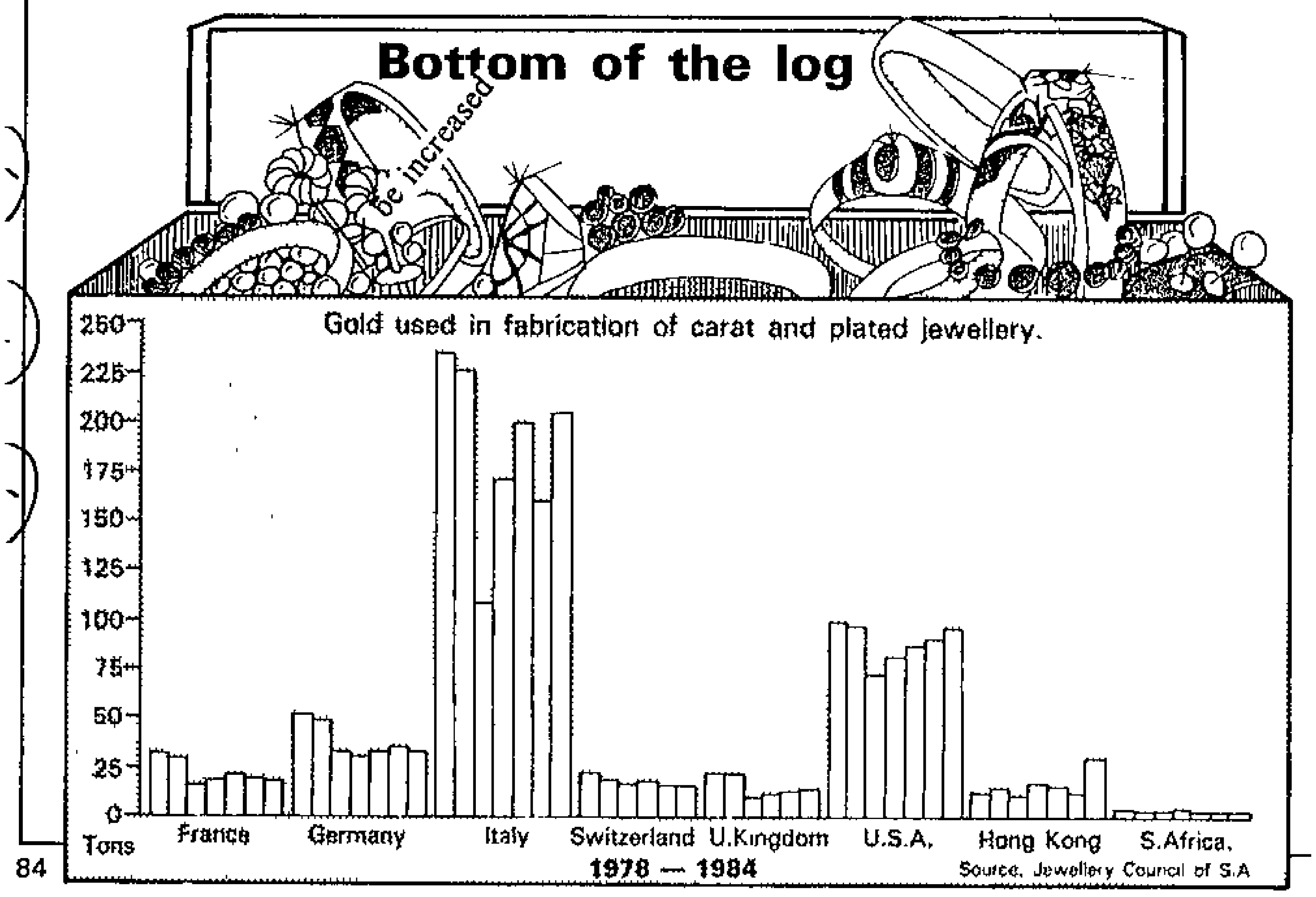
The worldwide industry used about 1 400 t of gold in jewellery manufacture and international jewellery turnover is estimated at $200 billion a year.

As Davidson says, the South African industry is the world's "laughing stock" while the country contributes the lion's share of Western gold production, controls 80% of the international diamond trade through De Beers' Central Selling Organisation and produces 70% of the world's platinum. Hopefully, this could change.

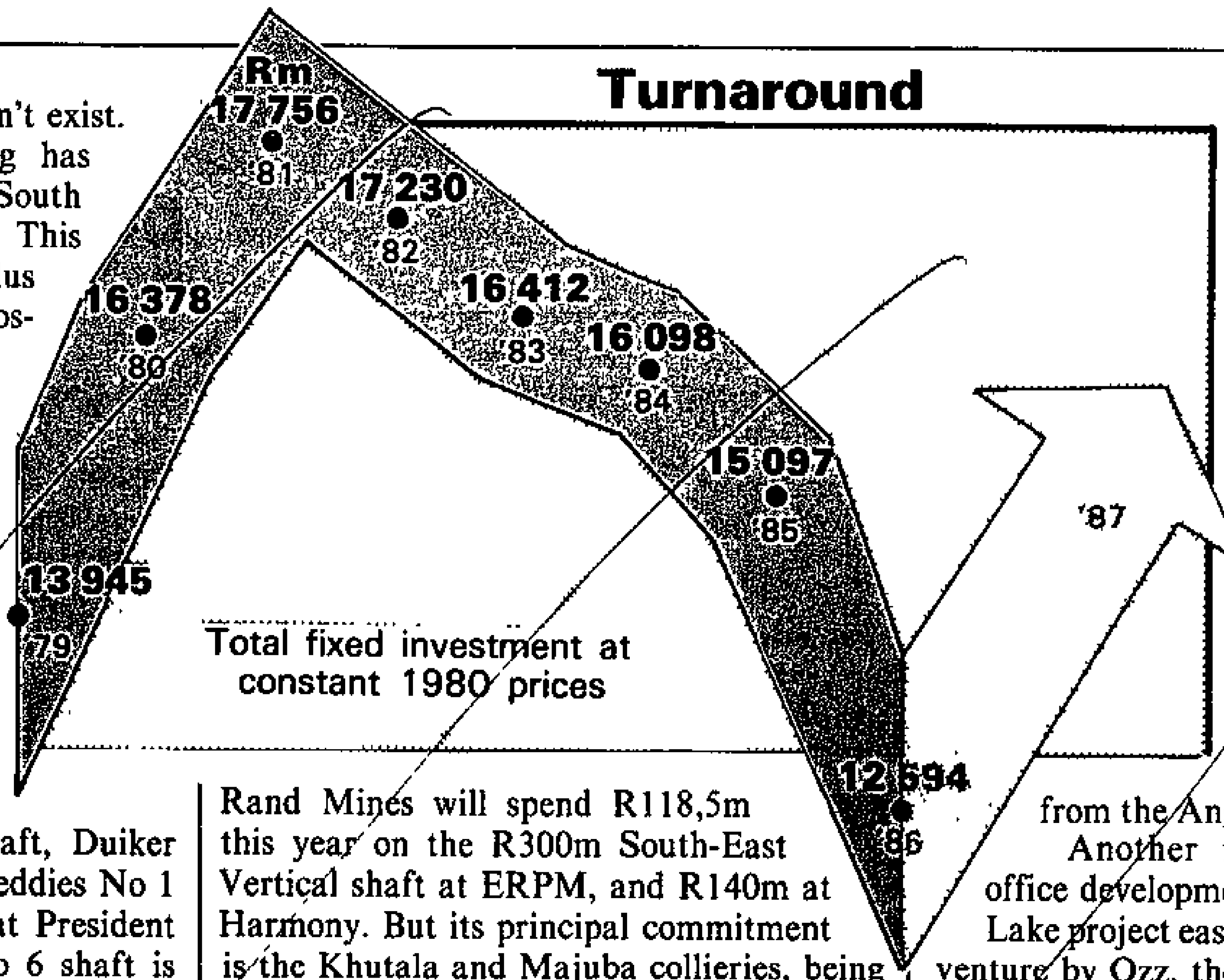
Davidson tells the *FM* that initial response from Minister Danie Steyn's new Department of Economics and Technology is "unbelievably positive." Department of Mineral and Energy Affairs (DMEA) director-general Louw Alberts, who says beneficiation can increase the value of gold by 1 000%, is also very supportive, he adds.

Sweetening the pill a little more, the Chamber of Mines has given the JCSA a sizeable grant to promote the gold jewellery industry. This is the first substantial support from the mining industry — and it could open the door to more help for the Cinderella industry.

But probably the greatest hope for a new order lies in Davidson's contention that the *fiscus* would cover its receipts from the current unpopular taxes several times over if the industry really took off. ■



Turnaround



the recession, as if it simply didn't exist. The biggest single undertaking has been Anglo American's new South Mine at Western Deep Levels. This involved sinking No 1 shaft, plus building a new gold plant and hostels. On the surface, this R1,1 billion project looks complete, but sinking is still in progress on a sub-vertical shaft. Expenditure at Western Deep this year will be around R241m, while neighbouring Elandsrand will spend R80m on bringing a new sub-vertical shaft to production.

Anglo American is spending R503m at its Freegold Mine. Most of this is on the President Brand No 5 shaft, Erfdeel shaft, Duiker shaft, Welkom No 1B shaft, Freddies No 1 shaft and a sub-vertical shaft at President Brand No 5. In addition, a No 6 shaft is being considered at President Brand.

At Vaal Reefs, Anglo will spend R250m this year — R146m on the new No 10 shaft complex, R102m in the South Lease area, and R2m at Afrikander Lease.

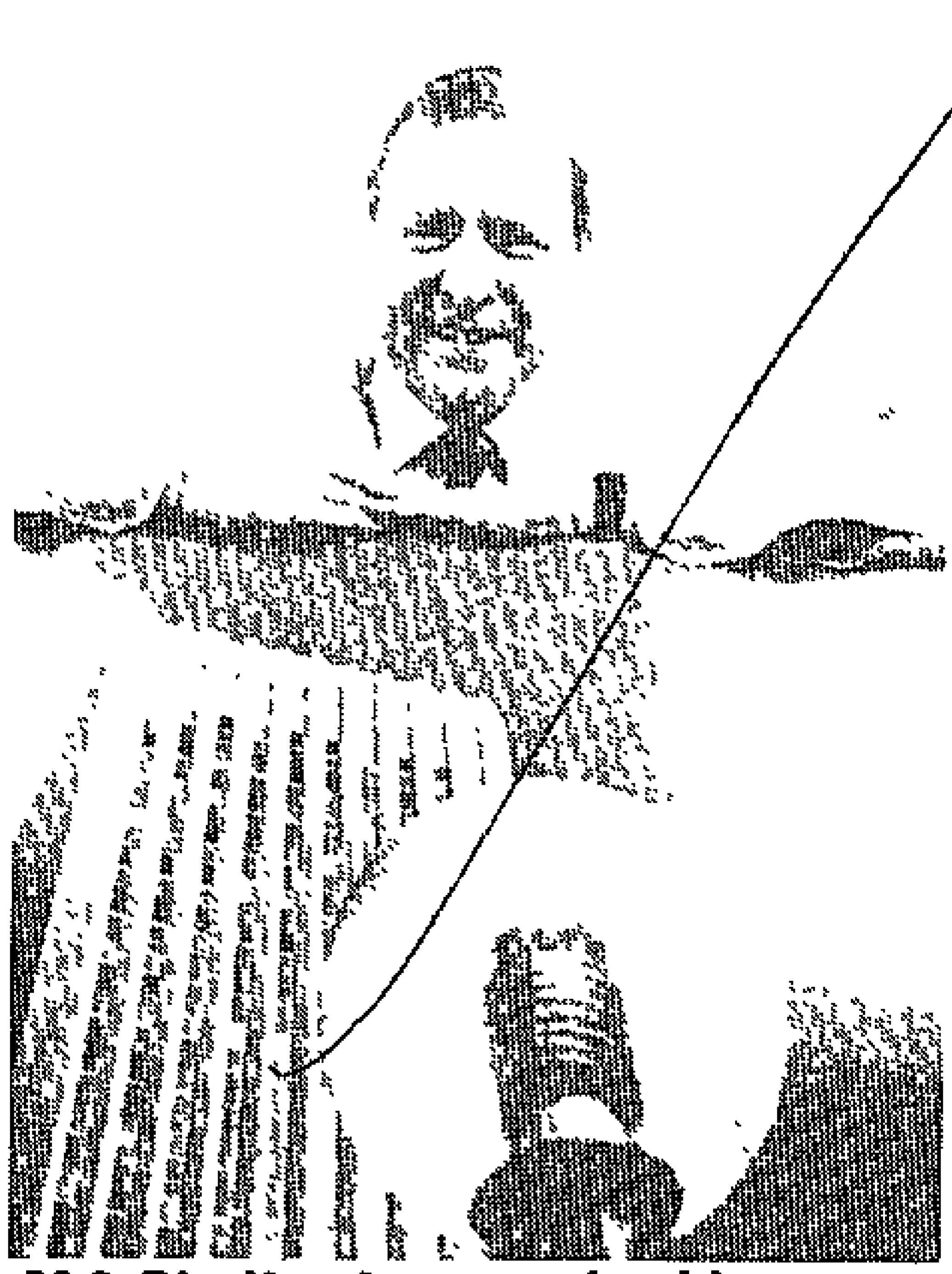
Gencor also has a big shaft-sinking programme. The new No 6 complex at Winkelhaak near Evander is a R259m project, of which R93m will be spent this year.

Gold Fields is busy too. Its biggest project is the R559m Northam platinum mine near Rustenburg, due to come on stream in 1991. Then, it is spending R155m this year alone at Driefontein Consolidated on three major shafts, notably those in the northern portion of the mine. Work will start on another two shafts at Driefontein.

Altogether R453m has been earmarked for the Leeudoorn division at Kloof, plus R34m at Libanon this year — mainly on the new No 4 shaft complex — and R46m on Doornfontein's No 3 sub-vertical shaft.

Anglovaal is building a new low-grade gold plant at Hartebeestfontein, at a cost of R135m. Of that, R86m will be spent this financial year. The plant has been designed, in the main, to treat surface dumps.

Rand Mines will spend R118,5m this year on the R300m South-East Vertical shaft at ERPM, and R140m at Harmony. But its principal commitment is the Khutala and Majuba collieries, being brought on stream at a cost of R400m each. Khutala will supply Escom's Kendal power station, and Majuba the power station of the same name.



M & R's Knudsen ... banking on a cautious recovery

In the building sphere, a number of major projects are getting under way, perhaps the most significant of these being a R700m black housing project outside Welkom in the Free State. Handled by Time Housing, this involves 33 000 homes, most of which are to house mine employees from the Anglo and Gencor groups.

Another major residential-cum-office development is the R500m Bruma Lake project east of Johannesburg, a joint venture by Ozz, the Krok brothers and Lucem Holdings.

Major contractors are looking to an upturn in business. Geoff Knudsen, executive chairman of Murray & Roberts Construction and Engineering, tells the *FM*: "We are busy preparing our budgets for the coming financial year. I'm planning on a cautious recovery.

"There certainly seems to be enough evidence to suggest this. The roads sector looks particularly interesting."

Jimmy Oosthuisen, financial director of LTA, says the outlook certainly looks better, but inflation tends to knock back prospects. "However, there is no doubt that with government spending more, more job opportunities will be created."

So, though gross real fixed investment fell more than 16% last year to about R12,6 billion — according to preliminary Reserve Bank figures — it should turn the corner this year.

Considering that investment has been on the decline since 1981's high of R17,8 billion, that is good news indeed. And if the economy holds healthy, other projects are also certain to get the green light. ■

TRADE PROTECTION

Bored with the BTI

(14)

What's the point of the Board of Trade and Industry (BTI)? Some argue that the tightening vice of sanctions and foreign credit withdrawals means the economy needs even more intensive import substitution and protective tariffs — not a viewpoint of the *FM*. Even so, why the BTI?

Involved in dispensing import quotas and tariffs, providing export incentives and agricultural subsidies for over 60 years, the BTI is a key enemy of free markets. Its past activities in the name of economic development go a long way towards classifying it as a suspect organisation.

There may once have been a (marginal) case for protecting SA's infant industries. Now, however, they have grown fat and uncompetitive behind tariff barriers. A major function of the revamped BTI should be to make its tasks unnecessary.

It was created in the early Twenties, to promote economic and industrial development by reducing foreign competition for selected domestic industries. The price disadvantage of local goods was minimised by a plethora of import quotas, import duties, quantitative controls, export subsidies, grants and other incentives.

With the same aim, under the new BTI Act, 1986, its jurisdiction now covers: "The development and effective utilisation of resources, the promotion of competition among enterprises, the import and export of goods, the utilisation of technology, production and marketing, international trade agreements and relations, fiscal policy, the promotion of small business undertakings, and any other matter which, in the opinion of the minister and the board, is necessary to achieve the objects of the board."

Whew!

took too long to investigate particular cases. Inability to respond quickly was fatal for any industry that had to delay important plans pending a decision. Often when the decision did come, it disregarded much of the information gathered, or decided in contradiction to the facts.

Overall the BTI lacked resources, efficiency, and management expertise.

Brian Kantor of UCT is still extremely dissatisfied with the operations of the BTI. Especially irrational, he feels, are recent decisions to increase protective levels for television and paper manufacturers: "As protection is awarded upstream, it harms those industries downstream, in this case publishers. What rational criteria can be used to favour one industry ahead of the other?"

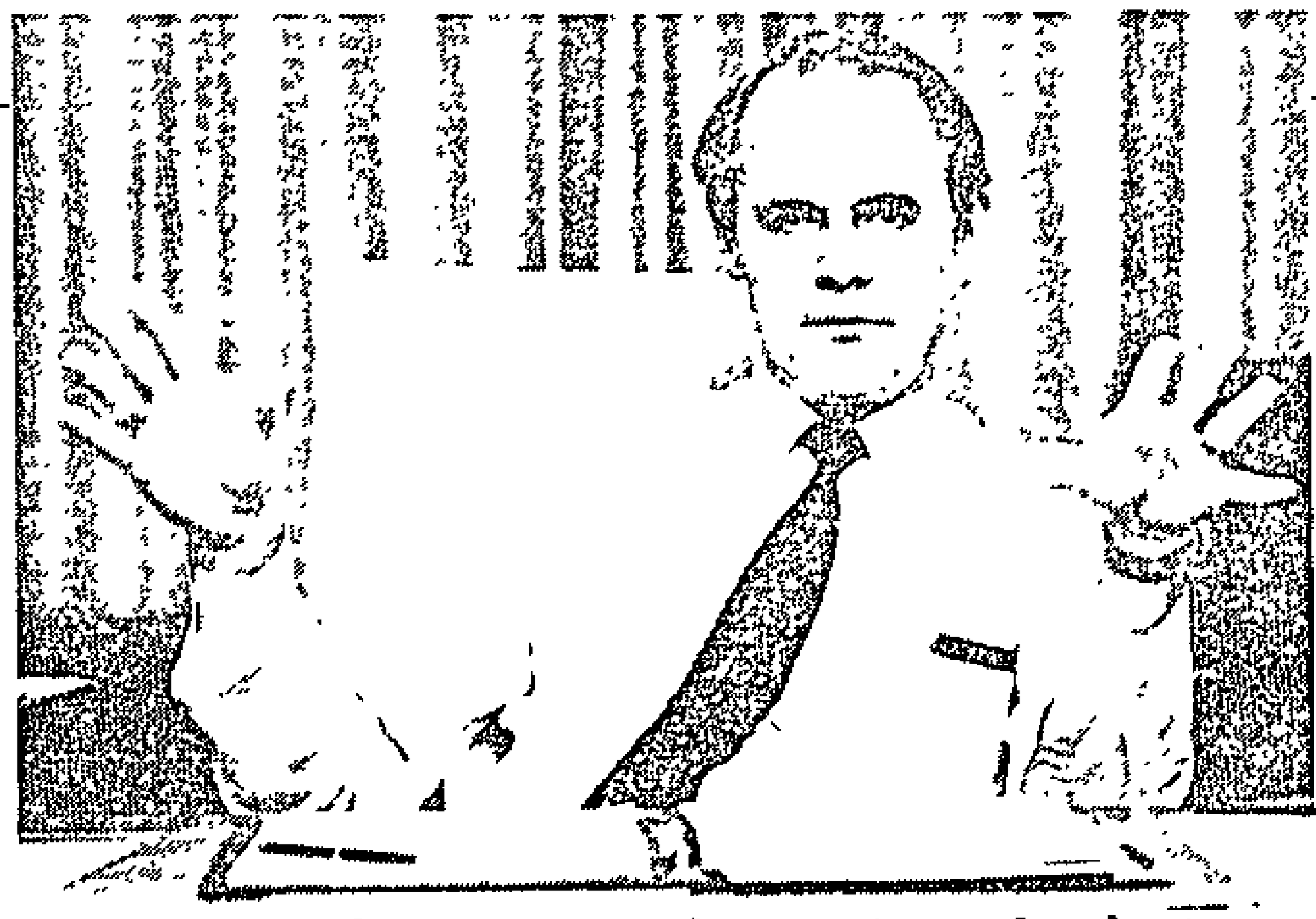
Kantor is adamant that the laws of competitive advantage still apply to SA. "There is no economic argument for protection. Had SA been wise, the BTI would never have come into being. Once protection is introduced, it is difficult to get rid of without further dislocation.

"The only argument for the continuation of the BTI is to effect a transition to lower and eventually non-existent protection. Further protection of already uncompetitive industries is not to be encouraged."

The BTI will do the economy a disservice if it encourages investment in inefficient industries in which SA has no natural competitive advantage. This may shelter inefficiency, safeguard misinvested funds, defend bad business decisions, provide refuge from exchange rate fluctuations, and eliminate healthy business risks.

And very high tariff protection for industries competing against countries whose unit labour costs are similar to or higher than ours will systematically entrench uncompetitiveness, and could compromise our long-term ability to participate in international markets.

Still cause for concern is the unlimited discretionary power the BTI can exercise. Obviously, protection cannot be removed overnight, and economic discipline must be exercised in its removal. But, at a minimum, statutory "sunset clauses" limiting the time that an industry may attract tariff protection should become standard practice. At least then there will be incentive to compete instead of laze in the protective sun. ■



AECI's Sander ... stressing state and private sector co-operation

FACE TO FACE

LAWRENCE McCRYSTAL

The 'social contract' view

Lawrence McCrystal, new chairman of the Board of Trade and Industries (BTI), is well known for his involvement in the anti-inflation campaign of the early Seventies. He spells out the role of the BTI.

***FM*: What are the policy objectives of the BTI?**

McCrystal: To promote development in economic and competitive ways. Section 3 of the constituting BTI Act, 1986, states that "the objects of the board shall be to promote economic development in the Republic and in the common customs area of the Southern African Customs Union."

BTI makes recommendations to government on economic and industrial development policy, international trade and trade agreements, and on levels of tariff protection. We are purely an advisory body.

What specific trends will the reconstituted board look at?

Import trends of major trading partners, performance trends of major trading competitors, and structural changes in internal and external markets. The last-mentioned includes issues like the effect of the microchip on demand for our basic metals. Here we will work with Mintek, the IDC and CSIR.

What in your view causes inflation in SA?

One is a monetary or demand phenomenon, which it is not a problem at present as money supply is not rising fast. There are also no excess demand factors. So I would call it supply-side inflation with cost-push factors.

What are your views on protectionism and the free market?

While critics of a prices and incomes policy say that markets best determine prices and that one should not interfere with the mechanism, I merely say that we already have a prices policy — a high percentage of prices in SA are already administered, whether in the public or the private sector, so not subject to market forces. There are few truly free markets in SA.

Surely the Competition Board should act here?

These are not illegal practices. Lots of prices are determined by forces other than the market. That being so, what is wrong with a suggestion that all parties gather round a table to investigate whether by joint action one can *voluntarily* reduce the rate of price increases? We have to break the cycle of ever-escalating prices — voluntarily, not by law ... I have never called for State-imposed action or a stupid thing like a freeze. What we now experience is the result of factors of the past like the drought, high interest rates and the fall in the value of the rand.

Surely the market will act to remove these factors?

Why hasn't it done so yet? There are some well-developed mechanisms that continue passing on cost increases. For example, administered prices and wages.

Has a voluntary anti-inflationary exercise ever succeeded?

Yes, in Israel and here in SA in 1975-1976. With 15% inflation and a 20% devaluation of the rand at the start, we brought down inflation to about 10% after 18 months, by a "social contract" between government and the private sector. It must be short term — not long and drawn out. And it must be accompanied by strict monetary and fiscal discipline.

What alternatives are there?

If we don't do something voluntarily, heavy cuts in public sector spending and taxes or sky-high interest rates might be the only options. I can't see how government could achieve major cuts in spending, with all the socio-political pressures One must be practical The damage very high interest rates could do is obvious.

BUSINESS DAY, Tuesday, May 5 1987

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TV assembly industry warned

CHRIS CAIRNCROSS

THE Board of Trade and Industry (BTI) has warned SA's multimillion rand television assembly industry it is to lose the considerable protective tariff barriers against imported sets and components unless it takes steps to increase local content and reduce its cost structures.

This was confirmed yesterday by BTI chairman Laurence McCrystal.

The industry had made little attempt to step up local content, McCrystal said. And manufacturers were far too highly protected against imported competition, cushioned behind a 100% tariff umbrella that would have to go.

The industry was making a negative contribution to SA's GDP, and its TV sets were among the highest priced in the world, he added.

McCrystal said he had called representatives of the TV industry to a meeting last month tc give them an ultimatum on local content.

"We also laid it on the line they would have to make a better contribution to GDP pretty soon."

Manufacturers were given the end of April as the deadline to provide a written response to the BTI's proposals. Representatives who attended the Pretoria meeting could not be contacted for comment yesterday.

However, sources within the industry confirmed that while there was whole-hearted support for the BTI's determination to promote a secondary TV industry, they had serious misgivings over the sort of options the BTI had in mind.

The BTI proposals are for the establishment of a joint-venture company, controlled or chaired by government, and having the support and collaboration of private sector TV manufacturers.

This company's initial task would be to design and develop a programme for the local manufacture of a standardised TV receiver chassis.

Financing of this company would come via a rebate on the *ad valorem* duties that would be granted to companies participating in the scheme.

Export/import levy opposed

DD 11/6/87

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Dispatch Correspondent
JOHANNESBURG — Cape Town's chamber of commerce has opposed a Board of Trade and Industry (BTI) proposal that importers and exporters should pay a levy to finance an export promotion organisation.

The chamber suggested that if the government was convinced that any advantage could be gained from an export promotion scheme or project, the funds should be drawn from the central revenue fund, where the burden was shared by the total community.

The effect of the levy would be to raise the costs of imports, adding to cost-push inflation, while eroding the competitive position of exports in international markets, the chamber said.

"Instead of thinking in terms of a new organisation to undertake export promotion, consideration should rather be given to privatising the export promotion function of the Department of Commerce," the chamber proposed in a memorandum.

"Those functions that are best undertaken by the privates sector should be contracted out.

"Thus the training of export staff; the organisation of visits by overseas buyers; participation in overseas trade fairs should be contracted out to various firms and organisations in the private sector."

Instead of establishing a single organisation to promote exports, government should rather apply its resources for the encouragement of private export trading houses, the chamber suggested.

Given access to a package of export incentives these various export trading houses in the private sector should be encouraged to extend their operations and grow into major trading houses capable of offering an extensive service to local producers with export potential.

The chamber said the country had little hope of developing consumer goods exports on any scale without the intervention of such major trading houses.

"The vast quantities required by overseas buyers which often necessitate a foreign warehousing arrangement too often deter local suppliers from persevering in export markets or even thinking about exporting.

"What is needed are concerns that are able to combine local financial resources with foreign marketing expertise; who can identify export opportunities and then furnish detailed specifications of products required for export to local manufacturers.

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INDUSTRY

Board of Trade investigates clothing and textile industries

By TOM HOOD, Business Editor

TARIFF protection enjoyed by the clothing and textile industries are to come under the spotlight of a Board of Trade and Industry investigation.

The board's annual report discloses that it is examining the development potential of these industries and the tariff structure established to protect them.

The investigation is to be completed this year.

Clothing manufacturers were allowed in May last year to import certain yarns and woven and knitted fabrics with a rebate of duty to compensate for shortages of fabrics.

The report says that in the economic recession local textile manufacturers came under pressure to export part of their excess production capacity.

"As a result of export contracts entered into, the textile industry experienced problems in meeting an increased domestic demand for woven and knitted fabrics."

The board says the import under rebate of duty of yarns and woven and knitted fabrics not obtainable locally in sufficient quantities was justified, provided the importation was controlled by the issue of permits.

Within a month, however, clothing firms had taken up the quantities allowed by permit and applications still continued to be made, on the grounds of insufficiency of local supply.

Inquiries by the board disclosed that the main reason for the shortage was the decline in the import of woven and knitted fabrtics in 1985 as a result of the fall in the value of the rand. "The export of yarns and fabrics was not the decisive factor."

Referring to complaints about allocation of permits, the board says permit holders were placed in a stronger competitive position than their competitors who had not received a permit.

The textile industry also objected that the permit system weakened its tariff protection and undermined confidence to make investments.

OTHER INVESTIGATIONS

Two other investigations by the board are to be completed this year.

It is also examining fluctuations in exchange rates and their influence on the protection policy and on industrial development in general, with special reference to the role of gold.

The third investigation concerns the possibility of concluding trade agreements with selected countries as well as the broadening of existing trade agreements.

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Farmers afraid of high tariffs

Fertiliser duty may be opposed

MICK COLLINS

FARMERS look set to contest the latest recommendation by the Board of Trade and Industry (BTI) that government clamp a further import duty on certain fertilisers.

A weekend announcement by the BTI said the move followed an application which was lodged by the fertiliser industry.

It said: "This was for increased tariff protection on urea against imports at dumped or disruptively low prices which are below international home market prices."

SA Agricultural Union director Piet Swart said the union would have to go into the implications of the move.

"The matter will finally be considered by council and, if it is considered necessary, we will go back to government. While we support the measures against dumping to protect jobs in SA, we are afraid that if tariffs rise too high it could affect local prices," he said.

BTI chairman Laurence McCrystal said fertilisers, with the exception of urea and superphosphates, could be imported free of duty.

"A duty which made it impossible to import urea for less than 22,7c per kg (R227 per ton) was applicable until now. This tariff was directed against imports at uneconomic prices prevailing at that stage," the BTI said.

"From information gathered recently, the BTI came to the conclusion that, due to worldwide overproduction of urea and the fact that some countries are prepared to sell at prices below the cost of production, the tariff protection on urea should be adjusted."

This was being done, it said, to maintain effective protection against such unrealistically priced imports and to prevent the disruption of SA's industry and the possible loss of jobs.

The BTI recommended to government that the duty be increased so that imports at dumped or disruptive prices would be excluded.

However, to allow for special circumstances, the BTI also recommended that provision be made for a partial rebate of the duty, but only upon the issue of a specific permit by the Trade and Industry director-general on the recommendation of the BTI.

"The BTI is of the opinion that the new tariff protection will not lead to higher price levels of urea produced in SA since the new tariff does not make it possible for local manufacturers to raise their prices."

The BTI recommendations have been approved by government.

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50% SA parts minimum is likely

Heavy vehicle makers in dark on local content

DAVID FURLONGER
Industrial Editor

VEHICLE and component manufacturers are still waiting for the Board of Trade and Industry to publish recommendations on a local content programme for heavy commercial vehicles.

Motor industry officials had expected the BTI to publish its findings in June, but a board spokesman said yesterday no decision had been taken. He declined to say what was causing the delay, but added discussions were "in the process of being finalised".

Some form of local content requirement looks certain. The most likely, according to some manufacturers, is a minimum 50% local content requirement in which each component is allocated a percentage based on a predetermined mass/value-related formula.

Such a deal may not necessarily bring major benefits, however. The locally-produced Atlantis Diesel Engine (ADE), which must already be fitted in all heavy trucks, is worth about 27% under the formula.

"There are other components which one could assume as being in place locally — for instance, tyres and glass," says Denzyl Vermooten, director of the National Association of Automotive Component and Allied Manufacturers (Naacam). "When you look at it, we may not be far off the 50% already."

The BTI is also considering a joint recommendation by Naacam and the National Association of Automobile Manufacturers (Naamsa) for amendments to the existing 66% local content requirement for cars and light commercial vehicles.

While the 66% will stay intact, the new plan calls for changes to the incentive system under which manufacturers are rewarded if overall local content of their product rises above 66%.

The higher the local content, the less the duties payable by manufacturers on their product. According to industry sources, the new recommendation is for "enhanced" incentives to beat the 66% limit.

"Vehicle manufacturers favour a formula under which higher local content is encouraged through incentives rather than penalties," a manufacturer said.

The BTI confirmed yesterday it had received the recommendations and was considering them.

Cheap-fee plan for legal advice

HELEN WISHART

THE Transvaal Law Society has introduced a cheap-fee system to help give people readier access to attorneys.

The special fee for half-hour consultations with attorneys taking part in the scheme is R25 — compared with about R60 for general consultations.

The scheme is aimed at providing advice on whether to go ahead with legal action, and what steps to take And, although it is aimed at helping people with financial difficulties, there is no means test involved.

(a), (b) and (c) Fall away.

(3) (a) Yes.

(b) No.

(i) In July 1984 in terms of the aforementioned understanding an official of the Department of Foreign Affairs discussed the occupation of the premises by the representative concerned with the South African Police. The South African Police agreed to handle the matter in the best interests of South Africa.

(ii), (iii) and (iv) Fall away.

(4) (a) No, but a conversation on this matter was conducted with the then Member of Parliament for Germiston

(b) No This is not required

(i) to (iii) Fall away.

(5) No.

Canada: SA ambassador

*27. Mr D S PIENAAR asked the Minister of Foreign Affairs:†

(1) (a) Who is the South African ambassador to Canada at present and (b) for how long has this person been in the service of his Department;

(2) whether this person's service in his Department has been inerrupted; if so, (a) when, (b) why and (c) for how long was his service so interrupted;

(3) whether he will furnish information on the posts occupied by this person during the interruption in his service; if not, why not; if so, (a) what posts and (b) for what specified periods in each case?

The MINISTER OF FOREIGN AFFAIRS:

(1) (a) Mr J H de Klerk.

(b) 14 years and 6 months.

(2) Yes, just as is the case with some other members of the Department.

(a) 31 March 1982.

(b) While Mr De Klerk was serving in an overseas diplomatic post, he received an attractive offer of a senior post in the private sector.

(c) 17 months

(3) Yes.

(a) Manager of Governmental and Public Relations of a well-known oil company.

(b) 1 April 1982 to 31 August 1983.

Maize: diplodia ear rot

*28. Mr D G H NOLTE asked the Minister of Agriculture:†

(1) Whether it was found when the current maize crop was harvested that the incidence of diplodia ear rot in maize was exceptionally high; if so, in which areas;

(2) whether any steps have been taken or are contemplated to investigate the resultant dangers to the maize industry; if not, why not; if so, (a) what steps and (b) when?

†The MINISTER OF AGRICULTURE:

(1) Yes. Mainly in the districts of Morgenzon, Carolina, Piet Retief and Bergville but to a lesser extent also in the districts of Ventersdorp and Coligny.

(2) Yes.

(a) Contact was made with experts from various bodies such as universities, seed companies and co-operatives and a comprehensive research program on all the aspects of the disease was initiated by the Department of Agriculture and Water Supply.

(b) During 1986 in succession of a previous action and research program of 1981 and 1983 respectively. On 21 July 1987 the Summer Grain Centre furnished representatives of seed companies, Nampo and the Maize

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Board with comprehensive information regarding the relative resistance of several cultivars to the disease in question

Bekkersdal, Westonaria

*29. Mr P J PAULUS asked the Minister of Constitutional Development and Planning:†

(1) What total amount was spent by the State on effecting improvements in the Black township of Bekkersdal, Westonaria, in the latest specified period of five years for which information is available;

(2) whether a long-term plan for improving and extending this Black township has been drawn up; if so, (a) when, (b) whom and (c) what are the particulars thereof?

†The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) Five-year period ended 30 December 1986 R2 018 447.

Total compiled as follows:

(a) water, sewer and storm-water services: R890 163.

(b) erection of 140 houses: R1 128 284.

(2) Yes.

(a) 1985.

(b) The defunct West Rand Administration Board.

(c) Approval of the project and advance of R17 667 407 was made on 20 February 1987 for upgrading of the town and the installation of water-borne sewerage network and engineering services to serve 2 200 new and existing erven.

A contract for R12 674 512,06 was approved on 12 June 1987 for installation of new and upgrading of existing services. This contract provides for surfaced roads, storm-water drainage, water-supply and water-borne sewer connections plus the conversion of existing houses using the bucket system to a water-borne sewer system. It will also provide electricity to every erf in Bekkersdal. The contract will be completed during 1988 An additional contract of R1,5 million will shortly be approved for the erection of a sewerage pump-station and sewer-mains to convey sewerage to the disposal works.

A contract for R1,5 million has also been approved for erection of a water-purification works.

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Artificial fertilizer: import protection

*30. Mr D G H NOLTE asked the Minister of Economic Affairs and Technology:†

(1) Whether any applications for import protection were recently received from artificial fertilizer companies, if so, (a) from which companies, and (b) when, in each case;

(2) whether his Department intends taking any action in this connection; if not, why not; if so, (a) what action and (b) when?

†The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(1) Yes.

(a) AECI Ltd
FEDMIS
Kynoch Fertilizer Ltd
Omnia Fertilizer Ltd
Sasol Fertilizers (Pty) Ltd

(b) During February 1987.

(2) Yes. (a) and (b) The Board of Trade and Industry published the application for increased tariff protection by the companies concerned in respect of urea, di-ammonium phosphate (DAP), mono-ammonium phosphate (MAP) and mixtures in *Government Gazette* No 10671 of 23 March 1987 for general information and possible comments by interested parties. As far as urea is concerned, the Board has completed its investigation and additional tariff protection on urea was published on 3 July 1987 in *Gov-*

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ernment Gazette No 10807. In the case of DAP, MAP and mixtures the Board has made good progress with its investigation, but at this stage it is not possible to indicate exactly when the investigation will be finalised.

It should be added that Sasol Fertilizers (Pty) Ltd submitted a further tariff application in respect of ammonia and limestone ammonium nitrate (LAN) at the beginning of July 1987. It is expected that this application will be published in the *Government Gazette* on 31 July 1987 for general information and possible comments by interested parties.

Own Affairs:

University residences/Group Areas Act

28/7/87

*1. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether the investigation into the application of the provisions of the Group Areas Act at the residences of the universities falling under his control has been concluded; if not, why not; if so, (a) when and (b) what was the result of the investigation;

(2) whether his Department is taking steps to ensure that accommodation is available for students requiring residence at universities and technikons falling under his control; if not, why not; if so, (a) what steps and (b) what financing is being provided for this purpose;

(3) whether he will make a statement on the matter?

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The MINISTER OF EDUCATION AND CULTURE:

(1) No investigation into the application of the provisions of the Group Areas Act was conducted by my Department since the administration of this Act is not vested in me.
(a) and (b) Fall away.

(2) No, universities and technikons are autonomous and plan and manage their institutions independently. (a) and (b) Fall away

(3) No.

Durban: closure of schools

*2. Mr M J ELLIS asked the Minister of Education and Culture:

Whether any schools in the Durban area falling under the control of his Department are due to be closed; if so, (a) which schools, (b) why and (c) in what manner are the school buildings in question to be utilised once these schools have closed?

†The MINISTER OF EDUCATION AND CULTURE:

For the present no closure of schools is contemplated (a), (b) and (c) Fall away.

Rhenish Primary School

28/7/87

*3. Mr K M ANDREW asked the Minister of Education and Culture:

(1) Whether he received any (a) written and (b) verbal representations in respect of enrolling non-White pupils at a certain primary school, the name of which has been furnished to the Minister's Department for the purpose of his reply: if so, (i) from whom, (ii) when, (iii) what was the purport of these representations and (iv) what is the name of the school in question;

(2) whether he consulted any (a) persons and (b) organisations before making his decision on the matter; if not, why not; if so, (i) what persons and organisations, (ii) what were their views and (iii) what was his response to these views;

(3) whether he conveyed his decision to those who had made these representations; if so, when did he (a) make his decision and (b) convey it to those concerned?

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The MINISTER OF EDUCATION AND CULTURE:

(1) (a) Yes.

(b) Yes.

(i) Written representations were received from Mr P A Myburgh, former MP, and Mr J R Potgieter, Chairman of the Rhenish Primary School Committee. Some of these representations were conveyed by Mr J C Heunis, MP, and I replied to them in the customary fashion. In addition Mr Heunis also orally conveyed representations to me. It is not customary to make known representations by members of Parliament. Oral representations were also made to the Superintendent General. Education and Culture, by Mr P A Myburgh,

(ii) 17 September 1986, 11 November 1986, 17 November 1986, 17 December 1986 and 14 February 1987,

(iii) the purport of the representations was that two daughters of the reverend J J Kamuana be admitted to the Rhenish Primary School in Stellenbosch,

(iv) Rhenish Primary School.

(2) (a) Yes.

(b) No, because it was an internal departmental matter,

(i) the Superintendent General: Education and Culture and the Director of Education, Cape Education Department,

(ii) that the Cape Education Department is responsible for the education of White pupils only (Section 14 (1) of the Constitution Act, Act No 110 of 1983),

(iii) these views were supported.

(3) Yes.

(a) 27 October 1986,

(b) 27 October 1986, in the case of Mr Myburgh, and 23 February 1987 in the case of Mr Potgieter.

Provincial public libraries 28/7/87

*4. Mr M J ELLIS asked the Minister of Education and Culture: Hansard

Whether all provincial public libraries are open to members of all race groups; if not, (a) why not and (b) which libraries are not open to members of all race groups?

†The MINISTER OF EDUCATION AND CULTURE:

It has already been decided in principle that those provincial public libraries which have been identified as White own affairs, shall be transferred to the Department of Education and Culture, Administration: House of Assembly. This transfer has not yet taken place.

The question and its sub-questions fall away.

Schools/colleges: unutilised space

*5. Mr M J ELLIS asked the Minister of Education and Culture:

Whether his Department has received requests from the governments of national states for permission to make use of unutilised space in (a) schools and (b) teacher training colleges falling under his Department; if so, (i) on what dates, (ii) from which national states, (iii) in respect of which schools and/or teacher training colleges and (iv) what was the response in each case?

The MINISTER OF EDUCATION AND CULTURE:

(a) No.

(b) Yes.

(i) 10 December 1986.

(ii) KwaZulu.

(iii) Underutilised teacher training facilities in general and the Natal College of Education.

(iv) The needs of kwaZulu in regard

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(4) whether he will make a statement on the matter?

†The MINISTER OF AGRICULTURE:

(1) Yes

(a) R2 067 574

(b) Creamline Dairies (Pty) Ltd.

(2) Yes, J. J Du Plessis (Chairman); T. L. Reynecke, C. J. Bester; R. R. Callanan, P. W. Dempsey, C. P. de Wit; D. Osborne, P J. Posthumus; F D. P. Reyneke; R. B S. Tucker; A. C. Vlok.

(3) Yes.

(a) Since the debtor was placed under provisional liquidation, a compromise in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973), was agreed to.

(b) 20 September 1985

(c) The Dairy Board and the other creditors.

(4) No.

Agricultural machinery/chemicals

*5. Mr A J W P S TERBLANCHE asked the Minister of Economic Affairs and Technology:†

(1) Whether import restrictions and tariffs in respect of agricultural machinery and chemicals are reviewed from time to time; if not, why not; if so, on how many occasions have such tariffs been adjusted since 1 January 1982;

(2) whether the rand/dollar exchange rate is taken into account in the adjustment of such import tariffs; if so, (a) to what extent and (b) what other factors are taken into account in this regard;

(3) whether the body reviewing import tariffs includes a representative of the agricultural sector; if so, (a) (i) who is this person and (ii) by whom was he nominated and (b) what (i) are the names of the other persons serving on this body at present and (ii) is the name of this body; if not, why not;

(4) whether he will consider appointing a representative of the agricultural sector to this body?

The DEPUTY MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY (Dr T G Alant):

(1) Yes. Quantitative import restrictions are only applicable on certain types of agricultural machinery, including ploughs, harrows, cultivators, seed and fertiliser distributors and harvesting and threshing machines. Import permits are issued to cover the full reasonable requirements of importers. In the case of agricultural chemicals, the position is that fertilisers are exempted from quantitative import control. The importation of insecticides, fungicides, weed killers and rat poisons is only monitored and this is done at the request of the Department of Agricultural Economics and Marketing which is responsible for the administration of the Fertilisers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, 1947 (Act 36 of 1947) in terms of which the products referred to have to be registered before they may be marketed locally.

Import duties are being reviewed from time to time at the request of interested parties or on the initiative of the Board of Trade and Industry. With regard to agricultural chemicals, import duties have been revised in 12 cases since 1 January 1982. Comprehensive investigations are conducted at present into the possible revision of customs tariff protection on agricultural chemicals and machinery.

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(2) Yes.

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(a) and (b) In the case of all applications for tariff protection the Board of Trade and Industry gives careful consideration to the effect of exchange rate fluctuations on the competitiveness of an industrial sector as well as on that sector's contribution to the economy. The cost of tariff protection is also carefully weighed

Hansard

up against the benefits which the country will derive from such protection.

(3) No.

(a) (i) and (ii) Fall away.

(b) (i) and (ii) The body which advises the Government on customs tariff protection is the Board of Trade and Industry. The Board is composed as follows:

Full-time members:
Dr L P McCrystal (Chairman)
Dr J Adendorff
Dr D L Bosman
Part-time members:
Mr R J Ironside
Mr H J Terreblanche
Mr R Ramsay
Mr E Pavitt

The composition of the Board of Trade and Industry is laid down by law. In terms of section 5 (2) of the Board of Trade and Industry Act, 1986 the members of the Board are appointed by the State President by reason of their knowledge of and experience in commerce, industry and the economy. The members are, therefore, appointed in their personal capacity and do not represent specific sectors.

(4) As indicated already, members of the Board of Trade and Industry are not appointed from specific economic sectors, but exclusively by reason of the special knowledge and experience they may have. Anybody having that knowledge and experience is considered for appointment to the Board.

Members convicted of theft

*6. Mr J H VAN DER MERWE asked the Minister of Defence:†

(1) Whether any members of the South African Defence Force who have been convicted of theft, are allowed to remain in the service of the Defence Force; if so, in what circumstances;

(2) whether the pension money of such members may be used to make good damage suffered as a result of theft; if not, why not; if so, (a) in what circumstances and (b) in terms of what statutory provisions;

(3) what is the policy of the Defence Force in respect of members who are convicted of offences?

†The DEPUTY MINISTER OF DEFENCE:

(1) Each case is considered on merit. The nature and seriousness of the offence and the sentence is taken into account to determine whether the member should be dismissed or not.

(2) Yes.

(a) Losses sustained by the State may be deducted from the annuity or benefit payable to a member of the pension fund in a lump sum or in instalments such as determined by the Secretary of the Government Service Pension Fund.

(b) Section (2) (3) (c)—General Pension Act, (Act 29 of 1979).

(3) Each case is considered on merit to determine whether other additional administrative steps should be taken against the member. In addition to possible dismissal a member's promotion may be held back with the proviso that a member may not be penalised for more than two years for the same offence.

Railways/harbours/airports: policing

*7. Mr J H VAN DER MERWE asked the Minister of Law and Order:†

(1) Whether the South African Police is responsible for the policing of (a) the railways, (b) the harbours, (c) the airports and (d) other specified branches and properties of the South African Transport Services; if not, (i) why not and (ii) what action is contemplated in this regard; if so, (aa) as from what date, (bb) what was the cost thereof to the South African

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"Textile industry suffered enough'

Assocom slams ban on import of piece goods

MICK COLLINS

ASSOCOM has strongly objected to government's decision to ban the import of textile piece goods.

In a message to Economic Affairs Minister Danie Steyn the association said the decision could have far reaching effects on the clothing industry which has already lost 35 000 workers over the past four years.

It said it could also have a severe impact on an already high inflation rate caused by excess demand and lack of adequate supplies.

"Numerous members have received a letter from the Director of Imports and Exports in which they were notified that no further permits will be granted for the importation of textile piece goods which (if they) are available locally.

"These members have expressed their dismay at this step which represents a fundemental reversal of the recommendations of the Steenkamp Committee into the textile industry and the Kleu Commisssion into an industrial strategy for SA."

Government accepted the recommendations of these inquiries and in particular that import control should not be used as a protective measure.

"In communication with the Department of Imports and Exports, no hint was given of any reversal of stated government policy in this regard."

Assocom further pointed out that the Steenkamp Committee was specific in its view regarding disruptive imports and the manner in which they should be handled.

"The committee found that import control placed far too much discretion in the hands of a few civil servants and that import control could not be responsibly applied more quickly than duties."

Federation angry with Assocom

Textile industry defends import ban

MICK COLLINS

THE Textile Federation has slammed Assocom's attack on government concerning its import ban on textile piece goods.

Chairman Stanley Shlagman said it was unfortunate Assocom had not undertaken a full investigation of all the facts before sending a message to Economic Affairs Minister Danie Steyn.

"During the January/August 1986 period, permits for piece goods valued at R211m were issued compared with the same period in 1987. If the improved exchange rate of the rand for these comparative periods is also taken into account, then the so-called restriction has hardly taken place."

He said during January/May 1987, imports of textile piece goods increased threefold over the same period in 1986.

"The clothing industry itself claimed a 30% shortage of fabrics during mid-1986 resulting from a 50% drop in imports caused by the then-low rand value. Obviously this 30% claimed has been more than compensated for by the vast increase in imports."

The Textile Federation much preferred a duty structure which was sufficiently reactive to respond to predatory or disruptively priced imports, which were highly characteristic of the international trade in textiles.

"The Board of Trade and Industries (BTI) began an inquiry into the textile and clothing industries in September 1986 and adjustments may result.

"The so-called restriction on import permits was intended to be a temporary measure pending the conclusion of the BTI investigation, and does not move away from the broad principal of justifable protection through custom duties."

Shlagman said in September 1986 the BTI lowered custom duties on textile fabrics imports and removed all anti-disruptive duty elements.

"This resulted in the unwarranted flood of imports which caused serious harm to the textile industry and has also affected the interests of the clothing industry and the distributor trade.

"It is a pity Assocom did not investigate a very complex issue more fully by consultation with all parties concerned, which might have resulted in a more factual rather than emotive approach."

CHRIS CAIRCROSS reports that clothing manufacturers have argued that although many fabrics are technically available from local textile mills, some are only available for delivery after March next year, or cannot be supplied in the quantities desired.

They say although a promise has been received from the Director of Imports and Exports, that businesses will be accommodated which are able to show that specific fabrics cannot be supplied from local sources, it is often difficult to prove this as textile mills could refuse to confirm delivery dates.

Their plea for an urgent review on the issuing of permits is expected to be strongly opposed from within the textile industry and at this stage it seems unlikely the decision will be reversed.

23/9/87

(74) ST 3/12/87

Chinese sandals seized as import war hots up

By Udo Rypstra

A TOTAL of 15 000 pairs of Chinese-made sandals has been confiscated from a Johannesburg importer after claims of footwear-design piracy by a Stellenbosch manufacturer.

The alleged copyright infringement is the latest battle in the war between SA shoe manufacturers and importers.

Claims are made that SA footwear designs have been copied "down to the last stitch" in the Far East. The footwear is sold cheaply to the detriment of SA manufacturers.

Inferior

The Johannesburg importer, Continental Wholesalers, was forced to hand over the sandals pending the outcome of a Supreme Court action in Pretoria to decide whether they are replicas of an SA product or not.

A temporary interdict was granted to a 69-year-old family business in Stellenbosch, Lubbe & Seun. It claims they are identical in appearance to its Omega leather sandals, which sell for about R100 a pair.

Lubbe & Seun says the look-alike sandals sold under the trademark of Pino Farina are of inferior materials and workmanship.

Mr Justice Roux found that Lubbe & Seun had made out a prima facie case. He ordered the importers to refrain from distributing any similar products until final judgment in the action.

Lubbe & Seun intends to sue Continental Wholesalers for damages, claiming that the sale of the inferior footwear has damaged its reputation and market share.

The SA footwear manufacturing industry is fighting what it calls the yellow peril — South Korea, Taiwan and China.

The R800-million-a-year industry faced an increase in foreign competition earlier this year when the Government decided to phase out tariff protection. But last month it reversed this decision by imposing a tariff of 30% on rubber and plastic shoes.

Examples

Import penetration reached 34% in the first half of this year and is expected to be 27% for the year — more than the 20% the SA industry is prepared to accept.

The tariff protection was requested by the Footwear Manufacturers Federation of SA (FMF).

Director Dennis Linde says the application to the Board of Trade and Industries was made against the background "of a flood of footwear into the SA at prices having no relation to normal costs".

"Overseas experience shows that once imports take 20% of the market, a point of no return is reached and imports increase rapidly."

As examples, he mentions the US where footwear imports now have 80% of the market and the UK where they have more than 50%.

Mr Linde says the FMF expects the revised duties to reduce footwear imports to about 14% of the market. It would like them to drop to 10%.

With the exception of limited additional protection granted in 1983 for men's leather shoes, which are not affected by the new duties, and tackies, the new duties are the first granted in more than 10 years.

More jobs

Production by the SA industry is expected to increase by 15% in 1988 to 70-million pairs and provide an additional 2 500 to 3 000 jobs. Because of longer production runs, it is expected that unit costs will fall.

● De Wet Shoes, a subsidiary of Conshu Holdings, has closed its Pinetown plant at a cost of 500 jobs.

Govt warns on cheap imports

(74)

22/12/87 B/day

PRETORIA — The Board of Trade and Industry is to investigate methods of acting more effectively against "disruptive" trading practices whereby importers buy goods in other countries at exceptionally low prices.

Economic Affairs and Technology Deputy Minister Theo Alant said yesterday: "Disruption of South African industries and the need to curtail such practices are viewed in a serious light by the government."

He said there was an increasing amount of imports at "disruptive prices.

"It is a world-wide phenomenon which precipitates strict counter-measures and has led to rising protectionism.

"In general, South African industries are vulnerable to disruptive competition. Under these circumstances, the government must sometimes act urgently to avert disruption of the country's industries."

Action being taken by the government included the imposition of customs duties as an interim measure.

He warned that importers buying goods in other countries at exceptionally low prices could face extra customs duties. — Sapa.

Control on import of shoes to go

SM 23/12/8

Import control on footwear will be abolished from the beginning of January to encourage competition, the Deputy Minister of Economic Affairs and Technology, Dr Theo Alant, said yesterday.

Giving the background to this decision, Mr Alant said in a statement in Pretoria that the manufacture of shoes was an important part of industry in South Africa.

"It is essential that it be afforded a reasonable measure of protection against imports and the industry has for many years relied on import control for protection.

TARIFF PROTECTION

"However it has become increasingly difficult over the past few years to contain imports within certain limits by means of import control, particularly in the lower price categories."

While customs tariffs afforded adequate protection to manufacturers of leather shoes in the higher price categories, it was found that shoes made from plastic materials, rubber and textiles occasionally reached South Africa in large quantities.

Prices dropped so sharply, for various reasons, that much larger quantities were imported with the same permits than was intended.

"This disrupts the local industry and leads to retrenchments, which can ill be afforded," he said.

It had been explained to the footwear industry that, because of these problems, it could not be protected effectively through import control and that this would have to be replaced by tariff protection at proper levels.

The import of non-leather shoes had again increased sharply at the beginning of this year, leading to a contraction in local production and retrenchments in factories "giving reason for great concern," Dr Alant said.

As a result of this, shoemakers had approached the Board of Trade and Industry for increased tariff protection on the categories mentioned.

"After due consideration, increased customs tariffs were recommended by the BTI, as an interim measure, becoming effective on November 13. The whole matter will now be reinvestigated in depth by the Board."

Dr Alant said the Government was "fully aware that the increased protection could unfortunately also have cost-increasing effects for the consumer.

"With a view to encouraging competition and to restrain price increases, it has consequently been decided to abolish import control on footwear as from January 1, 1988." — Sapa.

PICK 'n IMPORT

74 (30)

Fears that the importation of computer equipment is likely to be affected by Board of Trade and Industry (BTI) attempts to plug loopholes used by Pick 'n Pay to bring cheap television sets into SA from the Far East appear to be groundless.

This is according to Business Equipment Association president Maurice Reznik, although he adds that the situation will be monitored closely.

Pick 'n Pay commercial director Alan Gardiner says the BTI has indicated that it is still investigating the circumstances that allowed the retail giant to evade the ban on bringing cut-price AIM screens and separate tuners into SA.

Gardiner says that if customs is unable to crack down on the imports the BTI will definitely take steps to close the current loopholes and this could have an effect on other utility screens being imported.

However Reznik believes this is unlikely: "I can understand the BTI's point of view, but I don't foresee any problems with computer terminals, VDUs, data display monitors and the like. The problem arises with screens which have the facility for being connected to tuners. Nevertheless we will be keeping a close watch on the situation to ensure that it doesn't adversely impact on the computer and related industries."

Ruel Heyns, director of the BTI, tells the *FM* that there has been no crackdown ordered on the import of monitors: "Mr Gardiner did speak to one of our officials to find out whether or not he could import and was told that the board could not comment on the customs side and from the BTI's point of view it would only instigate an investigation if there were complaints about the flood of imported TVs.

"Although we have had some discussions with the TV manufacturers, that is as far as it has gone at this stage, so any talk of a crackdown is pure speculation."

Department will be responsible for paying this compensation?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(1) Yes.

(a) 1 435 persons to the Ntuzuma Township.
1 491 persons to the Tribal areas.

(b) Beginning of 1986 up to date.

(2) Yes.

(a) Compensation for improvements.

(b) Compensation determined according to replacement value.

(c) The Department of Public Works and Land Affairs.

Inanda

409. Mr A GERBER asked the Minister of Education and Development Aid:†

(a) From what date has expenditure for the provision of an infrastructure for Inanda been incurred, (b) what amount was spent by his Department in this connection in each specified financial year for which information is available and (c) (i) what total amount was spent in each of these financial years on (aa) planning and (bb) the physical execution of projects and (ii) what was the nature of these projects?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(a) From the financial year 1981-1982.

(b) 1981-82 .... R 1 938 041,60
1982-83 .... R 1 281 006,14
1983-84 .... R 4 523 093,99
1984-85 .... R 5 022 148,14
1985-86 .... R 8 201 775,43
1986-87 .... R20 425 849,12
1987-88 .... R18 230 000,00*
* Allocated.

(c) (i) (aa) 1981-82..... R 68 041,60
1982-83..... R 31 006,14
1983-84..... R 23 093,99
1984-85..... R 22 148,14
1985-86..... R 1 775,43
1986-87..... R 10 849,12
1987-88..... R500 000,00*
* Allocated.

(bb) R 1 870 000;
R 1 250 000;
R 4 500 000;
R 5 000 000;
R 8 200 000;
R20 415 000;
R17 730 000 (allocated).

(ii) Roads and drainage;
Water supply;
Sanitation;
Electricity supply;
Purchase of plant and equipment;
Housing loans;
Public buildings;
Sport facilities;
Office accommodation.
Schools.

Jewellery: *ad valorem* tax/import duty

544. Mr C J DERBY-LEWIS asked the Minister of Finance:

What is the (a) *ad valorem* tax on locally manufactured jewellery and (b) import duty on (i) gold, (ii) silver and (iii) platinum jewellery products manufactured overseas?

The MINISTER OF FINANCE:

(a) 35% *Ad valorem* excise duty.

(b) (i), (ii) and (iii) 25% Customs duty plus a further 35% *ad valorem* customs duty.

Note: In terms of section 65 (8) (a) of the Customs and Excise Act, 1964 the value of imported jewellery for purposes of the additional 35% *ad valorem* customs duty shall be the transaction value of the jewellery plus 15 per cent of such value plus the 25% customs duty.

(74)

FRIDAY, 2 OCTOBER 1987

†Indicates translated version.

For written reply.

General Affairs:

Annual reports

360. Mr K M ANDREW asked the Minister in the State President's Office entrusted with Administration and Broadcasting Services:

(1) (a) (i) How many annual reports were produced in 1986 by his Department and/or statutory bodies falling under his Department and (ii) in respect of what bodies were these reports produced, (b) what was the cost of producing each such report, (c) how many copies of each report were printed and (d) who undertook the printing of each report;

(2) whether the printing of these reports was put out to tender; if not, why not; if so, (a) what was the (i) lowest and (ii) highest tender submitted, and (b) what was the amount of the successful tender, in each case;

(3) whether any copies of these reports were sold; if so, (a) how many, (b) to whom, and (c) at what price, in respect of each report;

(4) in respect of each of the latest specified five years for which information is available, (a) what was the total cost to his Department of these annual reports, (b) how many copies were printed, (c) how many of these reports contained (i) full colour and (ii) black and white pictures, (d) on what quality paper were the annual reports printed and (e) (i) how many of these reports contained a photograph or drawing of the (aa) political head and (bb) top official of his Department and/or the statutory bodies in question and (ii) how many of these pictures were in (aa) colour and (bb) black and white in each case?

The MINISTER IN THE STATE PRESIDENT'S OFFICE ENTRUSTED WITH ADMINISTRATION AND BROADCASTING SERVICES:

COMMISSION FOR ADMINISTRATION

(1) (a) (i) One.

(ii) Commission for Administration.

(b) R19 555,06.

(c) 2 000.

(d) Cape and Transvaal Printers (Pty) Ltd for the Government Printer.

(2) No, the Government Printer gives it out on contract.

(a) (i) and (ii) Falls away.

(b) Falls away.

(3) No (a), (b) and (c) Falls away

(4) (a) Information on 1982 to 1984 reports not available;
1985.............. R17 513,59
1986.............. R19 555,06

(b) Information on 1982 to 1984 reports not available;
1985.................. 1 500
1986.................. 2 000

(c) (i) and (ii) 1981-82 only black and white;
1982-83 full colour and black and white;
1984 full colour only;
1985 full colour only;
1986 full colour only.

(d) All on bond.

(e) (i) (aa) None.

(bb) 1982-83;
1984;
1985;
1986.

(ii) (aa) 1984, 1985 and 1986 colour.

(bb) 1982-83 black/white.

ARGUS 8/10/87 NATIONAL/INTERNATIONAL 74

Protect SA industry, says Trust Bank chief

By TOM HOOD, Business Editor

A CALL for greater protection for South African industry was sounded today by Dr Fred du Plessis, chairman of Sanlam and Trust Bank.

A wave of protectionism was engulfing the world's major industrialised economies which could cause enormous repercussions for world trade and even world peace, he said in Trust Bank's annual report.

"South Africa will have to sit up and take note of these important trends, the more so because we are the target of a very specific kind of protectionism in the form of sanctions.

"Our attitude needs a complete rethink or else it could cost South Africa dearly.

"Too many inappropriate policy slants were touted by official spokesmen in the first half of this decade under the banner of so-called free trade philosophy.

"Given these circumstances, a realistic assessment of the protection afforded to local industry is called for."

The country would have to rely increasingly on its own resources to meet the challenges of its complex society.

Dr du Plessis said the country's economic recovery remained fragile and hesitant.

Individuals were reluctant to take up new long-term liabilities while they were unsure of the direction of interest rates, labour remuneration in relation to inflation, the personal tax burden and job security.

Business leaders were being inhibited by the prevailing uncertainty.

They feared interest rates might return to or even exceed the unprecedented highs of 1985 which contributed to the collapse of many businesses.

"The authorities keep urging the private sector to display greater confidence and a more 'positive approach' towards investment to benefit from potential business opportunities.

"These exhortations, however, reveal inadequate insight into the practical factors which shape private sector investment decisions," Dr du Plessis said.

Chirac in row over Pik's visit to France

The Argus Foreign Service

PARIS. — A major political row involving President Francois Mitterrand and Prime Minister Jacques Chirac has broken out over the private visit here today by Foreign Minister Pik Botha.

Mr Mitterrand, on an official visit to Argentina, said angrily in Buenos Aires that he had been told of the visit "only two or three hours before the announcement in Paris".

Foreign Minister Jean-Bernard Raimond, who is with Mr Mitterrand in Argentina, approached him on their flight to Buenos Aires and said he would have to return to Paris for talks with Mr Botha during his 48-hour private visit.

A presidential aide told French journalists: "This is really a breach of protocol by Mr Raimond who appears to have prepared this visit behind Mr Mitterrand's back."

WIDE SPLIT

The incident highlights the wide split, even abyss, yawning between the President and Mr Chirac. It is seen here as further proof that the "cohabitation" between the two men is crumbling fast.

Meanwhile, government sources expressed hope that the Botha visit would lead to a much needed normalisation of diplomatic and trade relations. Mr Raimond will explain his government's new "blueprint" for a Southern African settlement.

Picture WILLIE de KLERK The Arg[illegible]

DOWN AND SULKING: South Africa's super-heavyweight wor[ld] champion all-in wrestler Jan Wilkens is prostrate after being pinn[ed] during a tag team match at the Good Hope Centre last night. H[is] partner, Danny "Tornado" Brits, and referee Peter Paxinos comfo[rt] him. Report, page 21.

Rabuka cracks whip over union[s]

The Argus Foreign Service

SUVA. — Colonel Sitiveni Rabuka has underscored the start of the republican era in Fiji with a warning to trade unions and the Press to fall into line.

Trade unions, he said, should behave "responsibly", while the Press would have to get used to the military regime's controls.

As if to underline the point, Colonel Rabuka announced the appointment of a 19-member interim Cabine[t] which includes at least seven ha[rd] line nationalists of the Taukei mov[e]ment.

The Cabinet includes a ministe[r] who once proposed the repatriation [of] the island's Indians.

It also features three serving ar[my] officers, including Colonel Rabuk[a] who becomes Home Affairs Minis[ter] as well as self-styled head of state.

(74) FM 6/11/87

WESTERN FLYER

A test case?

The Board of Trade and Industry (BTI) is pedalling into a storm over the heavy tariffs it has imposed on imported children's bicycles, and the threat to widen the net to include others — all in the name of bolstering local manufacture.

Retailers, who face having to pay the increased duty on their Christmas stocks now on the water, are understandably upset.

At the heart of the controversy is the Ciskei-based — and Ciskei Peoples Bank (CPB)-owned — Western Flyer (WF) bicycle company. WF imports bicycle components from the Far East for assembly at its Dimbaza factory, which employs 350 people.

As WF is government-owned and already the recipient of decentralisation incentives provided by the taxpayer, BTI's "support" of it has developed into a major row in the bicycle business. It could become a test case in the BTI's new pro-active role in "protecting" the economy.

"We have been selling bikes for the past 11 years and expect to increase sales 40% to R14m this year. But BTI's action would be against consumer interests," says Pick 'n Pay merchandise director Allen Gardiner.

Erstwhile WF shareholder Rod Kapelus, who was ousted by CPB and subsequently formed RIK importers, is equally upset. He has put "strong objections" to the BTI and has left for Taiwan, where he will make representations to manufacturers to support his stance.

He says the local "kiddies' bike" market is around 100 000 units/year, while bigger bikes sell around 200 000 units/year — giving a retail value of some R50m/year. And should the tariffs hit imports, Taiwan could also suffer.

"Taiwan is one of our best trading partners and I fail to see how we can treat them in this way," adds Gardiner. He says the irony is that the BTI is slapping tariffs on fully assembled bikes, while *components* can still be freely imported by WF — from the same source.

"The increased duties will more than double the landed cost of bicycles. I am meeting with the BTI in December and trust that they will change their position," says Gardiner.

Russells Stores merchandising director Niall Thomson says retailers who have finalised their marketing and TV ad campaigns will lose heavily as they are locked into the "old" prices and cannot now recant on their price undertakings to customers for Christmas sales. He adds local manufacturer Raleigh joined WF in applying for increased tariffs.

"How could BTI increase tariffs while most of our Christmas stock was already on the water? We will either lose in profits or on sales — and it seems profits will fall by the wayside — to protect WF. BTI's move was extremely badly timed and will also add to inflation," he claims.

Thomson says talk is that government would prefer to increase its GST earnings on higher prices — even though this boosts inflation.

OK Bazaars marketing director Arthur Solomon is "very disappointed" by the move and says it "will cost a fortune" as OK has also finalised its Christmas sales TV ad campaigns at the "old" prices.

But WF — and CPB — director Dave Hart says although its market share has dropped from 40% to 25%, and until recently it was making losses, the tariff application is not related to these factors.

"When tariffs were first applied in 1982 the rand stood at US$0,80c. It has since dropped to the current 47c-50c range. And while our prices have only risen by 55,2% since then, the CPI has jumped by 99,5%-103,5% — so our application is merely to restore the status quo," he says.

He adds the 3 500-odd private dealers, as well as local manufacturers like Raleigh — which has some 26% of the local market — will also benefit from the move, aimed at preventing large-scale dumping by Far Eastern producers following the collapse of the international BMX market.

Raleigh marketing GM Peter Sidebottom says imports now constitute 47,5% of the local market — 138 000 out of total sales of some 290 000 — and that dumping of BMX bikes lies at the heart of the controversy. Moreover, local manufacturers have to face the fact that Iscor steel is sold to Taiwan at about a third of the price paid locally — adding to their disadvantage.

"While we do not agree with the fact that WF, being government-owned and -supported, should receive 'special treatment,' there are definite circumstances that warrant protection," he says.

Next move to BTI. ■

IMPORTS

~~POLICY~~

1988

value

BTI: long-term repercussions

BD (Day) 1/11/88. (74)

KAY TURVEY

THE impending Board of Trade & Industry (BTI) decision concerning the importation of fabric would have long-term repercussions for the clothing and textiles sector, an analyst has said.

Frankel Kruger analyst Heidi Vollmer said, in the firm's recent industrial review, uncertainty about the BTI decision increased the risks attached to investing in the sector.

The next two years could see "turmoil" in the industry aggravated by an economic downswing. The recommendation is to stay out of this sector until the rapid swings between destocking and overstocking have been eliminated by a cohesive strategy between textile manufacturers, clothing manufactures and retailers assisted by the BTI.

An acute bottleneck in yarn and fabric supplies from local sources in 1986 resulted in the BTI reducing import duties on fabrics, abolishing the 10% surcharge on fabrics and lifting the ceiling on imports in response to pleas from the clothing industry as demand vastly exceeded supply.

However, the textile industry — trying to redress the bottleneck — had begun investing in additional equipment and expanding capacity. A number of companies reduced product volumes for export. Subsequently, the delayed effects of substitute imports were felt in 1987 and textilers were caught heavily overstocked.

Benefit

To rectify the situation, the BTI consequently banned the importation of piece goods in September 1987. Vollmer said this temporary banning of importation of piece goods could adversely affect clothing manufacturer's balance sheets and profits could start to look shaky this year.

However, clothing manufacturers stood to benefit if the BTI favoured low-price imported fabrics, and output in this industry should increase, providing benefits of reduced prices are passed on to the consumer. Yet, if imports were restricted in the pending BTI decision, a drop in earnings for clothing manufactures was predicted in 1988.

Vollmer said the encouragement of imports could shrink the local textile industry by at least 30% with massive layoffs taking place.

Anglo-Alpha man

SA industry shocked by huge rebate in duties on imports from Turkey

(74) Own Correspondent 8/2/88 Star

CAPE TOWN — South African industry has been shocked by the sudden granting of a huge rebate in duties on all goods imported from Turkey.

The measure now imposes only 3 percent ordinary customs duty on all Turkish manufactured goods.

There is speculation among industrialists that this piece of "Turkish delight" is a quid pro quo for an as yet unannounced deal with Turkey involving either steel or coal from South Africa.

The measure has caught industrialists by surprise and appears to have been introduced without consultating organised industry.

"The Government might have consulted individual manufacturers, but, as a Chamber, we were never approached," said Mr Steve Anderson, executive director of the Federated Chamber of Industries (FCI).

The move, which was quietly announced in the Government Gazette of January 1 as an amendment to the Customs and Excise Act, is expected to hit the clothing and textile industries particularly hard in the western Cape, where the garment industry is the largest employer.

Mr Colin McCarthy, director of the Cape Chamber of Industries, said: "In all my years with the Chamber, I have never heard of a move which has been so all- encompassing in the benefits it gives to the other party."

Mr Anderson said that members of the FCI had expressed concern over the notice.

"It is being taken up and will be clarified."

Industrialists say the move appears to contradict directly with official policy on imports and exports.

In the January issue of *Department of Trade and Industry News*, Dr T G Alant, Deputy Minister of Economic Affairs and Technology, was reported as saying: "The manifestation of imports at disruptive prices (prices which for various reasons do not bear a normal relationship to prevailing net transaction prices or costs) is increasingly being experienced."

The journal said that South African industries were vulnerable to disruptive competition. Under those circumstances the Government had to act urgently sometimes to avoid disruption which was viewed "in a serious light".

Dr Alant had requested the Board of Trade and Industry to investigate methods to act even more effectively against such disruptive trading.

DD 19/2/88 (74)

Turkish imports face 3pc duty

EAST LONDON —Goods imported from Turkey are now subjected to a three per cent duty.

An executive member of the Border Chamber of Industries, Mr V. Cunningham, said yesterday that the normal duty for goods imported into South Africa varied.

"For example the duty on textiles is 25 per cent, clothing 35 per cent, pots and pans 30 per cent and television sets 40 per cent," he said.

Exports to Turkey last year amounted to R170 million he added, "whereas imports from Turkey amounted to only R3 million".

"The decision to decrease the import duty was made by government officials in order to keep trade with Turkey," he said.

It was too soon to notice the effect of the new duty he added, "but if Turkey suddenly made a concerted effort to push goods into the country, then there is a possibility that they could flood the market."

Mr Cunningham said that at the moment there were many South Africans flying over to Turkey to see what they could buy. — DDR

DD 2/3/88 (74)

BTI to crack down on tariff protection

JOHANNESBURG — The Board of Trade and Industry (BTI) is to crack down on industry seeking tariff protection and has warned that it will scrutinise all applications more closely in future.

The move is said to be in line with the State President Mr P. W. Botha's call for greater discipline in the setting of prices and wage increases.

The BTI chairman, Mr Lawrence McCrystal, said yesterday that closer scrutiny of the price history of industries which apply for tariff protection would be enforced immediately.

"It has always been the practice of the board to examine the price history of industries which apply for tariff protection. However, in the light of the state president's call for discipline, it is the intention of the BTI to look more closely at these aspects in future.

"The BTI, therefore, wishes it to be known by all applicants for any form of assistance, by way of customs duties, that the track record of applicants in respect of increases in wages, salaries and prices and labour and capital productivity will be closely examined in assessing the merits of the application.

"We will also look at whether the applicant has become uncompetitive because of price increases resulting from poor productivity performance relative to increases in wages and salaries," Mr McCrystal said. — DDC

DIO 22/3/88 (74)

SA to suspend preferential duty on Turkish imports

Daily Dispatch Correspondent

JOHANNESBURG — The government has given formal notification of the suspension of its preferential trade agreement with Turkey.

A Department of Trade and Industry (DTI) spokesman said yesterday notice of the suspension had already been published in last Friday's Government Gazette.

The agreement, which was originally announced on January 1 this year, gave importers a preferential 3 per cent customs tariff rebate on Turkish imports. The customs tariff rebate meant all goods from Turkey would carry a maximum duty of only 3 per cent against a previous average of 30 per cent. The move raised a storm of protest, especially from the local textile industry.

The Government Gazette notice, signed by the Deputy Finance Minister, Mr Kent Durr, said the provision for a rebate of duty on imports produced or manufactured in Turkey had been withdrawn with effect from April 29.

The chief executive of the Textile Federation, Mr Stanley Shlagman said: "We are very pleased with government's announcement. We are only sorry we were not consulted in the first instance."

Trade sources said yesterday the original intention of the Turkish agreement had been to redress the trade imbalance between the two countries which saw SA export goods to the value of about R400 million last year in comparison with only R10 million in imports from that country.

However, international criticism has been that South Africa would use Turkey's free ports in a bid to beat sanctions and that the preferential trade agreement had been made on a quid pro quo basis with Turkish exporters being assured of a ready market in South Africa

74

SUNDAY TIMES, Business Times, April 10, 1988

Shoe retailers hit out at tariff lift

By Don Robertson

A ROW is brewing between the National Shoe Retailers Association (NSRA) and the Footwear Manufacturers Association (FMA) over import duties.

The NSRA says increased interim import duties announced on November 13 have resulted in an increase in the price of shoes, especially "specialised" footwear.

The FMA, however, says import duty is needed to protect the industry.

The Board of Trade and Industry has indicated that it will investigate any industry seeking protection by scrutinising more closely wage increases, prices and labour and capital productivity.

Proof

The NSRA claims to have proof that the reliance on the SA manufacturer and the impact it has on the retailer and consumer have negative implications for all but the manufacturer.

The NSRA and importers have made representations to the Board of Trade and Industry (BTI) for the withdrawal of these additional duties. Before November, the duty on imported shoes was 30%, but in terms of the new formula, it has increased.

Ken Johnstone, chairman of the NSRA, says school shoes which would have retailed at R29,00 in November, now have to be sold for R49,99.

The effect has been most noticeable in cheaper shoes, most of which are either not available from SA manufacturers or are in short supply.

Mr Johnstone says the shoe industry is worth about R1-billion a year, of which about 25% represents imported shoes.

He says that although the import of cheaper shoes has virtually stopped since the new duties were introduced, activity in SA factories — most of which produce expensive shoes — has not increased.

Dennis Linde, executive director of the FMA, says that although duties were increased in some catergories, the industry is in a worse position in some instances.

He says that in 1987, imports increased by 80% over the previous year to R135-million.

"Because of this, the upswing in the economy had no effect on the local industry, imports supplying most of the increased demand."

The BTI's report is expected in June or July. Mr Linde hopes that it will resolve the problem of long-term planning.

Official inflation rate

799. Mr C J DERBY-LEWIS asked the Minister of Finance:

What was the official inflation rate for each year from 1977 up to and including 1987?

The MINISTER OF FINANCE:

		%
1977	—	11,0
1978	—	11,0
1979	—	13,2
1980	—	13,8
1981	—	15,2
1982	—	14,7
1983	—	12,4
1984	—	11,5
1985	—	16,3
1986	—	18,6
1987	—	16,2

Salaries no longer market-related

801. Mr C J DERBY-LEWIS asked the Minister of Communications:

Whether the research which showed that the salaries of certain employees of his Department were no longer market-related, as referred to in his reply to Question No 540 on 7 October 1987, was carried out prior to the granting of salary increases to employees who had participated in illegal strikes shortly before; if so, (a) on what date (i) did the results of this research become available to his Department and (ii) were the salary increases in question granted and (b) why had these increases not been granted earlier?

The MINISTER OF COMMUNICATIONS:

Yes;

(a) (i) at the beginning of August 1987; and

(ii) 1 October 1987; and

(b) because it is not always possible in the system of job differentiation where evaluations are made periodically, to ensure that salaries continually remain market-related.

Printing contracts awarded to two companies

841. Mr D J DALLING asked the Minister of Justice:

(1) Whether the Prisons Service awarded any printing contracts in 1987 to two companies, the names of which have been furnished to the Commission for Administration for the purpose of the Minister's reply, or to their associated companies and printing operations; if so, (a) in respect of what publications or printed matter, (b) how many copies of each publication or item were ordered from each company and (c) what are the names of the companies concerned;

(2) whether these contracts were put out to tender; if not, (a) why not and (b) what was the total amount paid by this Service in respect of each of these contracts; if so, what was the (i) tender price originally accepted, and (ii) total amount paid out in respect of each contract;

(3) whether this Service subsidizes any publications published by the above companies; if so, (a) which publications and (b) (i) why, and (ii) what is the amount of the subsidy, in each case;

(4) what total amount was spent by this Service in 1987 on printing and publishing involving (a) the above companies and (b) any other specified companies?

The MINISTER OF JUSTICE:

(1) No. The South African Prisons Service has all official printing done through the Government Printer and therefore no contracts for printing have been awarded by the Prisons Service. (a), (b) and (c) and (2) fall away.

(3) No. (a) and (b) fall away.

(4) (a) None.

(b) None, except for printed matter undertaken by the Government Printer.

Jewellery: *ad valorem* duties

896. Mr C J DERBY-LEWIS asked the Minister of Finance:

What were the amounts collected in respect of *ad valorem* duties on (a) locally manufactured and (b) imported jewellery in the 1980/81, 1983/84 and 1986/87 financial years, respectively?

The MINISTER OF FINANCE:

14

(a)	1980/81	—	R17 214 812
	1983/84	—	R23 448 165
	1986/87	—	R27 070 088
(b)	1980/81	—	R 3 030 063
	1983/84	—	R 5 527 259
	1986/87	—	R 6 844 243

Own Affairs:

Printing contracts awarded to two companies

90. Mr D J DALLING asked the Minister of Local Government, Housing and Works:

(1) Whether his Department awarded any printing contracts in 1987 to two companies, the names of which have been furnished to the Commission for Administration for the purpose of the Minister's reply, or their associated companies and printing operations; if so, (a) in respect of what publications or printed matter, (b) how many copies of each publication or item were ordered from each company and (c) what are the names of the companies concerned;

(2) whether these contracts were put out to tender; if not, (a) why not and (b) what was the total amount paid by his Department in respect of each of these contracts; if so, what was the (i) tender price originally accepted, and (ii) total amount paid out, in respect of each contract;

(3) whether his Department subsidizes any publications published by the above companies; if so, (a) which publications and (b) (i) why, and (ii) what is the amount of the subsidy, in each case;

(4) what total amount was spent by his Department in 1987 on printing and publishing involving (a) the above companies and (b) any other specified companies?

The MINISTER OF LOCAL GOVERNMENT AND HOUSING:

(1) No.
(a), (b) and (c) Fall away.

(2) Falls away.

(3) No.
(a), (b) (i) and (ii) Fall away.

(4) Falls away.

Extension officers

114. Mr R W HARDINGHAM asked the Minister of Agriculture and Water Supply:

(1) How many posts for extension officers are there in his Department;

(2) whether all of these posts have been filled; if not, (a) why not and (b) how many such posts were vacant as at the latest specified date for which information is available?

The MINISTER OF AGRICULTURE AND WATER SUPPLY:

(1) 177

(2) No

(a) Training requirements and associated high demands put to the departmental extension service.

(b) 52 on 1987-12-31.

(a) Allocated bed occupancy

Hospital	White Beds	White % Occupancy	Non-White Beds	Non-White % Occupancy
Groote Schuur	492	50,17	975	103,40
Red Cross War Memorial	60	41,46	287	119,96
Tygerberg	799	54,68	1 307	90,87
Woodstock	35	51,93	140	69,47
New Somerset	162	63,94	275	92,79

(b) Actual bed occupancy

Hospital	White Beds	White % Occupancy	Non-White Beds	Non-White % Occupancy
Groote Schuur	311	79,36	1 156	87,21
Red Cross War Memorial	24	103,64	323	106,59
Tygerberg	742	58,89	1 364	87,07
Woodstock	35	51,93	140	69,47
New Somerset	162	63,94	275	92,79

Eastern Bloc countries: value of imports

991 Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology:

(1) What was the value of imports into South Africa from Eastern Bloc countries for the (a)(i) 1978-79 and (ii) 1982-83 financial years and (b) latest specified financial year for which figures are available;

(2) whether he will furnish details of the (a) countries and (b) categories of imports involved, if not, why not; if so, what are the relevant details in respect of each of the above financial years?

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The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(1) and (2)

The information is unfortunately not available for publication. It should be explained that South Africa maintains a policy of neutrality with regard to the origin or destination of its foreign trade. However, in the circumstances of the increasingly complex situation that South Africa faces internationally, particulars of the country's foreign trade are regarded as sensitive information and it is not considered advisable to divulge an analysis thereof in any form. This obviously applies in particular also in respect of any trade between South Africa and Eastern Bloc countries.

HOUSE OF DELEGATES

†Indicates translated version

For oral reply:

Own Affairs:

Arena Park, Chatsworth: School hall built

*1. Mr M RAJAB asked the Minister of Education and Culture:

(1) Whether a school hall was built in the Arena Park area of Chatsworth in 1987; if so, (a) at which school and (b) at what cost was it built;

(2) whether this hall is ready for use; if not, (a) why not and (b) when is it expected to be ready;

(3) whether any complaints and/or reports have been received in regard to leaks in the roof of this hall; if so,

(4) whether any repair work has been undertaken; if not, why not; if so, what was the (a) nature and (b) cost of these repairs;

(5) whether his Department has laid down any conditions in respect of the use of this hall; if so, what are these conditions?

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes

(a) Arena Park Secondary School.

(b) R1,34m

(2) Yes.

(a) and (b) Fall away.

(3) Yes.

(4) Yes.

(a) Installation of protective cowls over roof ventilators in order to prevent roof leakage.

(b) None. The cowls have been provided by the company that installed the roof ventilators.

(5) No. The Department is still finalising the conditions for the use of the hall.

Mr P I DEVAN: Mr Chairman, arising out of the answer provided by the hon the Minister, may I ask him whether he motivated the cost of this buiding? Moreover, does he not consider the sum of R1,34 million for a single school hall to be too much? Lastly, we are given to understand that this is to serve as a committee hall. May I ask the hon the Minister whether all negotiation with the local authority was exhausted before the education department resorted to the construction of this hall?

The MINISTER: Mr Chairman, at this stage I can reply as follows: R1,34 million was regarded as a fair price for the contract for that hall, in comparison with R1,8 million in Phoenix. The department took into consideration the use to which this hall will be put. May I say that I foresee that it will be used by the Arena Park Secondary School itself in the first instance, as well as by primary and secondary schools in the area for their year-end functions and cultural functions, and also by the community in the area.

I therefore consider that the money was well spent.

Mr P I DEVAN: Mr Chairman, further arising from the answer of the hon the Minister, were all negotiations with the local authority regarding a hall in the area to suit the purposes of the community exhausted before the department started this project?

The MINISTER. Mr Chairman, I am aware of the fact that investigations did take place before my department went ahead with this project. I am not certain about al the negotiations but I can make the information available to the hon member.

Housing Development Board/executive committee meetings

*2. Mr Y MOOLLA asked the Minister of Housing:

(1) (a)(i) On how many occasions have the (aa) Housing Development Board and (bb) executive committee of this board met since its inception and (ii) in respect of what date is this information furnished and (b) what decisions were taken by these bodies at these meetings;

(2) whether any decisions taken by the said executive committee were implemented prior to approval having been obtained from the Housing Development Board; if so, (a) why, (b) on whose authority was

Heated debate threatens as ...

74

B/day 20/5/88

Govt faces pressure for import curbs

GERALD PROSALENDIS
Financial Editor

PRESSURE for import controls appears to be mounting as the money market signals the possibility of more increases in interest rates.

Volkskas in its monthly Economic Spotlight yesterday urged government seriously to consider the introduction of selective import controls now.

Also, it is understood the issue was raised by some members of the State President's Economic Advisory Council which met in Cape Town yesterday.

And a leading economist said the Afrikaanse Handelsinstituut (AHI) would plead next week with government for some form of control to protect the balance of payments.

The issue threatens to blow into a heated debate involving government, the private sector, the Reserve Bank and leading economists. The imposition of import controls would be seen by many as a U-turn in economic policy and as the thin edge of the wedge for more controls.

A leading private-sector economist said: "The political consequences of higher interest rates are what lie at the root of the call for import controls."

The import-control lobby is offering these measures as an alternative to higher interest rates. It also says they will protect the balance of payments, stimulate economic growth via import substitution and create job opportunities — a view categorically rejected by many respected economists.

Volkskas chief economist At Engelbrecht said yesterday unnecessary consumer goods made up 15% to 20% of SA's imports.

"One example is luxury cars which, in spite of a heavy duty, are still coming into the country."

He said AHI at its annual congress next week would plead for the protection of the balance of payments by some form of control.

"This is common knowledge. We do not care if it does not go down well in certain circles. Some of the authorities will go along with our suggestions."

Anglo economic consultant Aubrey Dickman said: "Some believe that economic adjustments, through controls, can be made without cost and in a manner that will not affect our exports.

"However, SA has moved away from controls and has set its sights on market-orientated policies. Now we have to face up to the discipline of these policies. Rather than our economic problems being a result of monetary policy, they are the consequence of past political policies.

"Import controls would damage our trading relations at the very time when we are trying to keep the trade-ways open."

Standard Bank chief economist Nico Czypionka said: "The problem with the

● To Page 2

Govt faces pressure for import curbs

20/5/88

74 B/day

● From Page 1

balance of payments does not lie with rising imports. Rather it is our export performance that is weak.

"The call for import controls stems from a lack of understanding of our import structure. The bulk — 80% — of SA's imports are capital and intermediate goods, both essential to SA manufacturers.

"We are importing about R1bn worth of essential machinery a month.

"The effective way to curb imports is to curtail consumption and that is done by appropriate monetary policy, in this case real interest rates of 3%. Import substitution should be encouraged through a lower exchange rate.

"Direct controls are designed to avoid the consequences of past policies — but they catch up ultimately."

Some observers find it ironic that this debate should coincide with the arrival in SA of the annual IMF fact-finding mission, which would categorically reject import controls.

© JOFFE Investment Corporation would not approve he did not

'It would be major deviation in policy'

Govt rejects appeals for import curbs

(74) 8/day 23/5/88

FINANCE Minister Barend du Plessis has rejected calls for selective import controls, saying this would represent a "major deviation" from government thinking and policy.

NEIL JACOBSOHN

Du Plessis said yesterday the economic situation was not such that extreme action such as import curbs was necessary. He said: "Government is not contemplating more direct controls."

He was reacting to growing pressure from certain business lobbies to curb imports in a bid to to head off more rises in interest rates.

Volkskas, in its monthly Economic Spotlight, urged government to consider such controls. The issue was discussed by the Economic Advisory Committee last week and calls for curbs are expected at the Afrikaanse Handelsinstituut congress in Pretoria this week.

Du Plessis's dismissal of the calls will be widely welcomed by top economists who said direct controls would damage fragile business confidence and could threaten trading links.

Du Plessis said: "We have a number of options to consider and to implement before this major deviation from our thinking and policies should be contemplated."

A senior government source said those who called for direct controls failed to realise the implications. He said: "There could be serious trade and GATT repercussions. And, of course, policing import controls means another layer of bureaucracy and considerable cost.

"In any case, it is crazy to expect a bureaucrat to quantitively decide what are not essential imports. That should be a market decision."

A top Johannesburg businessman said there was a degree of orchestration to the calls for import controls. He said Volkskas had a major share of agricultural debt, which now totalled R14bn. He said: "Obviously, they would not like to see interest rates going up."

Comment: Page 4

But import controls would be a folly. He said: "At the time you are trying to avoid sanctions you are applying sanctions of your own."

Imposing import controls would merely deal with symptoms, as they did not reduce purchasing power, but merely limited spending choices. "And, in case case, government loses excise revenue when imports are stopped."

Doug Joliffe, of auditing firm Deloittes, Haskin and Sells, said government had, some years ago, embarked on a steady removal of import control. To bring it back now would be an about-turn.

If Pretoria wanted to start putting on the brakes by direct action it should consider removing the exemption facility for import surcharges.

TRADE

Govt outlines deal to cut imports, promote exports

Business Staff ARGUS 24/5/88 (74)

THE Government has given notice of a new commitment to local manufacture and design to cut imports and promote exports in the face of a deteriorating trade balance.

In this context, protection for importers of knocked-down and semi-knocked-down kits for local assembly is under review.

Import replacement is merely one part of a three-part strategy; the second being export promotion and the third development of the local market or "inward industralisation," said Dr T G Alant, Deputy Minister of Economic Affairs and Technology.

Opening a new factory in Johannesburg, Dr Alant said South Africa was still too dependent on imported goods and components.

"Many South African companies have in reality not passed the assembly stage," he said.

This left little opportunity for inclusion of local content and such operations often had a negative effect on the country's economy.

"GOLDEN OPPORTUNITIES"

Moreover, overseas licences limited many assembly operations in terms of their local purchasing or manufacturing of components.

In this context, the Government last year issued the second edition of *Manufactured In South Africa*, a publication which encouraged prospective entrepreneurs and existing companies to be aware of the "golden opportunities" which existed for the establishment of import replacement operations.

He referred to the Industrial Development Corporation's support for this campaign. The IDC had announced a special programme to support interested industrialists with viability studies and the provision of technical advice and financial support.

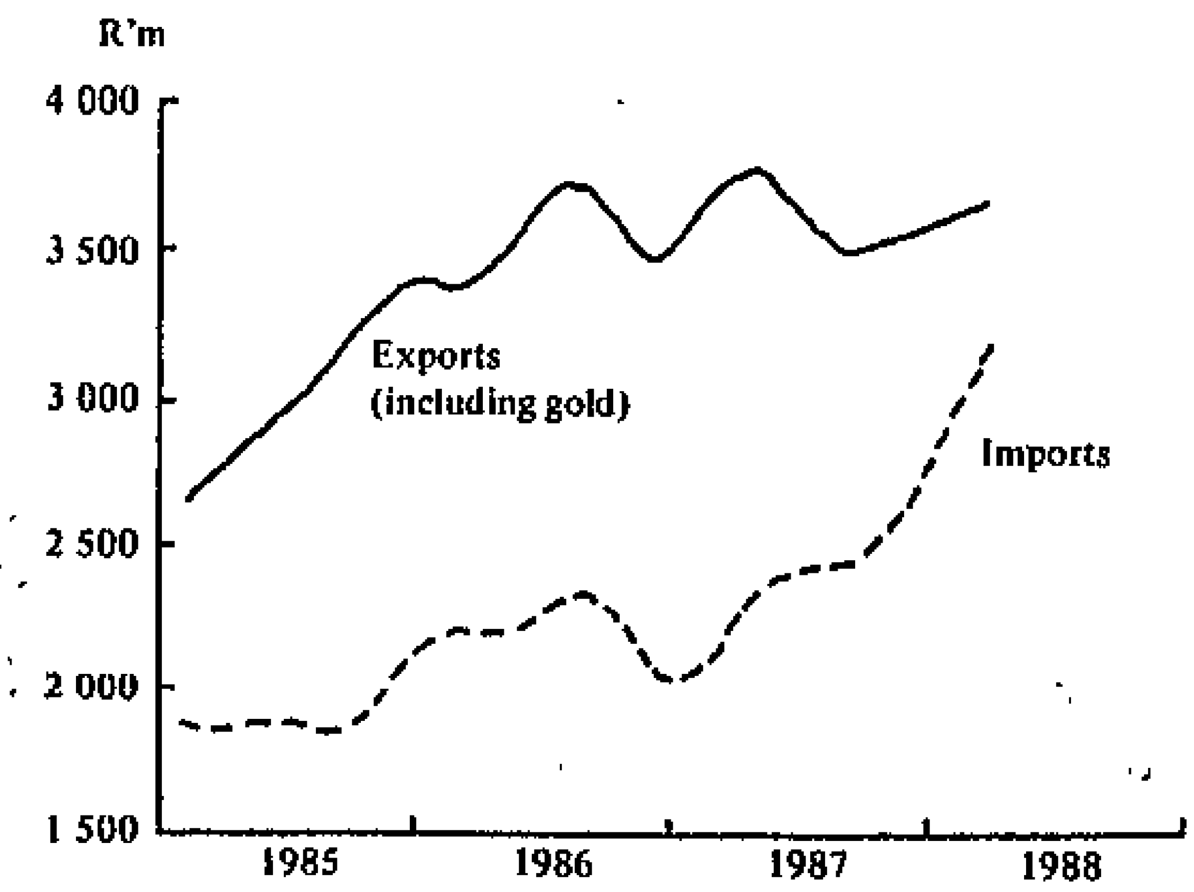
In addition, Government was giving increased priority to the development of technology. The recent re-structuring of the CSIR and other research organisations had been undertaken in this context.

"Similarly, the private sector can obtain cheaper State subsidised research and development in association with these research organisations," he said.

He believed these actions would not only promote import replacement and boost exports, but would enable the business sector to meet the growing needs of the local market as the pace of urbanisation increased.

Generally, he said, the economic situation had improved dramatically and this boded well for investment in the right production capacity.

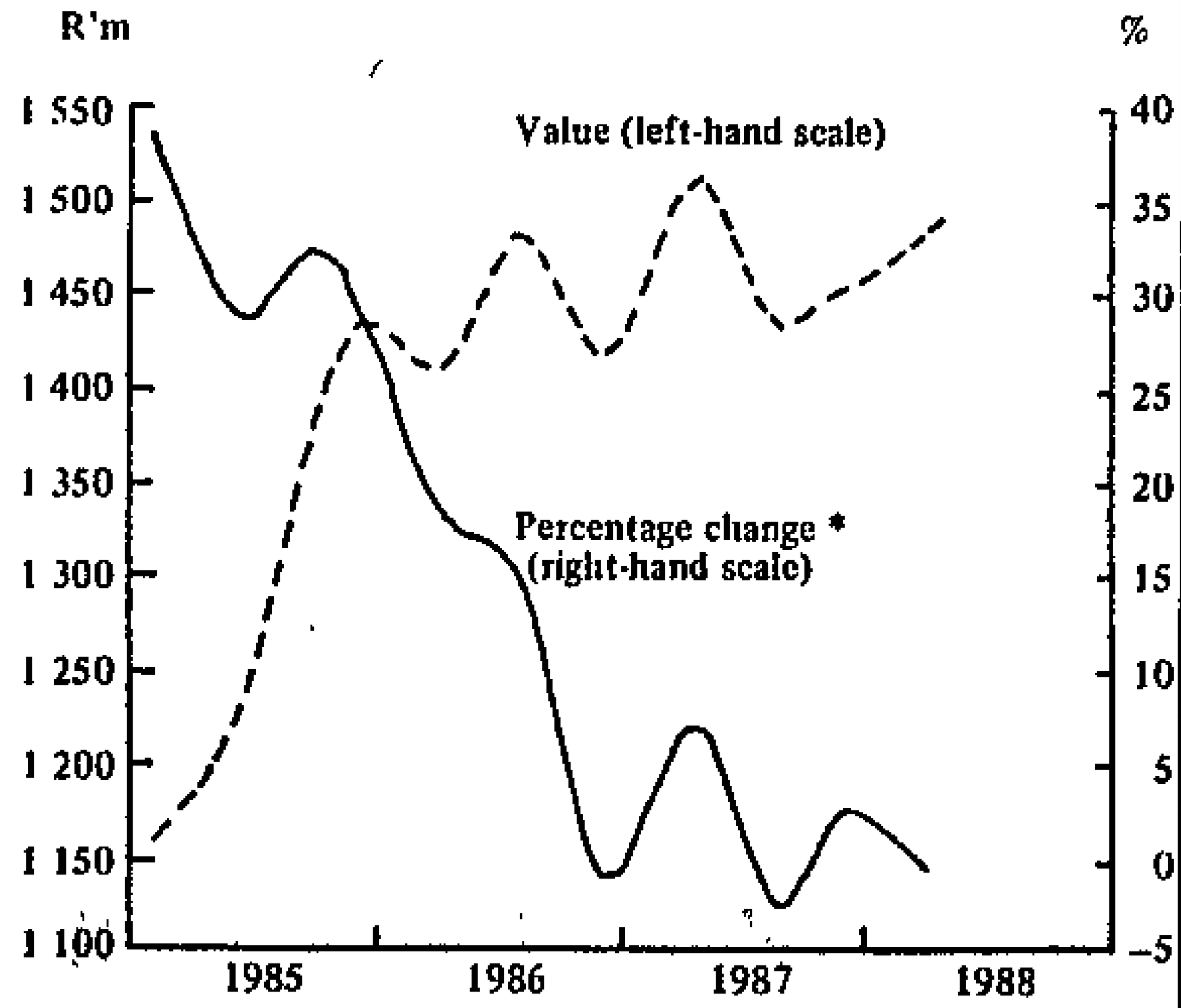
VALUE OF TOTAL IMPORTS AND EXPORTS



ABOVE: The gap between imports and exports is closing, according to Customs and Excise figures.

BELOW: The volume of gold exports is falling despite the advantages of a weak rand.

GOLD EXPORTS



* Monthly, compared with the same month a year ago

Source: Commissioner of Customs and Excise

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'Protect job-creators from cheap imports'

Cape Times 24/5/88 (74)

Investment Editor

A COMPANY which creates jobs is worthy of protection from the dumping of cheap imports, writes Bolton Footwear's chairman, W F de la H Beck, in the company's annual report.

At the same time, Budget Footwear's chairman, G D de Jager, writing in that company's annual report, says local footwear manufacturers cannot simply rely on government protection.

Beck says "an industry as labour intensive as footwear manufacturing should enjoy more protection from low-priced and often-subsidised imports if job creation is to receive the attention it deserves".

"Arguments that lower-cost imports contribute towards holding down inflation, are, in my opinion, theoretical when balanced against the value to the country from the benefits (of) job creation, and, particularly, when this takes place in rural areas."

Beck stresses that priority must be given to job creation, and more attention given to labour-intensive industries and the benefication of raw material.

Budget Footwear's De Jager points out that while SA has been forced to foster certain industries as strategic, the policy has spread to some which are not "realistically strategic", and there is thus the danger that "funds and efforts are unproductively employed in areas where no competitive advantage exists", writes our Durban correspondent.

De Jager said that dumping was another question which was difficult to prove, but it was obvious there was something wrong when goods were being sold at prices below the cost of the raw materials for local manufacturers.

Such a situation would demand import protection, he said.

De Jager expects the current reasonable level of growth to continue for most of the year, but to weaken in the last quarter.

Beck is more optimistic regarding the outlook for Boltons, and he expects the restructuring of the group to contribute significantly to growth.

AHI holds back on import curbs

BD (30) B/day 26/5/88

HELOISE HENNING

COLD water was yesterday poured on the motion introduced at the Afrikaanse Handelsinstituut congress (AHI) urging government to introduce selective import curbs.

The motion was not passed by the congress, which is meeting in Pretoria until today, but "referred to the executive (dagbestuur) as a matter of urgency", which effectively means the motion was given "to be read this day six months" treatment.

The motion says the curbs should be introduced on "unnecessary" imported consumer goods for a period of three years to protect the balance of payments and growth in the economy. It was proposed by the Pretoria Chamber and introduced by Santam economist Tom Moodie.

Speaking against the motion, Rand Merchant Bank economist Rudolf Gouws of the Johannesburg chamber said the net value of curbs was detrimental to the SA economy.

To Page 2

AHI sidesteps motion on import curbs

From Page 1

Gouws sided with Finance Minister Barend du Plessis who said earlier this week that mere talk of import curbs would accelerate importers to avoid future curbs. Du Plessis said curbs deviated from government policy.

Gouws told the congress import curbs would be treating the economic crisis symptomatically.

Moodie argued curbs on imported consumer goods were exact but Gouws replied it was impossible to quantify the effects that curbs would have on the economy.

Government last year earned R2,2bn on import duties, of which half came from consumer goods. Were this source of income to be stopped, the spiral of higher taxes, higher interest rates, and higher inflation would follow and lead to a drop in living standards.

Curbs would cut international competition with local products and create an artificial scarcity. Expensive local substitutes would be attributed to capital expenditure and every rand saved on foreign goods would be spent locally with resultant price inflation.

Next contenders for curbs would be crying for price controls, said Gouws.

See Page 5

Call for import control to enable debt repayments

BIdey 26/5/88

PRETORIA — Part of government strategy to protect the balance of payments and stimulate growth in the next few years should be selective import control, the Afrikaanse Handelsinstituut's Tom Moodie said yesterday.

Moodie said SA had to maintain a R3bn balance of payments surplus to meet its overseas debt commitments.

It was clear protection of the balance of payments had to be high on the economic priority list for the next few years.

Economy

It was also clear, if current conditions continued, there was a danger the target R3bn would not be possible.

GERALD REILLY

This would have serious implications for the economy for the rest of the year and for the following two or three years.

Traditionally it could be expected a balance of payments deficit, which normally went with rising interest rates, would be compensated by a capital inflow.

However, under current circumstances this could not be relied on.

It was clear a short-term strategy should be implemented over the next three years, to protect the balance of payments and to stimulate growth.

This could be selective import control.

It could be used, for instance, against imports of luxury consumer items and consumer goods which were manufactured locally and which "we could do without for a time, without serious disruption or hardship".

The risk would have to be accepted, too, that the imposition of import control would meet a reaction from countries to which SA exported.

It would also be said controls would be a breach of international agreements and there would be a danger that international trade credit would be refused.

Imports

It was realised the recommendation of import control, particularly in an economy based on free market principles, was not ideal.

Capital and intermediate imports constituted 85% of the total.

However, the intention was that control be introduced for three years selectively on the remaining 15%.

To Page 2

New BTI formula coming

BDay 6/6/88

HELOISE HENNING

THE Board of Trade and Industry (BTI) is likely to propose a tax-based formula that will penalise or benefit motor manufacturers on their usage of foreign exchange under the proposed value-based local content programme, BTI chairman Laurence McCrystal says.

But the formula will not prescribe a percentage of local content value like the current formula which prescribes the use of 66% local content based on the vehicle's weight, he says.

BTI should have its proposed formula ready by the second half of the year, says McCrystal. However, it would still have to convince government of the implementation thereof.

McCrystal says the formula involved the restructuring of the whole industry and implementation of the plan has to minimise the shocks to the industry.

A foreign exchange usage-based formula would promote the manufacture of components currently being imported which could, without immense cost to the industry, be manufactured locally.

Local manufacturers are generally importing the high-tech, high-value, low-volume items.

The BTI Interim Report on Light Commercial Vehicles, which contains the proposal highlighted last week by Economic Affairs and Technology Deputy Minister Thoe Alant, is to be tabled in two weeks.

CHRIS CAIRNCROSS

Decision to slash excise duty . . .

A boost for jewellery manufacturers

Cape Times 14/6/88

By JON BEVERLEY

JEWELLERY prices will tumble following the government's decision to slash ad valorem excise duty from 35% to 20%. The drop, of about 12%, will come into effect in stages.

For those stores which pay the tax in advance the change will be later. For those which pay only on the sale the change can be immediate.

But the new rules will give a shot in the arm to the jewellery manufacturing industry.

Tim Davidson, executive director of the Jewellery Council, said: "We had hoped that ad valorem excise duty would be abolished completely but we are very happy with the steps announced."

Changes

The changes will allow:

- Manufacturing jewellers to buy gold on credit from the Reserve Bank, instead of paying in full in advance;
- Sawn and cleaved diamonds to be imported free of duty (previously the duty was 25%) which is seen as a considerable boost to the diamond cutting and setting industry;
- The changes will free the export of jewellery with a lower level of added value, such as chains, and
- Changes were made earlier this month which governed the amounts, and control, of raw gold held by a manufacturer.

Davidson said that the export incentive system was being examined to see how jewellery manufacturers could be encouraged to export.

More details of the government's proposals are expected when Kent Durr, Deputy Minister of Finance, opens the industry's trade fair in Johannesburg later this month.

The industry has long campaigned for the government to make it possible to process the precious metals and stones which are exported with limited added value.

It points out that Italy, without a single gold mine, makes over 200 tons of gold a year into jewellery; Israel and India without a single diamond mine between them process over half the gem diamonds mined (4,6m carats) in SA and Japan uses nearly half (900 000 ounces) of SA's platinum exports to make jewellery.

But setting up a local jewellery industry will need heavy capital investment in machinery and training, or "buying" abroad, of technicians.

According to Gold 1988 — the authoritative review of the gold industry — SA made 2,2 tons of gold into jewellery last year out of a world total of 1 300 tons of jewellery.

- CHRIS CAIRNCROSS writes that the restrictions hampering the jewellery manufacturing industry have been changed following a Board of Trade and Industry (BTI) investigation.

This pointed out that the industry had declined following constraints imposed mainly to protect the balance of payments.

Counterparts

But the BTI points out that the SA jewellery industry enjoys no comparative advantage over its counterparts elsewhere because although the gold and diamonds it buys are produced in this country they are sold at prices established on world markets and quoted in foreign currencies.

Because of this, the BTI concludes that the margin wherein a competitive position would have to be created is between 10% and 40% of the selling price. This margin consists of the intermediate inputs and value additions, such as labour.

Where the BTI recommended that the 35% ad valorem excise duty on jewellery be abolished, government has cautiously chosen to reduce this to 20%.

Excise duty cut on jewellery welcomed

KR 14

3/7/16/1/XY

A cut in *ad valorem* excise duty on jewellery will benefit local jewellery manufacturers, but consumers will benefit only in the long run, the Jewellery Council's executive director, Mr Tim Davidson, said yesterday.

He was reacting to a Government announcement tabled in Parliament last week, which cut the excise duty on jewellery from 35 to 20 percent and allowed local manufacturers to buy gold at cheaper prices locally.

The price reduction will permit South African jewellery manufacturers tomeet foreign competition.

Mr Davidson said he was disappointed the duty was not abolished.

His call was supported by the Board of Trade and Industries in Parliament, which recommended in its annual report the total abolition of the excise duty.

However, Mr Davidson said the concessions would alleviate some of the problems of the local jewellery and diamond industry.

"Gold will be available through commercial banks on credit to manufacturing jewellers; this should stimulate jewellery exports from South Africa," Mr Davidson said.

Mr Theo van der Merwe, public relations officer of the Board of Trade and Industries, said while the 15 percent reduction in the excise duty was an adequate boost for the industry for the time being, "total abolition should be considered in due course".

amongst its members. I entertained the

kept on as Chairman of the Ministers' Council.

TV industry faces major overhaul

74

B/day 16/6/88

HELOISE HENNING

THE SA television manufacturing industry is due for a major shake-up when its four years of "excessive" protection comes to an end this year.

The Board of Trade and Industry, which has just released its findings on the giant foreign exchange-using vehicle manufacturing industry, called for a change in the local content programme and rationalisation in its componentry usage and models. BTI is to sit down with television manufacturers on June 29.

BTI estimates the annual imports of the television manufacturing industry in 1987 to be around R200m.

The meeting comes a year after BTI dropped ad valorem duty by 28% from 35% to 7% in the form of rebates on the use of locally scourced components in television manufacture. Further rebates of the remaining 7% were offered on electronic parts sourced locally.

Registered manufacturers also had to become cosignatories on a committee to develop a "local chassis" for a monochrome set, which traditionally has a larger share of the SA market.

It is believed the local chassis design, which was tendered for, did not go to any manufacturer in particular. This will be one of the points on the agenda and the industry considers it a "sensitive issue".

BTI chairman Lawrence McCrystal says the four year experiment to turn around the television industry's poor contribution to the economy because it was almost entirely based on imports comes to an end this year.

"The board's view in 1984 was that if the experiment failed tariff protection should be removed.

"It will be difficult to achieve the large volumes and concomitant lower prices unless there is a measure of standardisation of components, because of the small local market.

"What inhibits local content is the desire of the overseas suppliers to continue to supply components to the RSA and the apparently limited ability of the local component manufacturers to supply the range of components required at competitive prices."

Last year the monochrome market was 116 000. A further 130 000 tubes are imported annually by the computer industry. There is no local production of monitors, which are imported with a negligible ad velorum duty of 12%.

One local component manufacturer who is geared to produce monochrome television tubes, which make up between 40%-50% of the value of a television set, says he has been frustrated in starting manufacture because only one local manufacturer was willing to buy the tube.

Sponsors tax rebate slashed

Economist advocates use of import controls

Star 11/7/88

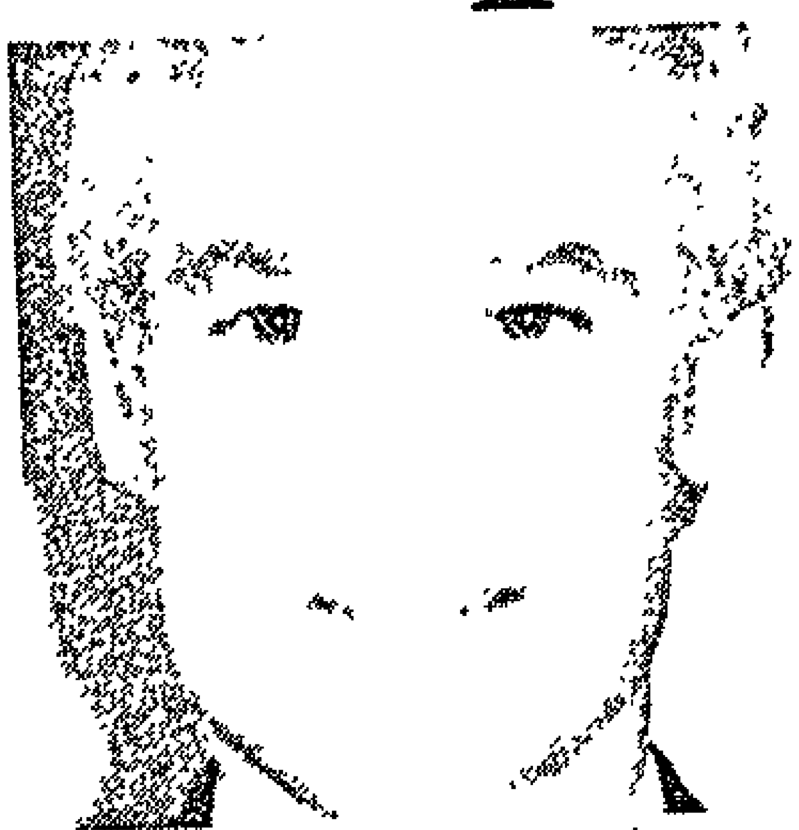
74

By Sven Lünsche

A leading economist has called for more direct measures, including selective import controls, to control economic growth, rather than "blunt" instruments such as increases in interest rates and currency depreciations.

Echoing recent similar calls by Volkskas economists, Senbank's chief economist Dr Johann du Pisanie writes in the bank's latest *Economic View* that the use of interest rates and the currency to limit imports by restraining domestic demand is unacceptably expensive.

"Increases in rates not only depress consumption, but discourage investment and increase the interest burden on the existing debt of consumers, businesses and government, thus creating adverse and uncalled-for side effects," Dr du Pisanie says, adding that consumer spending is slow in reacting to changes in rates.



Dr Johann du Pisanie

"The private sector's total debt to the banking sector amounts to about R62,6 billion and any increase in the interest payable on that amount will reduce profits or will have to be recouped from higher prices.

"Lower profitability will discourage further new employment, as well as investment in stock and fixed investment," Dr du Pisanie says.

He says the economy has not yet reached the point of being overheated — the year-on-year increase in real gross domestic product (GDP) from the first quarter of last year to the first quarter of 1988 was a mere 2,7 percent — and that these measures are too unselective and too slow to solve the problem without hampering growth in general.

"Moreover, foreign demand for South African exports is fairly insensitive to exchange rate fluctuations as 70 to 80 percent of the prices of export products on international markets are determined in foreign currencies," Dr du Pisanie writes.

He concludes that South Africa, therefore, needs policy measures specifically aimed at limiting imports of certain products, which are coupled with the sharp increase in consumer spending on durables.

He lists four different measures:

- Shortening the repayment period for new hire purchase and lease contracts and, if necessary, further increasing the deposits required.
- Increasing tax on fringe benefits necessitating the use of foreign currency.
- Instituting or increasing import duties for less essential consumer goods and the parts needed for their manufacture.
- Selective import controls if a crisis situation over the current account of the balance of payments arises, despite other measures.

"Import control has the important advantage that it can be selectively applied and that it will reduce the volume of imports almost immediately," Dr du Pisanie says

"This measure is opposed by the authorities and the free-market economists, but the fact is that South Africa simply cannot afford to ignore any option simply for ideological reasons," he says.

De Kock rejects demands for import controls

(44)

Star 6/7/88

By Sven Lünsche

Reserve Bank governor, Dr Gerhard de Kock, yesterday hit out at demands for selective import controls to protect the balance of payments.

Addressing the Rotary Club of Durban, he said it was fallacious to believe that economic ideals could be attained "by telling the world to go away and by turning the country into a siege economy through the imposition of direct controls, such as import restrictions, bank-credit ceilings and price and wage controls.

"Such an approach would be a recipe for disaster.

"In the long run, economic isolation will most certainly mean lower economic growth and a lower standard of living for all population groups than would otherwise have been possible," Dr de Kock said.

He added that it was crucial that political and economic reform move forward simultaneously.

"A major prerequisite for continued foreign financial and trade relations with South Africa remains a strong government which can maintain law and order and thereby create the climate for economic growth.

"But it would be equally naive to believe that South Africa can maintain the domestic political status quo indefinitely and still achieve optimal economic growth and stability," Dr de Kock said.

(74) Bday 13/7/88

Pep Stores slams import controls

LINDA ENSOR

PEP Stores experienced severe difficulties in the procurement of textiles in the 1987 financial year, chairman Christo Wiese said in the annual report.

MD Basil Weyers explained the problem, saying while output from local mills was totally inadequate, the group experienced "great difficulties" in obtaining import permits".

"Compounding this, totally unrealistic duties on knitwear imports were introduced during the financial year. Again, local capacity is insufficient to meet demand and we were forced to import, resulting in sharp price increases which our customers can ill afford."

However, sales and profitability increased "satisfactorily", Wiese said, while earnings per share climbed 44,3% to 129c (89,4c) and the dividend by 20% to 48c (40c). The operating margin improved slightly to 10,83% (10,46%).

Wiese said the reduction in consumer spending had a positive impact on the group, as it resulted in down-trading.

"There remains much room for expansion within our current field of operations and I have no doubt we will at least maintain our growth rate in sales and profitability for the current year."

However, Wiese warned that the group would become liable for a higher tax rate next year — as the assessed losses of some subsidiaries ran out — but he was confident of maintaining dividend payments in excess of the inflation rate. The group had assessed losses of R63,8m.

The return on capital employed jumped to 50,85% (30,19%) and debt:equity dropped to 6% (18%).

Pep Manufacturing — the group's clothing and textile manufacturer — continued to make a growing contribution to group profits, Wiese said. It contributed 20,5% (16,37%) of operating profit.

Store expansion proceeded, with 66 new branches being added to the group — 36 Pep Stores, 26 Ackermans branches and four with associated companies.

Construction of a new R11m high-tech warehouse in Kuils River — scheduled for completion this year — began.

In addition, Pep Stores formed a black-majority-owned public company, Pep Stores Reef, to establish retail outlets in black residential areas. The first was set up in Vosloorus on the East Rand.

Import curbs could stunt country's economic recovery

By TOM HOOD
Business Editor

Argus 9/8/88

NEW import controls and a tighter credit squeeze are on the horizon as the government tries to fight a balance of payments crisis threatening the country's gold and foreign exchange reserves.

Combined, the curbs could seriously restrict the country's economic recovery.

The Minister of Finance, Mr Barend du Plessis, confirmed today that the government is considering imposing import controls.

And the Reserve Bank governor, Dr Gerhard de Kock, said in a television interview that the credit curbs announced in May to cool the economy were being reviewed by the monetary authorities and could be tightened.

Dr Jan Hupkes, professor of management economics at Unisa, said South Africa was having to repay foreign debt out of its reserves and this was putting intense pressure on the rand.

Foreign trade reports show imports, particularly of machinery, have soared in the past 12 months — a normal event in an economic upswing. But exports have been stagnant.

A R6-billion surplus a year ago has been wiped out and the balance of payments is in deficit to the tune of about R400-million, estimates Old Mutual's chief economist, Mr David Mohr.

"The country needs to run surpluses of around R2-billion to R3-billion a year to meet its foreign debt repayments," he believes.

Extensive import control measures would hit local industry and the higher bill would inevitably be carried by the consumer, said Mr Colin McCarthy, director of the Cape Chamber of Industries.

Economists say the government must either raise interest rates to punitive levels or control imports if it is to protect the reserves.

Commerce and industry may not like curbs on imports but will probably accept them as the lesser of two evils, they believe.

Dr Hupkes said South Africa had a "hole in the bucket" economy which made it necessary to curb spending on imports to conserve foreign exchange.

Balance of payments crisis looms

Import curbs on the cards — Du Plessis

4/8/88

BDay (74)

By NEIL JACOBSOHN and GRETA STEYN

GOVERNMENT may reluctantly have to impose limited import control measures to head off the looming balance of payments (BoP) crisis, says Finance Minister Barend du Plessis.

And Du Plessis also agreed pressure on the foreign reserves was now SA's biggest economic problem, with the state of the BoP severely restraining growth potential.

In these circumstances, Du Plessis said: "It may become necessary to extend import controls ... government will not be in a position to turn a blind eye to it."

He also confirmed that more measures to curb domestic demand were being considered.

"We definitely do not rely solely on interest rates to effect the necessary adjustments. We shall react in terms of other measures once firmer figures indicate the desirability of such action."

Government was sensitive not to overkill the economy and would act only once it had reliable data. Du Plessis was, thus, awaiting latest economic indicators before deciding on steps to cool the economy and to curb imports.

But since SA no longer had access to foreign capital, which in the past carried the economy through periods of substantial deficits on the current account, policy makers had to look at imports and exports as the main variables determining the state of the current account.

Some import controls were already in place. But government was reluctant to support a dramatic extension of direct import controls "for the simple reason that you would need a massive bureaucracy".

Du Plessis said this implied that "some bureaucrat somewhere will know exactly how much of a certain item should be imported. We have the type of economy which doesn't lend itself to that kind of assessment by even a whole plethora of bureaucrats, or even sophisticated systems".

If it became necessary to limit imports, options open to government included:

- Raising the 7,5% surcharge on some goods;
- Reinstating the surcharge on a wider range of products;
- Imposing tariffs to discourage imports;
- Direct import controls.

Du Plessis said any action would have to be taken with Gatt commitments in mind.

As regards exports, SA had to explore and develop every possible market.

Longer term, the economy would have to be directed towards activities which were less import intensive, which made urgent inward industrialisation eminently good sense.

● Anglo American senior economic consultant Aubrey Dickman on the balance of payments — Page 6

Government considering import curbs

74

By Derek Tommey

The Government is considering imposing import controls.

The Minister of Finance, Mr Barend du Plessis, is reported to believe that these measures will be soon be needed to stave off a balance of payments crisis.

Foreign exchange reserves have been hard hit in recent months following large purchases of imports and substantial capital outflows which have also put intense pressure on the rand.

In order to curb imports and preserve vital foreign exchange, the authorities can either raise interest rates to punitive levels or control imports, say economists.

Commerce and industry may not like curbs on imports but will probably accept them as the lesser of two evils.

Mr du Plessis is reported to be considering:

- Raising the 7,5 percent surcharge on some goods.
- Reinstating the surcharge on a wider range of products.
- Imposing tariffs to discourage imports.
- Direct import controls.

B/Day 20/10/88 74

'Only form of outside finance available to SA'

Stals urges use of foreign trade credits


● STALS

SA IMPORTERS should make use of foreign trade credit facilities as far as possible to ease the pressure on the balance of payments (BoP), Finance director-general Chris Stals said yesterday.

Speaking at the annual convention of the SA Property Owners Association in Durban, Stals said all importers did not always make use of foreign finance.

Trade credit, in the form of suppliers' credits, export agency finance or through the banking system, was the only form of foreign finance available to SA today.

GRETA STEYN

The authorities had recently been worried about the rate at which credit was extended to the private sector, facilitating switching from foreign to domestic sources of finance. Against the background of rising interest rates in the major industrial countries, it had become necessary to raise Bank rate last week.

Importers should make use of foreign trade credits to ease the capital outflows on the BoP in the short term. Large outflows on the capital account during the past 2½ years had all but absorbed large surpluses on the current account of the BoP.

Total net outflow of capital from SA in the second quarter of 1988 had exceeded R2bn, of which only R520m represented debt repayments inside the net, and more than R1,5bn apparently occurred "outside the net". This included the leads and lags effect of the switching of trade finance between SA and foreign sources of finance.

"It is therefore the volatile and unpredictable element of the capital account, representing inflows and outflows outside the net, that places the major constraint on the BoP at this juncture," Stals said.

Turning to the economic upswing, he said the recovery had been stronger than the country could afford, given the BoP constraint.

However, there were clear signs that the cyclical upswing in the economy had recently levelled off, and both expenditure and production trends had lost their momentum during the second quarter of 1988.

(74) B/Day 18/8/88

Curbs on imports attacked

THE latest hike in interest rates combined with the depreciating rand should prove sufficient to improve the balance of payments (BoP) position and render import curbs of any kind unnecessary, the Federated Chambers of Industries (FCI) and two leading bank economists said yesterday.

They were reacting to Finance Minister Barend du Plessis's announcement to Business Day that government may have to impose limited import curbs to further protect the country's BoP.

"Rather than consider this option, it's more important government sticks to its spending targets," said one economist, who declined to be named.

"Imposing import curbs will treat the symptoms instead of the cause of our problems."

The FCI said it fully realised the importance of protecting the state of the balance of payments in order to secure a sound base for future economic growth.

FCI executive director Ron Haywood said monetary and fiscal measures were preferred rather than direct import controls.

He said: "The FCI recognises, however, further measures may have to be implemented in the near future to avoid the interest rate levels of 1985/86."

Stanbic economist Nico Czypionka said import curbs of any kind would create serious distortions in the economy.

Import curbs would be applied chiefly to consumer goods, which represented only 20% of imports.

But Adam Jacobs, economist for Volkskas — which has long been pleading for selective import controls — said the severe restraints on SA's trade as a result of sanctions and the fact that it had no access to foreign capital made import controls essential, although they were not desirable in normal circumstances. — AP-DJ and Sapa.

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Monetary policy a bungled record of too little too late

10/8/88 B/Day

Import controls would only add more distortions to an economy already twisted by political ideologies, says HAROLD FRIDJHON

THE THREAT of probable import controls does not mean that a positive interest rate policy fails to protect the gold and foreign exchange reserves. It is an indication that government has failed to use the interest rates mechanism effectively to nurse the current account of the balance of payments back into health.

And government reluctance to follow an effective interest rate policy stems from the politicians' lack of understanding of the interst rate mechanism.

What they do understand is that high rates invoke bleats of pain from their constituents and that assuaging them has a greater priority than setting the economy on a firm foundation. Rather they choose the quicksands of controls.

Monetary policy since the beginning of this year has been a bungled record of too little too late because of political timidity; a fear of raising Bank rate timeously to make the adjustments necessary to meet changing conditions.

At the beginning of the year, after the first one percentage point rise in Bank rate, when it had become apparent that demand for credit was straining real resources, Bank rate should have been moved up frequently. A half-point at a time could have been sufficient to damp down excessive demand, because of the psychological effect of an escalating Bank rate.

The fact that the growth in gross domestic product slowed down during the second quarter, according to Central Statistical Services, did not mean that demand had dropped. It can be assumed that demand was still very strong, as the increase in bank advances — and the money supply aggregates — show only too clearly. Higher interest rates would have retarded that growth.

The one-percentage point rise in Bank rate in May was insufficient to put a halter on demand, because of the three-month gap between Bank rate rises — the public had adapted to the higher level of rates. In May shock tactics were needed, but the politicans were, apparently, more concerned about the October elections than they were about the current account of the balance of payments.

The economy has been allowed to drift into a state of crisis because of political expediency. Kragdadigheid does not make a government strong if it is influenced by whimpers from every lobby.

High interest rates are ruinous, complain the farmers. High interest rates are inflationary, say consumers — a fallacy which those in authority take no steps to dispute. High interests inhibit growth, claim some entrepreneurs.

But rates need not remain at Himalayan peaks. They act as icepacks to bring down a feverish temperature. In real terms, high rates cool down demand, encouraging savings and, at the end of the line, remove strain from the current account of the balance of payments.

What is needed is fine-tuning of the economy, not an attack on the machinery with a monkev wrench.

The Reserve Bank is accused by some of printing money. The output from its presses would be curtailed if the price of that money were high. Buyers of money — the banks — would be reluctant customers, just as their customers would, in turn, be reluctant buyers. But there is always a demand for "cheap," under-priced money.

But money must not be cheap when the wealth of the nation has been diminished because it has been living beyond its resources. And SA has been living beyond the limited resources it can generate as a result of its partial isolation from the rest of the world.

The solution to excessive spending is not to further this isolation by disrupting trade relations, as import controls would do, but to apply restraints within the economy by using the money-pricing mechanism.

Import controls will only add more distortions to an economy already twisted by its political ideologies. No matter how carefully or sympathetically they might be applied, import controls have the effect of transferring business decisions from business people to bureaucrats, from traders to technocrats, who will decide which and what may be bought from abroad.

Of about R30bn worth of imports, some 80% is machinery and plant, and raw materials and intermediate products for industry. Bureaucratic fingers cannot touch these without damaging local production. This figure includes motor vehicle components, but the exchange rate and a positive monetary policy would curb demand for these products.

This leaves R6bn of other imports, among them luxury goods, other essentials — which officials might deem not to be essential. What permits will be allocated, and to whom and by whom, using what criteria?

These permits and the goods that are imported will have to be policed to ensure that the trade in permits and other abuses, rampant in the previous days of import control, are not repeated. A corp of clerks and inspectors will have to be recruited — at a time when public service expenditure must be curtailed.

After all the bureaucratic superstructure has been paid for, and the basic imported needs of the economy have been met, what real savings will have been achieved? Imports can be reduced just as effectively and at less cost through an efficient, sensitive monetary policy.

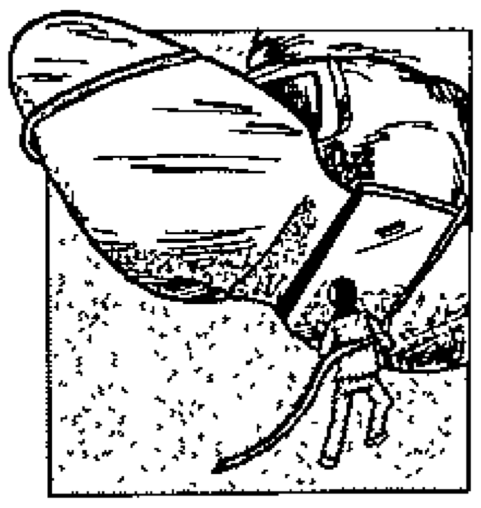
The current account of the balance of payments should present a better picture in the third quarter. The swollen imports in the second figures should be reduced, because much of the importing was to lay in stocks ahead of the Dukakis threat of increased sanctions and a fear of the rand depreciating further.

A new threat to the import bill, however, comes from Finance Minister Barend du Plessis. His statement last week will have importers storming their banks and bombarding their suppliers to ship immediately in order to get goods to the ports before the control barriers come down.

ECONOMIC POLICY

Now for internal sanctions

As the BoP deteriorates, dirigiste "solutions" find favour



Have our economic mandarins joined the sanctions lobby? That's one conclusion to be drawn from the announcement last week by Finance Minister Barend du Plessis that he is thinking — however reluctantly — of extending existing import curbs in ways yet to be specified to protect the seriously deteriorating balance of payments (BoP) position.

That Du Plessis could even *consider* cutting any of our remaining tenuous trade links with the rest of the world — because that is really what import curbs mean, though the minister would hotly contest this — is testimony to the gross failure of the economic and political policies that have brought us to this sorry pass.

It is not that we have lacked directives — only direction. Reserve Bank Governor Gerhard de Kock pointed the way with the findings of his Commission of Inquiry into the Monetary System and Monetary Policy in SA, set up in 1977 and completed in 1985. He has consistently argued that market forces are the most efficient allocators of resources. And foreign exchange is a resource.

However, despite his crucial role as central banker, De Kock has never entirely succeeded in putting across his economic philosophies. Instead he has been an economic Gulliver — strapped down by sectional lobbies and red tape. Most powerful of all these lobbies is that of those who seek controls over everything — an inheritance from the socialist government that came to power in 1948. In a society committed to control in almost every sphere of our political, cultural and economic lives, freedom is perceived as a dangerous concept. So De Kock's achievements in the sphere of monetary policy have been *despite* those powerful men who feel more at home with direct controls.

Now, it seems, their views are gaining ground. De Kock has tightened monetary policy and interest rates have risen to more realistic levels. But, to prevent further pressure on interest rates, other — more ominous — moves are in the pipeline. Is some kind of political equation being proposed, with October in mind? Probably.

After telling us for months that consumer demand is slowing — and further interest rate increases were not necessary — Du Plessis announced last week that "it may become necessary to extend import controls." He did qualify this by pointing out that any dramatic extension of existing controls would require "a massive bureaucracy." So the move may be more of a gesture to those who have been pressing for measures other than higher rates. But this in itself reveals the political component in our decision-making and highlights the priorities of policy-makers.

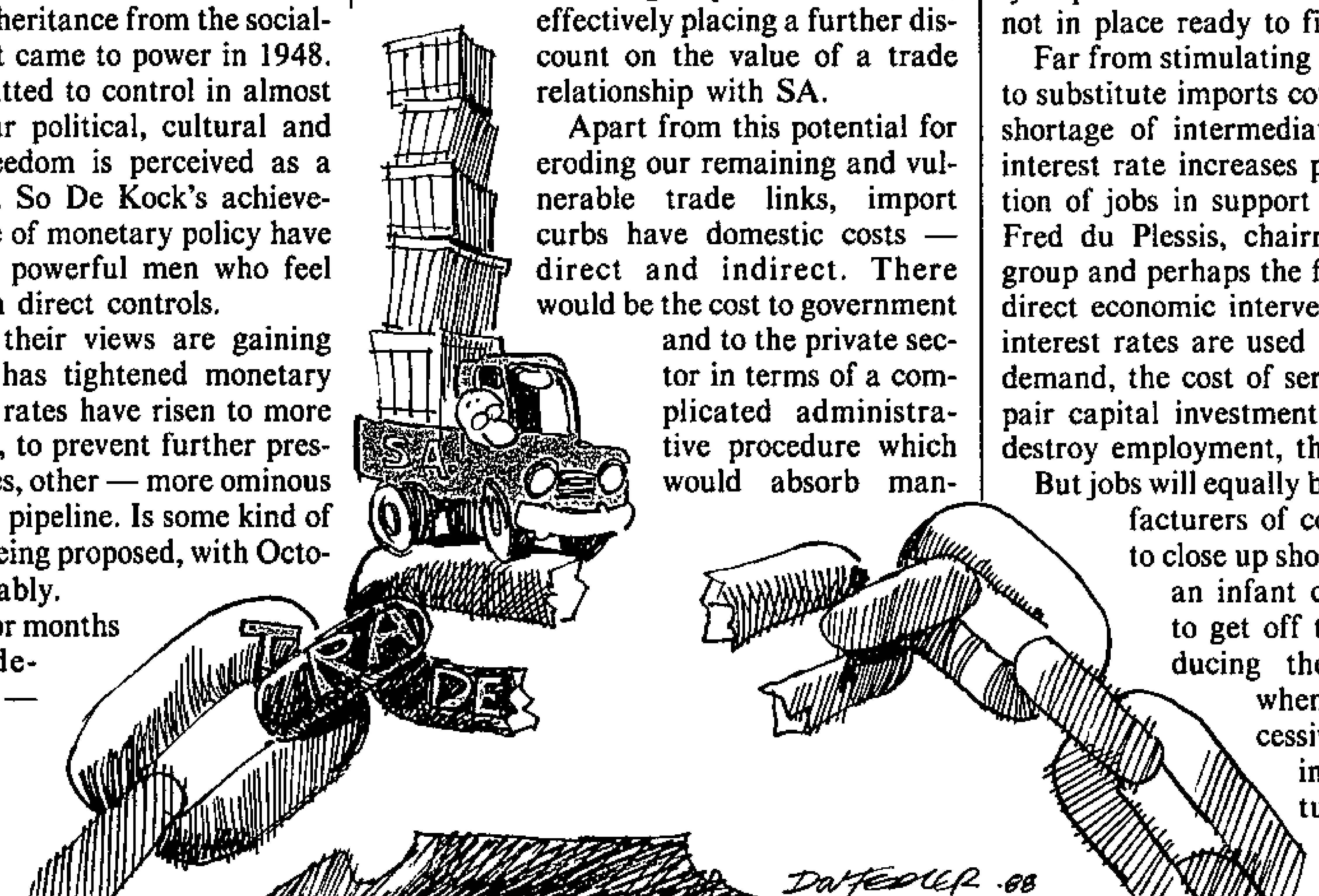
And since when has the creation of new "massive bureaucracies" been any obstacle to the Nats?

Du Plessis may avoid politically unpopular measures — with direct curbs on imports and probably also direct curbs on credit — but he will not solve the problem. In fact he will compound it by drawing unwelcome attention to the issue of SA trade.

Critics of higher interest rates point to the cost they impose on the economy in terms of growth. But import curbs also come with a price tag — and it is far higher than many think.

In our siege economy, the most important would be the effect on our remaining trade relationships. Not that we would be in contravention of Gatt — to which we have been signatories since its inception in 1948. According to Assocom foreign trade secretary Bess Robertson: "In terms of article 12 of the agreement, if a country's BoP runs into deficit, it can impose immediate import controls, subject to subsequent approval by the International Monetary Fund."

Nevertheless, with trade links highly sensitive to international public opinion, we *would* be introducing import disincentives, effectively placing a further discount on the value of a trade relationship with SA.



Apart from this potential for eroding our remaining and vulnerable trade links, import curbs have domestic costs — direct and indirect. There would be the cost to government and to the private sector in terms of a complicated administrative procedure which would absorb manpower and time. There *is* an existing permit requirement for certain types of goods — so some of the machinery of administration is in place. But there would be a significant cost to the taxpayer in extending and maintaining it. That was what Du Plessis meant when he spoke of "a massive bureaucracy."

That would not be the end of it. There would be further costs to the community — shortages of consumer and intermediate goods. Much is made of the benefits to business of providing import replacement activity; and no doubt there would be spinoffs. But there is absolutely no guarantee that the net effect would be beneficial. In fact there are those who believe we have already reached the limits of our ability to replace — look around your desk and see what is locally produced.

Harry Zarenda, senior lecturer in economics at Wits, who has researched trends in import substitution between 1920 and 1985, says: "We mustn't forget that the decline in the exchange rate since the early Eighties has in itself provided protection to local manufacturers, and a measure of import substitution has been taking place. Given the structure of our industry, there is not much scope for further immediate substitution. In fact most recent research has shown a reversal during the first five years of the decade in certain categories, among them consumer goods like clothing and footwear. This points to inefficiencies of the industries concerned because of the protective policies of the past."

Even should import substitution eventually be possible on a wide scale, substitutes are not in place ready to fill the gap.

Far from stimulating industry, an attempt to substitute imports could stultify it with a shortage of intermediate goods. Critics of interest rate increases point to the destruction of jobs in support of their arguments. Fred du Plessis, chairman of the Sanlam group and perhaps the foremost advocate of direct economic intervention, insists that if interest rates are used to modify consumer demand, the cost of servicing debt will impair capital investment. This, in turn, will destroy employment, the argument runs.

But jobs will equally be destroyed if manufacturers of consumer goods have to close up shop while they wait for an infant components industry to get off the ground. And reducing the supply of goods when the demand is excessive will lead to higher inflation — and, in turn, higher interest rates. Import controls will increase,

(74) FM 12/8/88

not reduce, the need for tight monetary or fiscal policy. The delay will be costly and simply defer the inevitable.

There are other consequences. Says Anglo American economist Jim Buys: "A higher cost structure, with its implications for inflation, will eventually affect the competitiveness of exporters." So what we gain now on the swings, we will ultimately lose on the roundabouts.

What would be the immediate gains?

Much depends on the proportion of our imports which are dispensable. It is commonly estimated that about 20% of imports are consumer goods, while the rest are capital and intermediate goods. However, this does not clarify the situation: not all consumer goods can be dispensed with and many of the intermediate goods are used in manufacturing consumer items.

A more illuminating analysis comes from Nedbank chief economist Edward Osborn. On the basis of research conducted in 1984, he estimates that 21% of imports are totally dispensable and 24% replaceable or substitutable. However, even this analysis leaves open many practical issues.

Buys comments: "There is the problem of identifying accurately exactly what is dispensable and replaceable. If the definition is too wide, we will get significant forex savings at the risk of destroying producers of consumer goods who depend on imported components. If the definition is too narrow, it may be meaningless in terms of our BoP."

What of alternative policies to constrain demand — specifically, higher interest rates, depreciation of the rand, direct credit restrictions and promotional campaigns to dissuade people from buying imports? How effective would these be?

Considerable depreciation of the rand has already taken place and will in time restore the surplus by pricing imports out of demand. If time is too short to allow for this, then obviously there has been a failure in forward planning.

Credit restrictions are ineffectual because, if demand is strong enough, they simply drive borrowers and lenders into the grey market.

A promotional "buy SA" campaign, an approach favoured by Fred du Plessis, has limitations. The difficulty with an attempt to persuade people to import only what they need is that we actually need so much.

Of the potential solutions, only higher interest rates address the broader problem of inflation. Despite the recent respite which has decelerated the climb in CPI, inflation is the most pressing problem of the Eighties. The latest money supply figures indicate it will continue to be so for some time.

This has come about not because of the failure of De Kock's principles — but because they have not been properly applied. That the policy, announced in March, of allowing Bank rate to move more frequently and freely failed to materialise can only be attributed to the fears of many — in and out of government — that any rise in prime could only end at 25%. Having succeeded in the early Eighties in depoliticising interest rates, De Kock now appears to have difficulty in persuading the Cabinet that responsive official rates make for economic stability and that attempts to constrain market rates cause upward explosions that end who-knows-where.

The result has been a surge in money supply, with M3 growing in June by 24,9%, well over the target of 12%-16% set by the Bank; and a flow of payments for imports which is draining reserves.

In terms of economic policy as a whole, rates must be allowed to adjust the price of credit. This is the most effective way of eliminating anomalies of supply and demand which feed inflation — and it will automatically address the deficit on the current account.

In terms of the peculiar set of circumstances that have created the present BoP "crisis," the only solution is political. Until we have access to offshore credit, we will not return to a state of economic normality. And until we introduce sanity into our political decisions, we will not restore our lines of credit. So any attempt to extend import curbs is pointless at best and destructive at worst.

The issue, of course, is far wider. At stake is the principle of allowing markets and not politicians to allocate resources. It would be a tragedy if the variety of looming curbs proved a watershed in official economic policy. The Italian shoes you may not be allowed to buy tomorrow may well mean, a little way down the line, the loss of a market for what you have laboured to make. The cost of your money is going to be very high in any case. ■

Straight to the heart

14

At university, I once had a roommate who kept two large jars on his desk — one filled with caffeine pills and the other with valium. As required, the caffeine pepped him up and the valium brought him back down.

A news item reminded me of my old roommate. The Minister of Finance was considering import controls "to head off the looming balance of payments (BoP) crisis" and "awaiting latest economic indicators before deciding on steps to cool the economy and curb imports."

Du Plessis ... hot and cold

The minister has an unusual job. We pay him to respond to problems that *he* creates. He "overheats" and then he "cools." This is what my old roommate did — the difference being that my roommate hurt only himself.

If the minister wants to cool the economy, further import controls will do the trick. It's stupid — and I know he's reluctant to do it — but as one editorial stated, it's "a measure of the depth of crisis into which the country has been plunged by its debt problem."

We have all had our incomes reduced by nonsensical economic policies because people in high places think that paying off foreign debt should be a group effort.

Rarely a day goes by when somebody doesn't bemoan that "the debt" can't be paid with a weak rand, high imports and sanctions. Most of these speeches are just silly repetitions of conventional ignorance.

First of all, it's not a single debt but a multitude of debts owed by government, public and private companies and individuals. There is no need for any special collectivist effort to make repayment possible. They could get themselves out of it if the government would just get off their backs.

The government will finance payment of its foreign debt by taxing, borrowing domestically and — unfortunately — inflating.

In each case, this will require the sale of rands to obtain foreign currencies. And yes, this action will cause downward pressure on the rand price — of a magnitude related to the size and timing of the sales.

But too many so-called economists grossly overestimate potential pressure on the rand because they ignore the total effect on the world economy. The repayment of any debt requires the transfer of current income to the creditor, thus reversing a previous transfer. When income is transferred from South Africans to foreigners, we are less able to import but they become more able. Purchasing foreign currency will put direct downward pressure on the rand.

As the rand falls, imports will fall and exports will rise. This will naturally dampen the rand's fall. When the sales pressure stops, the rand will not stay down. Proper monetary policy would make the rand the strongest currency in the world. It would move much higher than it is now.

People's fears of a falling rand arise because they don't understand economics and politics. This makes them unable to learn from history. They look around and see the rand falling, but never learn why. Without a sound grounding in economics, they are utterly incapable of understanding their statistical correlations.

Trade and capital flows cannot explain how, in the past eight years, the rand has fallen from \$1,40 to \$0,41. The cause of this long-term downtrend is the Reserve Bank's inflating of the currency. The Bank is, literally, printing too much money. It artificially stimulates credit demand and then pleads innocence when it "accommodates" that demand. This has nothing to do with any "BoP constraint." If you still believe all that BoP rubbish, you have little faith in economic principles. Trade can only explain some of the fluctuations around the downtrend.

Let's stop blaming foreigners for not wanting to invest in an economy that South Africans themselves don't want to invest in. There is little incentive to accumulate capital here. High taxes and artificially low rates of return are capital destroyers. Tariffs and exchange controls repel capital and inhibit the industrialisation of SA.

Compared to Western countries, SA has one of the lowest savings rates. This is a direct result of economic policies. Regulations raise costs and almost never give any benefits.

Inflation throws the entire economy out of kilter and confiscates purchasing power from everyone who holds rands. Stupid economic policies do not suddenly become sensible when foreigners impose sanctions on us.

It is widely recognised that exchange controls, import quotas and tariffs are just self-imposed sanctions. It's like jumping in the river to get out of the rain.

SA is one of the few countries in the world where people still believe it proper to pay back foreign debt. But the aggressive nature of the co-ordinated call-in of our debt by foreigners essentially makes it an act of war.

Aggressive economic policy is nothing new. The wide acceptance of mercantilism in SA leads to a zero sum view of international trade. This, in turn, leads to protectionism. Viewed in this way, import quotas and tariffs are also acts of war.

Protectionism is a negative sum game in which *both* sides lose. It persists because certain interest groups believe they will gain. They don't care that their gain will be at the expense of their own countrymen.

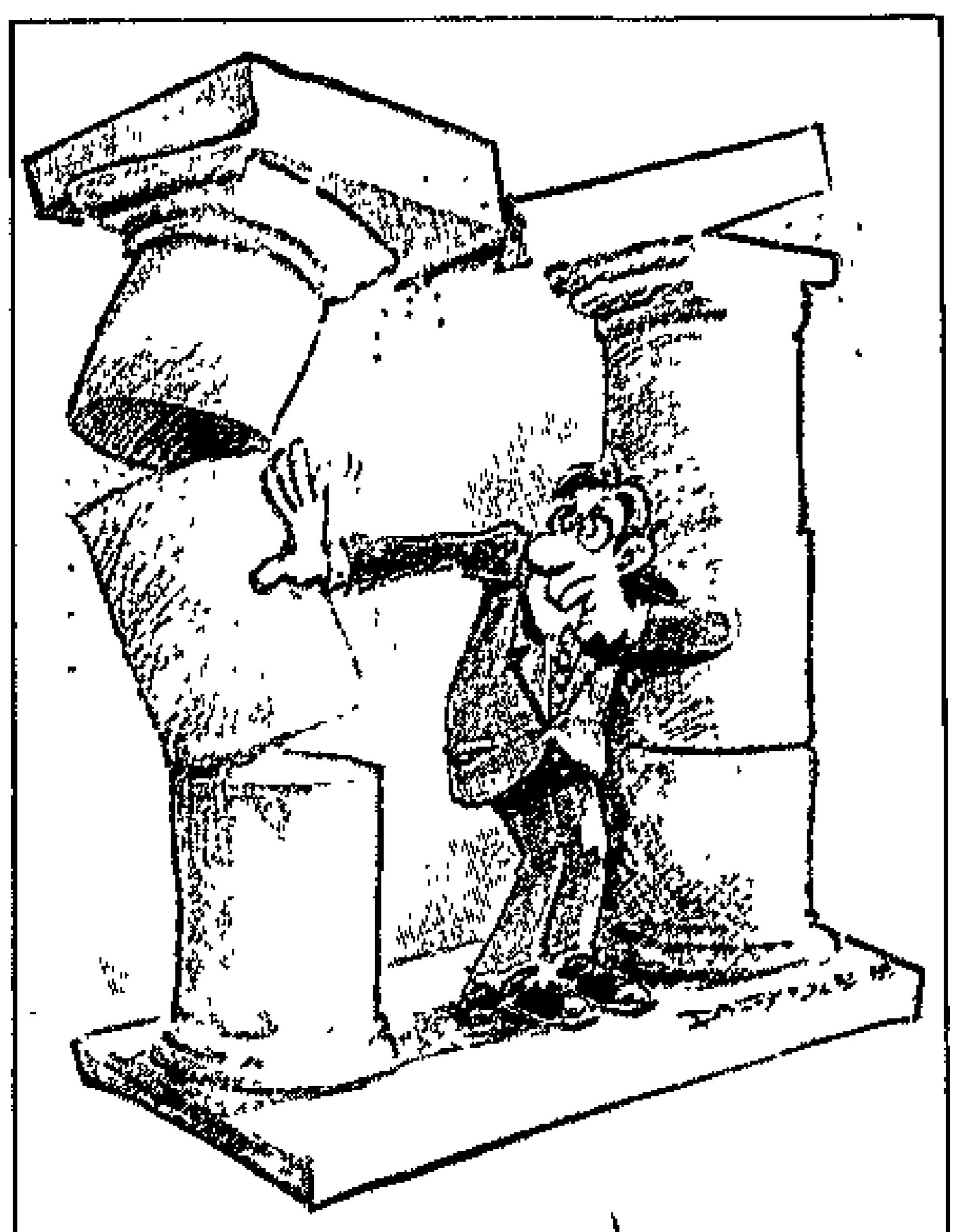
Most critics ignore the effects of complementary policy actions. For a prosperous economy, we must:

☐ Deregulate. This is not as difficult as the special interests would have you believe. No politician has ever found an *economic* reason for not deregulating. Incomes would rise, making debt repayment easier;

☐ Freeze M0. The Bank must end inflation by limiting the monetary base (M0) to a single-digit growth rate — preferably zero. Do it immediately after the October elections. Better yet, privatise money; and

☐ Minimise government budgets. Immediately freeze and then reduce all non-military government spending. Prohibit budget deficits and never monetise debt.

Too many would-be economists think a political regime can change the laws of economics. On the contrary, a knowledge of economics can change the regime. Such knowledge makes Margaret Thatcher the only true leader in the West.



I do not suffer from any delusions about the motives of our political leaders. I focus on economics because it is obvious that our politicians wouldn't know what to do even if their hearts were in the right place.

No politician who is both honest and intelligent can resist freeing the economy.

Import charges go up

Star 13/8/85

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THE surcharge on imported products, presently 10 percent on a wide range of products, is to be replaced with effect from Monday by a differentiated surcharge basis at 0, 10, 15, 20 or 60 percent.

This was announced yesterday by the Minister of Finance, Mr Barend du Plessis.

All imports identified as being for use in agricultural will be zero-rated.

Imports also qualifying for zero-rate surcharge were commodities which served as inputs to the manufacturing industry and essential food imports, except for a few specified items of food, in which case a surcharge of 15 percent would be levied.

Goods used by consumers as well as manufacturers will be subject to a 10 percent surcharge. Examples include meal, flour, margarine, sugar, cake powder, spaghetti, tappioca, sago, yeast, sauces, medicines, glues, photographic film, chemicals used in photo development, sheets and plates of plastic, rubber tubes, pipes, tyres,

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Import surcharges

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inner tubes, articles of cork, certain yarns, sheet glass, wire, tubes and pipes of metal, hand tools, buttons and slide fasteners and pens, pencils and typewriter ribbons.

Commodities subject to a 15 percent surcharge include certain fresh, chilled and frozen fish, dairy produce, eggs, honey, fresh and dried vegetables, fruit, coffee, tea and spices.

Examples of items to be levied with an import surcharge of 20 percent include trees, plants, flowers, dog and cat food, soap and washing preparations, matches and lighter fluid, clothing, footware, headgear, tableware, kitchenware, furniture, refrigerators, passenger and goods vehicles, motorcycles, aircraft, ships, boats, toys, games and sports requisites and capital goods such as earthmoving machines, machine tools, computers and office machines.

With regard to the 20 percent surcharge on capital goods for production purposes, Mr du Plessis said provision had been made for a full rebate of the surcharge where the Board of Trade and Industry found that a rebate was justified on the ground of considerations such as capacity utilisation, shifts worked per day, technological requirements, the establishment of new industries and the need to raise the potential of a local industry.

The following goods and articles would be liable for a 60 percent surcharge — horses, fish such as trout and salmon, coconuts and other nuts, tinned meat, tinned fish, sugar confectionary, chocolates, cake, biscuits, bread, preparations of mushrooms, truffles, crystalised fruits, glaced cherries, jam, tinned fruit, ice cream, mineral waters, cold drinks and beer, cigarettes, cigars, snuff, pipe tobacco, perfumery, cosmetic preparations, hair lacquers, decorative candles, statuettes and ornaments of plastics and wood, leather handbags, leather suitcases, leather goods, decalcomania, silk fabrics, handmade carperts, handwoven tapestries, artificial flowers, fruit and foilage, decorative ceramic articles, lead crystal glasswear, jewellery and certain precious metal articles, coins, spoons, forks plated with precious metal, base metal ornaments, statuettes and picture frames, tape recorders (excluding dictating machines), video machines, radios, hi-fis, television, hot-air balloons, gliders and hang-gliders, lenses and mirrors, precious metal watch cases and straps, worked ivory and bone, scent sprays, works of art, collectors' pieces and antiques.

Anger over raised duties on electronic componets

By MARTIN WELLS
Business Staff

THE increased import surcharges announced by the government at the weekend have incensed electronic goods manufacturers.

The surcharges have been increased from 10 percent to up to 60 percent in some cases.

Mr Chris de Bruin, managing director of Sharp Electronics, said yesterday his company was trying to keep the "technology pipeline" open.

But the government was making this impossible by placing 110 percent duties on electronic goods such as video-recorders — a 15 percent tariff duty, 35 percent excise duty and 60 percent surcharge.

Electronic products, in which South Africa does not have a strong manufacturing capability, are the worst hit by the move.

Although they are are still assessing the legislation, dealers believe wholesale prices could increase by as much as 27 percent.

Essential

Mr de Bruin said the government always sought to tax "luxury goods" when in fact these goods were now no longer perceived by people as luxuries but as essential in day-to-day living.

"Of the country's R30-billion import bill more than 80 percent is taken up by machinery and raw materials, on which surcharges are not increased."

And yet electronic goods, which made up a relatively small percentage, were being hard hit.

"They are hitting products which are sensitive, which will continue to be sensitive and which we can't manufacture here.

Huge impact

"Through an efficient and sensitive monetary policy imports can be reduced just as effectively."

Mr Terry Millar, managing director of National Panasonic, said importers of electrical equipment were bracing themselves for a dramatic downturn in business activity.

"The measures will have a huge impact on our industry. The sale of electrical equipment, especially video recorders, could come to a grinding halt, as it did in 1984, and our company stands to lose millions every month.

"We're still deciding on a strategy, but one thing is sure — our turnover is going to dip dramatically."

He said his company and other importers had been expecting the authorities to introduce tougher hire purchase clamps because the economy was overheated, but not on the scale of those announced by the Minister of Finance Mr Barend du Plessis.

The new hire purchase sales curbs will increase the minimum deposit required for electrical equipment. For video recorders consumers will now have to pay 25 percent down and the remainder within a year.

For domestic appliances, TV sets, jewellery, clocks and camping equipment a minimum deposit of 15 percent will have to be paid, while the maximum repayment period has been reduced to 18 months.

Mr Alan Lighton, director of the Cape Chamber of Commerce, said the increased surcharges, coming as they did on the already depressed rand, would hit certain items especially hard.

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60c (54c + 6c tax)

AL and CAPE 80c (71c + 9c tax)

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A TIMES

Anger at duties on goods already shipped

GRETA STEYN

ASSOCOM is to make representations to government on behalf of importers who are angry over the immediate implementation of the new surcharge system.

Traders who have already paid for goods now being shipped to SA are unhappy that they will have to fork out extra funds to meet surcharges of up to 60% that came into effect on Monday.

Others, such as importers of medical supplies, were shocked to find they would have to pay 20% tax on goods that previously carried no charge.

Assocom was flooded by calls from traders angry about the high level of the surcharges. But the main issue was the fact that goods already on their way to SA would be subject to the new regulations, Assocom foreign trade secretary Bess Robertson said.

The organisation will appeal to government for exceptions to the immediate implementation of the system, which replaces the old 10% surcharge with a range from 0% to 60%.

Robertson said: "Importers who can't cancel orders because their goods are already on the water will be punished terribly by a 60% surcharge. Obviously, the sudden need for additional money will cause cash-flow problems."

She said traders who would have to pay the 60% on luxury items on their way to SA were particularly upset.

"They face the prospect of paying dearly for goods which could remain on the shelves because of a drop-off in consumer demand. This is an impossible

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Ire at duties on goods already shipped

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● From Page 1

situation, and we will appeal to government to give some relief to importers who can produce bills of lading to show that their goods are being shipped."

One large medical goods supplier, Salters, also intends taking the matter up with government.

Salters director Stanley Engelberg said he was amazed that certain items, previously free of import taxes, were now subject to a 20% surcharge. "These include devices to test blood pressure, stethoscopes, forceps and thermometers — goods that aren't made in SA."

Also raising questions in commerce and industry is the 20% surcharge on capital goods imports. FCI chief economist Roelof Botha said this was cause for concern because SA's capital stock was already declining.

Under the new system importers of capital stock can receive a rebate of the surcharge where the Board of Trade and Industry finds it is justified.

Botha said: "What worries us is the discretionary aspect. On what basis exactly will the authorities decide to reject one application and accept another?"

18/8/88 (74) B/Day

Dealers dismayed at new surcharge

GLEN SHELTON

THE new 60% surcharges on luxury imports are achieving exactly what the sanctions lobby has been attempting, says Hyde Park art dealer Natalie Knight.

Most dealers in fine art, luxury items and luxury cars polled yesterday expressed concern over the effects of the steep price increase.

Knight said sanctions could not have been more successful than the new restrictions and added that art could become over-priced as a result.

Prints, for example, would not be an investment any longer if they were automatically priced at 60% above international standards.

"Our ability to import international stock has been dramatically reduced. I won't have to stop, but there will certainly be no more big exhibitions. I will also have to start emphasising younger international artists and individual works."

One business is already facing possible closure because of the charges. Sue Ollemans of La Chine de Tsing, who imports up to 90% of her goods, said: "Although I might not close down entirely, my business as it stands will not be able to continue."

Stanley Gibbons SA director David Morrisson said the smaller groups who made up the bulk of SA stamp dealers could become an "endangered species", while Brian Taylor of Bloomsbury, a dealer in exotic cars, claimed the surcharge would "lead to hyperinflation".

(PX) [illegible] 18/8/88

Bonded goods liable now for higher duties

Consumers already pay more for imports

By Sue Olswang

The latest increase in import duties and surcharges will already affect South African consumers who buy imported goods which have been stored in "bonded" warehouses.

But, it won't affect those who are lucky enough to pick up "old stock" or "stock in hand".

These facts emerged when a Botswana department store owner accused a large national distributor of unfair business practices with regard to their policy on imports.

Mrs Doreen Abrams, who owns a department store in Gaborone, Botswana, claimed local distributors Frank and Hirsch were selling old imported stock at increased prices because they were "climbing on the increased import surcharge bandwagon".

"I believe they are selling their old stock at increased prices by using the latest increase in the import surcharge as an excuse to inflate their prices."

Mrs Abrams said she was quoted under R5 000 when she asked the price of a video camera last week.

"But when I tried to place the order I was quoted a price of over R5 000 or about R450 more than the orginal price. How can they just increase the price of all imports when they are still holding old stock in hand?"

However, Mr Errol Gugenheim, managing director of Frank and Hirsch, said these statements were not true.

"Many of our customers were able to buy at the old prices because we had some stock in hand. They were quick enough to place orders while we still had old stock so it was basically a case of 'the early buyer catching the worm'.

"All stock in hand was sold and will be sold at the old prices — it would be stupid for us to lose customer goodwill by selling old stock at the new prices.

"What Mrs Abrams fails to understand is the fact that much of our stock is held in bonded warehouses until we need it. We don't pay import duties and surcharges while the stock is held there but we pay it the minute we draw the stock from the warehouse.

"All stock drawn after the latest increase will naturally be affected by the increase and our prices will have to rise accordingly."

New game park for N Tvl

By Helen Grange

A new 20 000-hectare game reserve is soon to be opened at Waterberg in the northern Transvaal to relieve tourist pressure on the Kruger National Park.

Mr Mike Landman, senior information officer for the National Parks Board, said yesterday the new reserve would be opened in the very near future — as soon as the Government made legislative provision for its opening.

"There are literally thousands of people going to the Kruger National Park every week and with the exchange rate so bad, South Africans are spending more and more time at their own game reserves," Mr Landman said.

The Waterberg game reserve would feature a large range of animals, birds and plant life. It would become a major attraction to local and foreign tourists.

"At the moment we are concentrating on the natural habitat of the area and we plan to reintroduce some species of animals and plants which are no longer there," Mr Landman said.

The National Parks Board has also expanded the Langebaan National Park and declared that it will now be called the West Coast National Park. It is now 26 000 hectares.

Eva Riddle at the Focus tourism exhibition at the Carlton Hotel. Picture: Stephen Davimes.

The board is one of many tourist interests which have set up stands at Focus, the annual domestic tourism show presented by the South African Tourism Board and SAA at the Carlton Hotel this week.

About 1 300 foreign travel agents have been flown in to Johannesburg for a one-day visit to the show which will run until Saturday.

Surcharges not the answer — Du Plessis

CAPE TIMES 18/8/88

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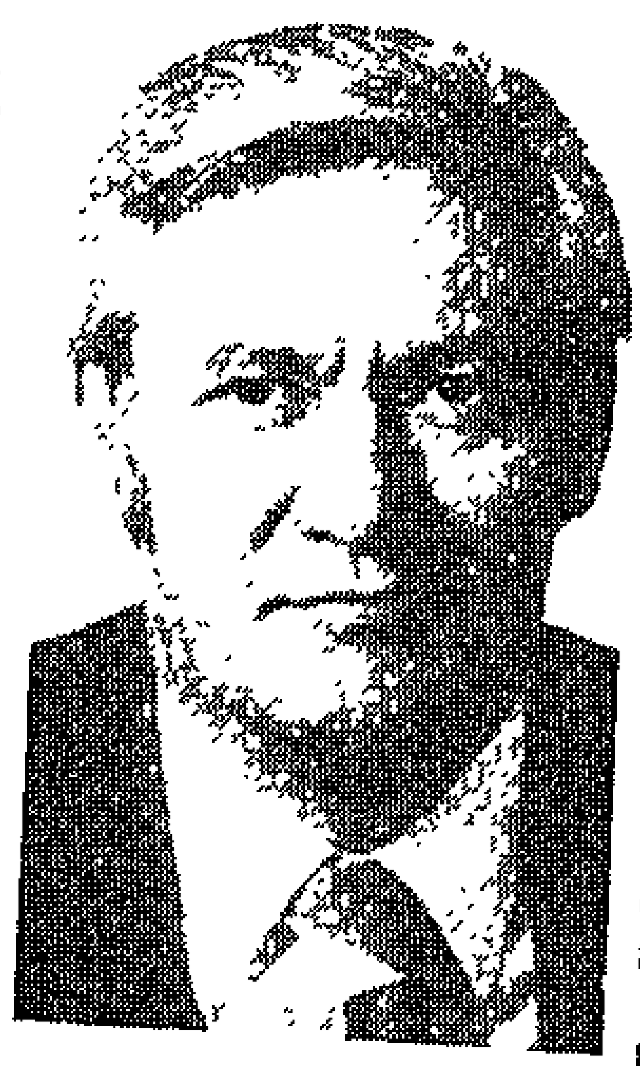
By AUDREY D'ANGELO
Financial Editor

IMPORT surcharges which will force up prices, making inflation worse, are the wrong way to tackle SA's balance of payments (BoP) problem says Sanlam chairman Fred du Plessis.



Fred Du Plessis

Instead of "dampening the economy to a no-grow situation" the government should have introduced a quota system limiting the expenditure of SA's scarce foreign exchange to essentials, he said last night.

And it should do more to encourage exports, particularly gold. Du Plessis believes the gold mining industry should be offered a more favourable tax deal.

In an outspoken interview, Du Plessis disagreed with economists who say SA is in a Catch 22 situation because it needs more growth to provide jobs for the expanding population but cannot afford it because imports must be limited.

"We should distinguish between what we need to solve our BoP problem and what we need to have more growth," he said.

"Our problem is a shortage of foreign exchange. That does not mean we have to dampen our economy to a no-grow situation.

"There are a number of other things we can do. The most logical thing is to improve our foreign exchange earning capacity by encouraging further exports."

Du Plessis said that in spite of the threat of sanctions SA would always be able to export gold.

"It is one of a number of things the world cannot do without. Yet instead of encouraging gold exports we have been discouraging them.

"The gold industry is in the doldrums because of its onerous tax position. If this were eased it would encourage more output and the opening of further mines. We must build on the strengths we have."

Du Plessis said another source of growth would be to build more low-cost housing, increasing demand for building materials and other commodities which were not imported.

"We have increased the price of imports through surcharges instead of acknowledging that we are short of foreign exchange because of abnormal circumstances and not because of the market," he continued.

"We should have looked at the introduction of foreign exchange quotas for essential goods instead of pushing up the prices of imports which will affect other prices.

"We should use our foreign exchange in a very delicate and specific way to buy only the things we need."

Du Plessis said this would not contravene the provisions of the General Agreement on Tariffs and Trade (GATT). That had a special provision to help countries with foreign exchange difficulties.

IMPORT CURBS

(14)

Industry slams surcharge

The latest round of import curbs by government are seen by industry as self-inflicted sanctions.

This is the reaction of, among others, Business Equipment Association (BEA) executive director Les Wood to the austerity package announced by Finance Minister Barend du Plessis last week. Central to the package of measures aimed at curtailing consumer spending is the replacement of a 10% surcharge on a wide range of imports, with a differential system of surcharges ranging from nothing to 60% — depending on the nature of the imports.

The implication for the computer industry is that imported computer equipment (accounting for about 95% of local sales) is being lumped with motor vehicles and capital goods and will face a 20% surcharge in value terms. In contrast, imported domestic appliances, including TVs and video recorders, will be surcharged 60% for any imports, hitting the video industry more than it will locally produced TVs.

The measures affecting computers have been criticised by industry leaders. TSI executive director Roux Marnitz says imported computer equipment will now be penalised to the tune of 31% because the 20% is to be added to existing duties. And Joffe Associates chairman Joan Joffe points out the surcharge will hit industry and commerce where it needs help most — in improving productivity and efficiency.

"The addition of another 20% on top of the 11% already imposed is a very steep rise," says Marnitz. "We understand the government's need to solve the balance of payments problem and sympathise with regard to the increase in the duty on luxury goods, but it is unfortunate that computers — which are an aid to productivity — should be included in this category. We will support any representations by industry to government to get it to cut the duty."

Wood says there is "a faint glow of hope" in that the announcement of the curbs included a statement that if the Board of Trade & Industries can be satisfied the imports are needed for technological advancement or no satisfactory alternatives are available locally, the levies may be removed.

"I would put 95% of all information products under one of those two categories," he says. Accordingly, an urgent meeting of a BEA subcommittee has been called to formulate strategy.

If the levies are not repealed, says Wood, people will certainly think twice about investing in technology.

"One of my hobby horses is the use of technology for furthering education and

Marnitz ... another 20% is a steep rise

these measures are bound to put the brakes on any developments there. It comes back to that old misunderstanding that computers are not luxury goods even if they are high value imports they are absolutely critical to the economy," he says.

Joffe says the surcharge will result in an increase of about 16% in the retail price of computers and computer-related products.

"The industry is already reeling under the impact of several significant price increases caused by the shortage of DRAM (memory) chips and the drop in the exchange rate," she says. "The new measures appear drastic and desperate and are not easily comprehended. Computers are strategic tools which are critical to SA's economy in view of the threat of sanctions. They are not usually a luxury and, therefore, I do not foresee a drop in sales. We have bought up whatever we can from local sources and are already handling a flood of orders from our customers."

Understandably, the Tek group, which has invested heavily in local manufacture of domestic appliances, is happier with the measures. MD Michael Bosworth tells the *FM* they were not unexpected. However, he comments:

"The problem with the import surcharges is that one has to ask whether they are temporary. One of the most disturbing factors is that we have to go out and cancel forward commitments, review the situation with trading and renegotiate new programmes. The only plea I have is that if, as a country, we are saying we cannot afford these products and that people must buy down in the interests of long-term stability, that's fine. But I would hate it if the rates were adjusted down again because, for example, the gold price shot up in January. We have to decide once and for all what we can afford." ■

... to nationalise one or two enterprises in the interest of the Namibian people that must be done," he said.

He added there would be adequate compensation.

... the contrary. This might only be long after Sam Nujoma is long gone."

Nujoma, asked about a possible exodus of white skills and capital with independance, said there was enough room for all.

Nujoma was resolute that the SA enclave of Walvis Bay, whatever the legal position, was an integral part of the Namibian economy and SA would have to evacuate it after independence.

See Page 9

Curbs bring hassle factor and confidence warning

MANDY JEAN WOODS

A TOP British businesswoman warns that restrictive economic measures, announced last week by Finance Minister Barend du Plessis, will seriously hit UK business confidence in SA.

Association of British Chambers of Commerce former director Lynn Howarth said the measures would also increase the *hassle factor* for UK exporters.

"We want to trade with SA but (the SA) government is making it very difficult for us. Why hit capital goods which SA so desperately needs to modernise plants and machinery?" she added.

Howarth, a management consultant, said improving manufacturing capacity would eventually pay off with lower imports and higher exports.

When faced with a similar problem several years ago, the British government found that imports comprised a lot of things which industry needed to increase capacity, increase exports and meet local demand.

"The general feeling in British business is that the SA government keeps shooting itself in the foot. We can only hope the restrictions are very temporary," she said.

HOWARTH

BDay 19/8/88

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Import clamp to cost SA industry millions

W/ARGUS 20/8/88

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From MALCOLM FOTHERGILL

JOHANNESBURG. — South African businesses will lose hundreds of millions of rands as a result of the Government's clamp on imports, say insiders in the electronics appliances industry.

They predict sales will slump — by more than half in the case of video recorders — and many jobs will be at risk as importers either go out of business or are forced to prune staff.

Nor will the effects be limited to electronics-oriented firms or firms that deal only in imports.

Big general retailers who have been importing appliances on their own behalf will also suffer, as will the makers and sellers of locally produced appliances.

Ripple effects

And, as the ripple effects spread, people in unrelated industries such as advertising and sports promotion will also feel the chill winds of declining business.

National Panasonic managing director Mr Terry Millar believes "all the small importers will go to the wall".

Mr Errol Guggenheim, joint managing director of Frank & Hirsch, and Mr Trevor Beech, managing director of Teltron's audio-visual division, agree. They and others describe the government's imports and credit curbs as a disaster for the industry.

"Because we run our businesses well, we don't have big stocks," says Mr Millar.

"What we do have is goods on the water, ordered months ago and subject all of a sudden to an extra 50 percent surcharge as well as tougher credit conditions. The way things are, it's impossible for a business to plan because the government keeps changing the rules."

Mr Guggenheim says that while "more than half" of the R300-million market for video recorders will disappear, the drop in other sections of the industry such as radios, tape decks and television sets will be between 30 and 40 percent.

"Even if prices weren't going up, the industry would still have been badly affected by the credit clamp. As it is, we have to contend with a 50 percent increase in the surcharge and a 20-percent devaluation of the rand against the dollar in the past six months."

Mr Beech says the effects of the 60 percent surcharge will devastate the sale of big-ticket electronics goods.

"Video recorders at the top end of the market have doubled in price overnight. This move will bring sales virtually to a halt and will cost many people their jobs."

What especially puzzles the industry is that goods made in South Africa are also subject to the tougher credit terms and high duties.

"We don't know yet whether the 60 percent surcharge will apply to the components used in locally produced goods," says Mr Millar.

"Even if it doesn't, excise duties alone account for just under 20 percent of the wholesale price of most goods. Imported componentry, for which duties differ, add another 20 percent. So there's a 40 percent slice for the government if the surcharge doesn't apply, and a 100 percent slice if it does. And this is without GST."

Taxes take the tinkle out of tills

By MAGGIE ROWLEY
Business Staff

TINKLING tills may soon a thing of the past, says Terence Taylor, importer and distributer of cash registers.

Mr Taylor was reacting to last week's announcement by the Minister of Finance, Mr Barend du Plessis, that a 20 percent import surcharge would be imposed on, among other imports, cash registers.

"Cash registers are an essential part of any retail business and in no way can they be termed a luxury item. The irony is that they are used to calculate revenue for the government in terms of GST and also the import surcharge at the Department of Customs and Excise."

Mr Taylor said when Mr du Plessis was appointed Minister of Finance in June 1984 cash registers had been hit with a 15 percent ad valorum tax. The 20 percent surcharge measure meant the government was now reaping a total levy of 35 percent on cash registers.

"It means the small retailer has to pay R1500 or more for a cash register which should cost him R1000.

"In addition, the 20 percent surcharge imposed on spare parts will hit retailers in the event that they have to repair their cash registers."

Mr Taylor said there was no import substitution product available in South Africa.

"Cash registers are hi-tech and we are not in a position to manufacture them ourselves. It will take us another 20 years," he said.

Mr Taylor said he held about 10 percent of market share, annually importing on average between three and four thousand cash registers from Japan. Many of his customers were small and middle-sized black and coloured traders.

"I estimate this latest measure will cut my business by up to 40 percent and I will have to cut costs. I employ six black workers, and who do you suppose is going to suffer?

"And, as always, it will be the consumer who will foot the added bill. With all the government's inflationary measures — which is exactly what they should be termed — there will not be a need for cash registers. As they push us back into the dark ages of pencil and paper, consumers will have no money to spend," he said.

Inflationary effect will be felt

Surcharge on medical kit is 'serious'

22/8/88 BDay

(74)

DIANNA GAMES

THE placing of a 20% import surcharge on a selection of medical equipment would have serious implications for already spiralling medical costs, the Representative Association of Medical Aid Societies (Rams) spokesman Rob Speedie said at the weekend.

The surcharge became effective last week and will affect consignments already on their way to SA.

Several surgical equipment companies have said small profit margins will force them to pass on the resultant price hike to doctors to whom they sell the equipment.

Speedie said Rams was making representations to government on the issue on the grounds that surgical equipment was an essential commodity. He said it was inevitable that this would eventually affect the patient in terms of the inflationary effect of the surcharge.

Salters director Stanley Engelberg said they would react by putting up the cost price by the same amount to enable them to maintain normal profit margins. However, should such a rise cause consumer resistance, they would have to review the situation.

Many of these products were imported, mostly because the volume required by SA did not justify local production.

This would affect supplies such as thermometers (now R2,25), blood pressure machines (now R50), stethoscopes (R18,75) and on a large machine such as an ECG machine the increase could be as much as R900.

He said Salters still had existing stocks and would try to maintain prices for as long as possible.

The move would not only push the stock cost up prohibitively but would particularly affect the capital of the small businessman.

Mediclin spokesman Dave Crockhart said their low margins would also push them into passing on the cost. "We would all like to see the minister reverse this decision," he said.

Some surgical instruments were so specialised that they sold for around R500 each, even though they had a long life, he said. The new cost of such instruments would particularly affect clinics wanting to replace, or those starting from scratch.

Right to apply to the the action

Surcharge rise will hurt small importers

22/8/88

By Caroline Mehliss

Recently increased import surcharges might put many small import firms out of business and cause a number of imported items to disappear from the shelves.

Mr Mosle Notrica, of J Melnick Wholesale Merchants, says "the small guy" will find it difficult to hold his own in markets where prices are going up by about 40 percent.

"There will obviously be consumer resistance, especially among the middle-income buyers. Certain expensive items such as high-quality Swiss chocolates and large boxes of fancy chocolates will probably no longer be imported because the small quantity sold will not justify placing orders."

Mr Lesley Israel, managing director of M&L Wholesalers in Cape Town, says the surcharge hike is the latest in a series of knocks that importers have had to endure since the rand began falling in 1981.

"For seven years there has been a whittling away of imports coming into the country. The latest blow could mean the end for some businesses, the disappearance of certain exotic items from the market and a drop in consumption of others.

"This will be a great pity because wholesalers have struggled to keep trading channels open in difficult circumstances with various countries hostile to South Africa. This point of contact might now be lost because many overseas companies will not be prepared to send minimal quantities to South Africa.

"South African wholesalers, even now, are trying to cancel import orders because of the surcharge, and this is killing whatever credibility we had with our overseas suppliers."

Mr Geoff Kahn, senior grocery buyer for Pick 'n Pay, says products likely to disappear from supermarket shelves are luxury non-essentials, such as red salmon (pink will still be available for a while), caviar, imported jams and fancy canned foods.

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Pilchards surcharge 'hits under-privileged hardest'

23/8/88

THE surcharge on pilchards would impact heavily on the under-privileged, OK Bazaars MD Gordon Hood said yesterday.

Appealing to the government to reconsider the newly-imposed surcharge on tinned fish, Hood said: "Pilchards have become one of SA's staple foods, particularly for our under-privileged communities.

"They have been forced to seek alternatives to meat, where prices have escalated enormously. In addition, pilchards are a basic food for communities for whom refrigeration is a problem."

Hood said SA could not supply the demand for pilchards from local sources and 30% of total sales had to be imported.

"The 60% surcharge on imported pilchards will lead to a horrifying escalation of price, and this will add significantly to the monthly food bill of the under-privileged."

He said the OK would support any groups in their representations to the authorities.

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B/Day

Hindus to tell PW of surcharge hardships

BDay 24/8/88

DURBAN — Angry Indian leaders have urged government to remove prayer goods and spices — items of special relevance and significance to their community — from import duty surcharges.

Prayer goods and condiments are among "less essential" items on which government has slapped import surcharges of up to 60%.

The Durban-based National Hindu Development Trust had lodged a strong protest with Finance Minister Barend du Plessis, and trust chairman Ram Maharaj said a memorandum to President P W Botha was being prepared, highlighting problems which the surcharge would cause Hindus.

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As a result of the surcharge coconuts — symbolising inner purity, beauty and bliss — incense sticks, betel nuts and almonds, all essential items for Hindu prayers, are to be subjected to 60% import duty.

The surcharge would push up the cost of these items and add to the burden of families already struggling to make ends meet, he said. — Sapa.

Tax on goods in transit

21/8/88 Star

Finance Staff

Merchandise shipped but not cleared before the imposition of the recent import surcharges would not be considered for exemption, the Minister of Trade and Industry, Mr Danie Steyn, said yesterday.

He emphasised that exceptions to this policy would only be considered under very special circumstances.

Mr Steyn told an industry delegation that the measures had become necessary through factors beyond his control and accepted that there "were a number of issues regarding the implementation of the surcharges that require clarification."

He requested that the three industry associations — the Association of Chambers of Commerce and Industry, Die Afrikaanse Handelsinstituut and the Federated Chamber of Industries — to submit to the department matters for investigation.

A statement by the three employer bodies after the meeting said: "Recognising the need to preserve our limited foreign exchange resources, the three organisations accepted the fact that steps had to be taken."

The statement said the delegation welcomed the fact that certain capital goods for the manufacturing sector were now exempt. "Certain items which were previously subject to the 10 percent surcharge may now, in fact, be imported free of surcharge."

● See Page 1M.

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Star 24/8/85

Threat to antique shows

Antique dealers from around the country flew to Johannesburg this week for an urgent meeting to discuss the 60 percent surcharge on luxury imports. Here assistant antique dealer Miss Ilsa Griesel of Rosebank's La Chine Des T'Sing gallery displays a Japanese exhibition mostly imported before the surcharge increase. Gallery owner Miss Sue Ottemann said the surcharge would prohibit such exhibitions in the future.

● Picture by Alf Kumalo.

Avoid paying the surcharge — switch to French bubbly

By Clare Harper

If you're choking on your Perrier over the 60 percent surcharge on luxuries, it's time to switch to French champagne.

Leading liquor-outlet spokesman Mr Robert Wilkins told The Star that champagne, including Moet Chandon (R47), Krug (R111) and Dom Perignon (R106), was not affected by the curbs — nor were imported spirits or sparkling wines. All imported wines, vermouth, sherry, minerals and beer would be affected by the surcharge.

Mr Wilkins said that although retailers would not put up prices until new stocks arrived, the retail price would probably increase by about 50 percent.

A Beaujolais which sold at R8,90 a bottle would increase to R15,33 and a Puligny Montrachet 1985 from R58,95 to R98,17.

A spokesman from Solly Kramer's Discount Liquors, Mr Boetie Rietoff, said Windhoek lager was not affected by the surcharge.

Perrier, which presently sold at R1,19 for 200 ml, would increase by about 50 percent in the shops, depending on how much the retailer absorbed.

Garlicks' regional manager, Mr Charles Dagnall, said there was still confusion over how the surcharge would affect the perfume industry, as some products were imported in the "raw" state and completed locally. Each supplier was thus in a different situation.

Shop prices of imported perfumes would increase generally by 37 percent, he said.

Woolworths shipping supervisor Ms Carol Locke said the chainstore was "going through our imported items" to see where it could cut back.

Although most Woolworths food products were locally produced it would have to cut back its imported products by about 60 percent.

Retail price of tea and coffee to rise

24/8/88

Retail prices of tea and coffee will increase from October 1.

The increases will be the result of the 15 percent surcharge, local price adjustments and the devalued rand, according to the SA Tea, Coffee and Chicory Association.

The secretary of the association, Mr Ben Pienaar, said the retail price of tea was expected to increase by between 15 and 20 percent.

The coffee price was expected to rise by between 12 and 15 percent.

The coffee surcharge would affect the 18 000 tons of coffee imported annually.

Fishing merchants are to make representations to the Board of Trade following the introduction of a surcharge on canned pilchards.

The managing director of Federal Marine, Mr Steve Malherbe, said canned pilchards represented a staple diet for many lower-income groups, who would suffer as a result of the increased retail price.

Canned fish products such as tuna, salmon and sardines have been hit with a 60 percent surcharge increase.

The present retail price of a can of pilchards was about R1,40. The surcharge would mean a shelf-price increase of about 31 percent, Mr Malherbe said.

A spokesman for Checkers, Mr Brian Sacks, said a "fair amount" of stock had been landed before the surcharge and the store would not increase prices until the new stock came in.

'Surcharge can have bad effect'

By Clare Harper

The Small Business Development Corporation said yesterday it believed the authorities should consider exempting manufacturers involved in import replacement activities from import surcharges.

A senior manager at the SBDC, Mr Johan Naude, said 33 percent of the 12 000 formal businesses it supported were involved in manufacturing, of which "a fair amount imported components".

But, the economic objective of many of these industries was to stimulate local industry that could lead to export orientation, he said.

"Exhorbitant surcharges on components that often do not make up more than 50 percent of the manufactured product detrimentally affect the ability of these businesses to generate sufficient profits on these pro'ucts," he said.

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25/8/88 (74) B/Day

Surcharge may affect decline in capital stock

GRETA STEYN

THE FEDERATED Chamber of Industries (FCI) is concerned the 20% surcharge on imported capital equipment could aggravate the worrying decline in SA's capital stock.

FCI economist Roelof Botha said: "Future economic growth potential is obviously determined to a large extent by today's investment patterns. If the current trend continues, SA's economy will eventually be faced by a physical production constraint."

Obvious

"The inflationary effect of such a phenomenon coinciding with rising demand is obvious."

Botha said the ratio of government's capital spending to its current spending had dropped consistently since 1970 to a level less than half of that in the late Sixties.

Growth in the real value of fixed capital stock in the economy had dropped consistently since the late Seventies with the manufacturing sector recording negative growth in fixed capital stock.

While the 20% surcharge was cause for concern, Botha noted there wouldbe some relief in the form of exemptions from the surcharge. The Board of Trade and Industry would grant exemption in cases where imports would expand the productive capital base.

Exemption was a far more acceptable option than the rebate system originally mentioned in the economic package. It was to be welcomed that the BTI would notify importers on whether they would be exempt from the surcharge or not before they ordered capital equipment, instead of deciding on a rebate after goods had already been imported and the surcharge paid.

RELD 24/3/D

CHRIS CAIRNCROSS

No exemptions to surcharges

(74)

GOVERNMENT would not grant exemptions to importers whose goods were on the water when new import surcharges were recently announced.

But Economic Affairs and Technology Minister Danie Steyn told an organised commerce and industry delegation in Cape Town on Tuesday the measures aimed at protecting the balance of payments would be invoked selectively..

According to a joint statement released by Assocom, the FCI and the AHI, Steyn said the only exceptions would be under very special circumstances, where there were cases of undue hardship to importers.

The delegation expressed satisfaction that special consideration had been given to facilitate access — without surcharge — to inputs and capital goods for the manufacturing sector.

Certain items which were previously subject to the 10% surcharge could may now be imported free of charge.

Steyn appealed to the private sector to cooperate in applying these latest measures.

B/Day 25/8/88

'Many businesses are doomed'

Import surcharge chokes jewellery industry in SA

Star 14/5/88

By Clare Harper

The 60 percent import surcharge on jewellery would effectively kill the imported jewellery market and put a number of people out of business, industry sources said yesterday.

The percentage of jewellery imported for retail is about 50 percent and most parts used in manufacturing, such as bolt rings, are imported.

Importers said metal and costume jewellery was already hit with customs and excise taxes amounting to 53 percent which, coupled with the surcharge, would effectively increase the import duties to 113 percent of the value of the goods, before GST or the wholesaler's and retailer's mark-up.

One jewellery importer, Mr Ronnie Tanner of Tanner Jewellers, said he had been forced to ask customs to return a R107 000 shipment of mounts this week after the surcharge rise.

Other jewellers said they had been tempted to cancel their Christmas order, but had not for fear of permanently losing a supplier.

The surcharge affects gold, silver and costume jewellery as well as components used in the jewellery manufacturing industry.

Mr Graham Katz, an accountant for Effune Brothers, said: "Quite a number of people will be going out of business once their stocks dry up."

The SA Jewellery Council chairman, Mr Tim Davidson, said the council was making representation to the Board of Trade to have the surcharge lifted on items used in the local manufacture of jewellery.

Products such as investment powder, used in casting, saw blades and certain tools and components, could not be purchased locally.

Mr Davidson said that in the short-term the local suppliers would not be able to cope with the demand, but for the local industry the measures were "trade assistance".

A pearl importer, Mr C Schweidan, said the volumes of pearls imported would drop and pearls would probably be put out of the reach of the average person.

"At the more expensive end of the market, the pearls which retail for R5 000 to R15 000 will probably still have a market," he said.

Rush bids to beat import surcharge

CT Times 25/8/88

Finance Staff 74

SO MANY applications have been made for exemption from the new import surcharges that the director of imports and exports, Mr Piet Barnard, has had to postpone a talk he was due to give the Cape Town Chamber of Commerce tomorrow morning.

"He explained he was so busy dealing with the flood of applications that he could not take time away from his office for the meeting," a chamber spokesman told the Cape Times yesterday.

"He said he thought it would be October or November before he would be free ..."

Meanwhile the government said it will not grant exemptions from the new surcharges to importers whose goods are on the water.

Economic Affairs and Technology Minister, Mr Danie Steyn, stressed this point to a delegation representative of organised commerce and industry during a meeting held at their request in Cape Town this week.

FULL REPORT, PAGE 8

IMPORT SURCHARGES

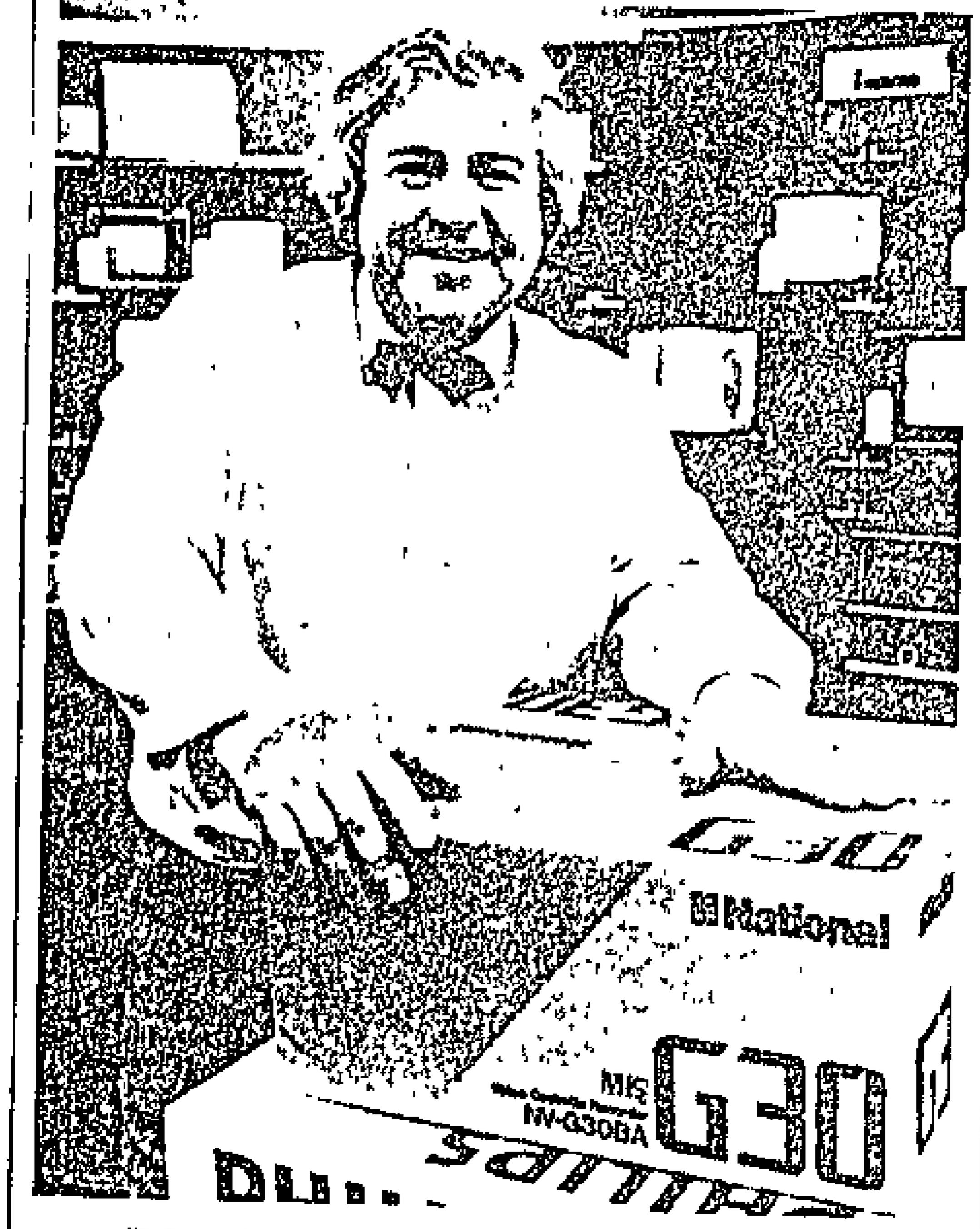
The squeeze is on

The import surcharges announced earlier this month threaten to devastate the country's consumer electronics business.

Video cassette recorders (VCRs) have been hardest hit, especially as the 60% surcharge — which is expected to translate into a 30%-40% increase at the retail level — has been combined with an increase in minimum deposits from 12% to 25% and a repayment period of one year instead of 18 months.

Teltron marketing manager Larry Aronson says this means that a R227 deposit and R90 monthly repayment on a R1 899 VCR would now be substituted by a R474 deposit and monthly repayments of R140.

"The only hope is that these surcharges will have turned around the balance of payments and can be removed in the next Budget," he notes.



Dion's Sibul . . . mini-boom in VCR sales

The impact on hi-fi seems less draconian. But while the surcharge on certain components such as speakers, turntables and amplifiers is only 20%, Aronson says most hi-fis come in as single unit music centres and these are hit by the full 60% duty.

He adds: "Our suppliers are already under pressure from the Japanese Ministry of International Trade & Industry (MITI) to restrict exports to SA. So government's measures couldn't have come at a worse time."

Dion MD Hymie Sibul says the measures have helped create a mini-boom in sales, as cash customers rush in to buy before the surcharges are due. But when stocks run out he expects a considerable fall in turnover. VCRs account for 10% of Dion's turnover, as does hi-fis.

But he says the credit squeeze should have minimal impact as the chain already offers credit on terms that comply with the new regulations. In addition only 12%-13% of business is on credit.

Glasswear, toys, leather goods and bicycles could also be hit to some extent by the curbs, he predicts. It's unlikely, too, that alternative local sources of supply will be found, especially for VCRs.

The measures have not, however, affected the group's expansion plans. A Dion outlet will open in Pretoria in the next two months and three more are planned for the next 18 months. Its plans to go for a listing late in 1989 are still on course.

Russells marketing manager Roger Bennett says he would expect the local manufacture of portable radios to be resumed and for semi-knocked-down consumer goods, such as car radios, to be shipped in to keep price increases down.

Russells has already seen a slowdown in sales as its business is more than 85% credit driven.

But, says Bennett: "Customers might switch to other goods. For example, they might buy a new TV instead of a VCR as TVs haven't been so badly hit. In the 1984 squeeze our business declined by 10% for two months and then went back to normal. We're confident we won't be so badly affected this time round." ■

74

FM 26/8/88

FM 2/8/88 (74)

EXEMPTIONS

Importers hit by the new range of tariff surcharges need not despair entirely. It's possible to gain exemptions.

Possible — but not easy. There is no fixed list of exemptions, only guidelines suggesting where relief can be sought. Ultimately, each application must be approved by the Director General (DG) of Trade and Industry, on the recommendation of the Board of Trade and Industry.

The DG can grant an exemption permit if applicants can prove their imported goods or components fall in one of five main categories:

- They are imported by a manufacturer operating at full capacity;
- They are needed to establish a new industry;
- They are needed for technology advance;
- They are not satisfactorily available locally; or
- They are for use in production or packing of goods exclusively for export.

A source in the SA Foreign Trade Organisation says: "None of these definitions is hard and fast. They are all open to interpretation by government. So just because a company believes it qualifies, doesn't mean the DG will agree."

IMPORT SURCHARGE

74

Technology cuts unlikely

The government's new import surcharge on capital goods appears unlikely to achieve its objective of reducing imports, but it will raise costs.

Manufacturers appear confident that they will not be overly affected. Full rebates will be given on the import of capital goods which are needed to increase capacity (where such plant is running at full capacity), establish a new industry not available locally or which are required for technology advance.

Pilkington Shatterprufe MD Chris Murray notes that these qualifications are so broad that "you could drive a bus through them." For this reason he does not expect the company to experience any difficulty obtaining a rebate of the surcharge. Further, he says, the negative aspects of the surcharge will be outweighed by the positive effect of encouraging local manufacture.

Organisations will have to pay the surcharge on purchases such as computers for administrative purposes. Even those companies which had placed orders for new equipment in advance of the new regulations will be hit by the "sudden death" nature of the legislation, which applies even to equipment that was en route to SA.

Murray says approval from the Department of Trade and Industry (T&I) for surcharge rebates has been speedy in the past. However, the increasing volume of applications may slow the process down. In this event companies may be forced to defer purchases until the approval is granted and this could have a negative effect.

Other sectors which will have to pay the surcharge are locked into their purchases and see little chance of reducing their requirements in the near future.

The financial services industry, for instance, had been expected to spend R600m on computer-related equipment this year. The surcharge means that this figure will rise substantially.

Old Mutual GM, services, Ralph Roseman, says the giant institution's need for computer equipment cannot be changed overnight and it will be forced to pay another 20% for its computers.

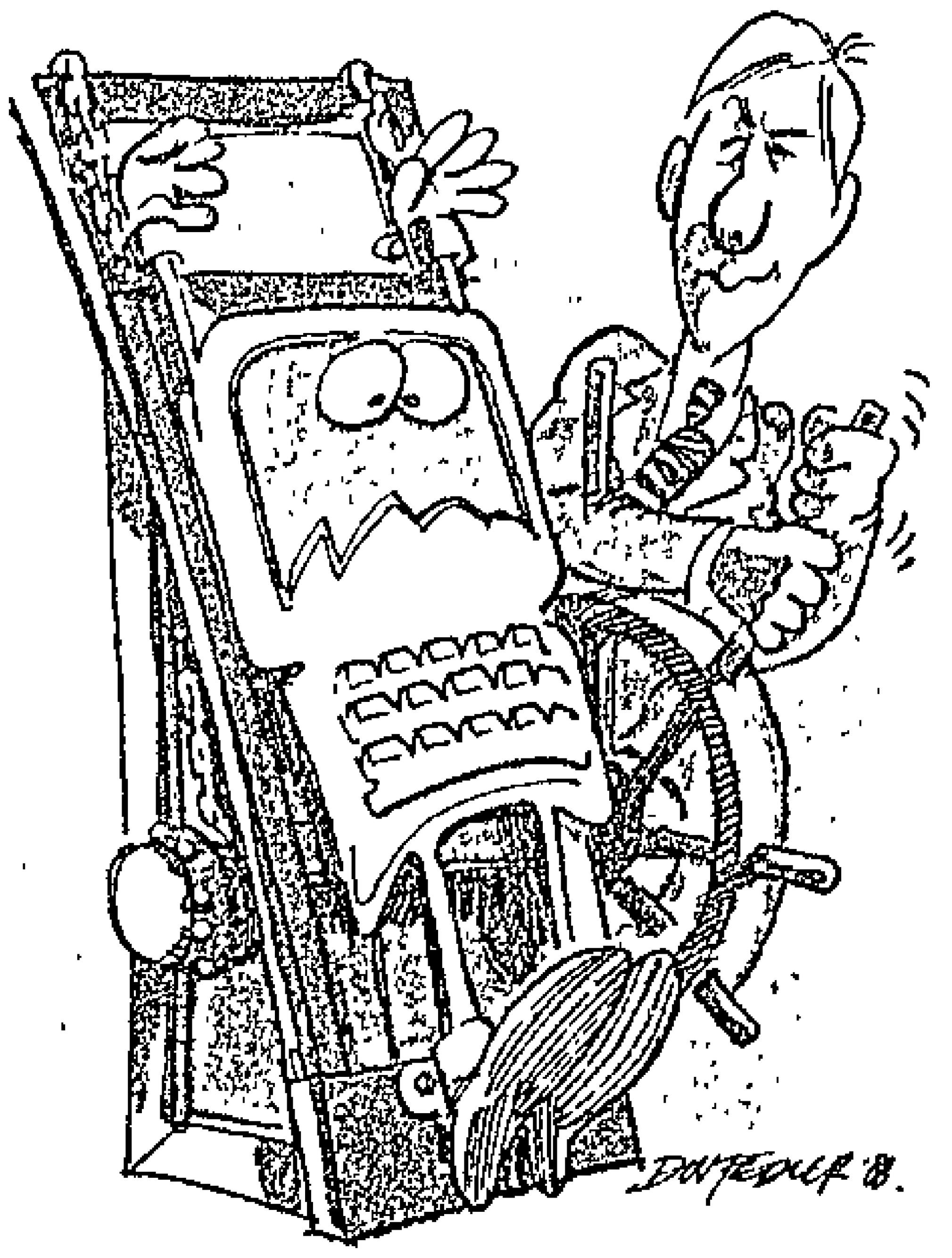
Life insurers are highly dependent on technology and cannot provide products without extensive computer support. Roseman says that decisions related to product offerings are already being implemented and the computer purchases required to support those plans will have to be made.

He points out that Old Mutual cannot simply switch from an overseas source of supply to a local one; there is no local manufacturer of mainframe computers which the company needs.

"Everyone realises the government must do something about the balance of payments and there is some sympathy for the idea of a selective duty on imports, but this means someone else is deciding what is a luxury," says Roseman. "Mainframe computers are one of the items most vulnerable to sanctions and this cannot be replaced by a locally manufactured product. I would have thought that, given this situation, the government would be encouraging users to import as much equipment as possible. This year we are able to import computers but who knows what the situation will be next year. Computers form an essential part of a company's strategy and purchases are made to fill a real need."

The banks are in the same boat.

Volkskas GM, management services, Jan du Plessis, points out that banks are big users



of technology and their approach to the surcharge will be a combination of increasing budgets and, where possible, a reduction in equipment orders.

"Cutting equipment orders will be diffcult as we are already using our systems well," he says.

Du Plessis is very conscious of the sanctions threat and says banks will have to weigh up the risk of deferring purchases until the duty is lifted. For this reason, as well as the need to improve services, it is expected that the banks will decide to increase expenditure to account for the duty.

He says another effect of the surcharge will be to encourage further rationalisation within the financial services sector. He expects the number of mergers and takeovers to increase. Companies will then form joint computer centres — companies such as Allied and Sage have already taken this step — in an effort to make better use of equipment and avoid service duplication.

The Post Office (PO) is under constant pressure to increase the level of its services and uses large quantities of technology, much of which must be imported. The PO says its requirements in these areas will be affected by the surcharge and it is trying to clarify its position in talks with T & I and the State Tender Board.

Meanwhile, the increased cost of computer equipment could drive more companies into the second-hand computer market. Greg Groom, director of new- and used-computer vendors CEB, says the surcharge will encourage more people to look for less expensive solutions — to the advantage of the used-equipment vendors.

"While the used-computer market will also be affected by the curbs, because much of its equipment is imported, it has the advantage that the 20% is based on a lower base price; 20% on top of the effects of the weak rand is going to make people think a little more carefully. Obviously they cannot just go back and ask for more budget because of the duty. Used computers could offer a solution to remaining within that budget." ■

BANKING

Making a partnership

Banks usually assess credit risk by sitting eyeball to eyeball with their customers — often a situation of confrontation — with the information obtained to be used solely by the bank.

Trust Bank is changing this by making its ongoing computer analysis of the companies it lends money to available to the companies themselves. The bank enters information obtained on client companies into its computers, analysing a particular company's history and using a financial model to make projections.

Its "swot" (strength, weakness, opportunity and threats) analysis system takes into account everything that relates to that business. This includes management and provision for succession; financial management; technology required and its sensitivity to sanctions.

Also assessed are the condition of the plant, raw material prices and supply; sectoral conditions; growth potential; clients' perceptions; the changing needs of clients, and the bank's perceptions of the business.

Call to impose duty on goods from non-GST states

LIQUOR TRADERS PROTEST

THE organisation of black liquor traders, the Ukhamba Liquor Association, would ask the Government to impose import duties on goods bought from neighbouring states where there is no general sales tax.

The resolution was taken at its conference in Durban this week.

Ukhamba president Vuka Tshabalala said the resolution followed a number of complaints that there were traders who bought liquor from the non-GST stages and sold it at exorbitant prices in South Africa.

Mr Tshabalala said the matter would be investigated jointly with Fedhasa. He said the practice was crippling competition among liquor traders in the country. — Sapa.

Town Council re- e newly established n at a wine tasting ncillors and guests. n was launched ly to encourage a consumption and enjoyment of wine among all population groups. From left are Mr Bill Cooper-Williams, director of the Wine Foundation, Mr Tom Boya, mayor of Daveyton, and Mr Peter Spencer, an executive of the Institute of Personnel Management.

Mwasa talks

THE Far Northern Transvaal region of the Media Workers Association of South Africa will hold its annual congress in Pietersburg on Saturday.

The congress, to start at 10am at Workers Centre, will be addressed by Mr Mandla Seleoane, a labour expert attached to the Education Unit of the Commercial Catering and Allied Workers Union.

Good cheer for stores

14

THE Government's decision to raise the surcharge on imported liquor is enough to make anyone rush out and buy shares in bottle-stores.

The surcharge, which has risen from 10% of the landed cost to 60% on certain luxury items, should not translate to an effective retail price rise of 50%.

If the landed cost of a bottle is R10, the R1 surcharge rises to R6. The rise in cost to the importer is 45,5%.

Let us be kind and assume that the retail mark-up is 50%. What cost R11 sold for R16,50. Now, what costs R16 sells for R24. The rise from R16,50 to R24 is 45,5%.

But in rands and cents the retailer is making a profit of R8 where before he made R5,50.

Figures quoted in a daily newspaper showed that the retail price of Beaujolais would rise from R8,90 to R15,33. That is a rise of 72%. Someone is scoring somewhere along the line.

S Times 28/8/88

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2/9/88

Surcharge is a blow to music industry

By Clare Harper

Musicians are up in arms over the 20 percent surcharge on musical instruments which they say are not luxury items, but their bread and butter.

Mr Ivor Back, a drummer, said it was "ludicrous" to pay such a surcharge for "the tools of my trade".

Mr Gene Smith, wholesale sales manager for the biggest supplier of musical instruments, Universal, said the 20 percent surcharge was a "severe blow" to the industry.

The retail price of a keyboard and synthesiser had increased from R4 995 to R6 995, he said.

An acoustic guitar had increased from R395 to R475 in the shops, the cheapest drum kit from R1 195 to R1 450.

Although many musical shops were still selling old stock, the prices would go up as soon as new stock arrived, he said.

Mr Howard Manning, of Manning Charles Music Saloon (Pty) Ltd, said he had already objected to the new prices on the grounds that music was educational.

The Board of Trade, he added, was considering the surcharge on music books and sheet music.

(74) B/day 2/9/88

BUSINESS DAY, Friday, September 2 1988

Import substitution's beneficial spin-offs

ARI JACOBSON

IMPORT substitution will be anti-inflationary in the long-run, say spokesmen for companies which have embarked on programmes to cut back on imports.

However, replacing imports was a gradual process which took time and money, with benefits accruing over a period as production efficiency improved.

"But not all industries should opt for import replacement," said Senbank economist Johann du Pisanie.

Industries with a high import content should concentrate on replacement programmes but continue to import what was necessary; low import industries should look to inward development, through deregulation and the efficient use of labour. This would alter SA's economic structure by decreasing its dependence on imports.

Many economists believe import replacement and inward industrialisation have become necessary in the light of waning foreign reserves, a constantly depreciating rand and political pressure that threatens to tighten the sanction-hold.

Toyota is one company to have initiated an import replacement programme. The R87m "Made-in-SA" drive will create benefits not only for the manufacturing industry but also the man-in-the-street, said manufacturing MD Ralph Broadley.

The component and sub-assembly programme will cut the high costs of imports, which is passed on to the consumer, and will create job opportunities for some 1 000 people.

Opportunities

One of the spin-offs of Toyota's programme will be that packaging usually done overseas will be done locally. Broadley said the timber industry will receive a packaging contract to the tune of R10m.

This spin-off is an example of the beneficial ripple effects of inward industrialisation. Opportunities created in one industry should extend through the economy, providing jobs in related sectors, said Federated Chambers of Industries' chief economist Roelof Botha.

"Of course, the dismantling of regulations would enhance the rapidity and efficiency of these effects," he added.

There are difficulties, however. One is customer resistance to SA-made industrial goods.

"Local industry is still sceptical of locally manufactured products," said Famtrading MD Jan van Kerckhoven. The company has nonetheless unveiled a small chemical pump with 98% local content, eight years after embarking on a programme of manufacturing industrial goods through import substitution.

In 1987, 70% of the R1m worth of imported chemical pumps could have been produced locally at lower prices, he said. "Diminishing costs have knocked 33% off the selling price — a potent anti-inflationary measure."

Factor

The company had based its substitution drive on a need for locally-made products and, of course, long-term profitability.

A factor which has placed constraints on self-sufficiency programmes is economies of scale. SA has a relatively small domestic market and volume exports in specific hi-tech areas are difficult to achieve.

Said Hydro-Coroma director Bruce Anderson: "We had to battle to compete with the large volumes and low unit costs of overseas companies, but now we produce and sell at lower costs than any of our foreign competitors."

Hydro-Coroma started on their import substitution programme six years ago and now produce automatic garage doors with 85% local content. "The 15% imported content, a micro computer chip, has development costs attached that are too high to replace," said Anderson.

Joy Manufacturing, which started import substitution six years ago, now produce coal mining machinery and spare parts with 90% local content. Deputy MD Denis Murphy said the coal mining industry's vast experience and large export base justifies the investment and development expenditure.

"We have found in many instances that local expertise has surpassed overseas technology," said Murphy. He added that import replacement has cut costs by about 15%, apart from the benefits of reducing the company's reliance on foreign supplies.

Surcharge policy shift in the wind

(74) B/Day 5/9/88

GRETA STEYN and
HELOISE HENNING

THE Board of Trade and Industry is to grant surcharge exemptions on goods already on their way to SA in cases of "extreme hardship", department sources said yesterday.

The department is expected to release details of changes to the surcharge early this week.

They are believed to range wider than for goods in transit.

It is understood the 20% surcharge on medical supplies, such as X-ray machines and brain-scanners, is also under consideration.

A decision had not yet been reached.

Exemptions will be administered by the BTI and, in the case of goods already on the water, they will be given only where payment of the surcharge threatens the continued existence of the business.

Firms will have to prove to the BTI that they were irrevocably committed to the imports before the new surcharge system was introduced on August 15.

The exemptions are likely after two urgent Assocom appeals for across-the-board relief for importers who could no longer stop goods on their way.

Assocom argued importers, who had already signed irrevocable letters of credit for goods shipped, were being hit by surcharges of up to 60%.

They said these items had already been accounted for in the Balance of Payments and involved no further loss of foreign exchange.

Assocom president Alec Rogoff telexed the Ministers of Finance and Economic Affairs last week asking for the authorities to grant relief on goods already shipped.

Rogoff said some businessmen were facing financial hardships as a result of government's reluctance to be more flexible.

"Applying the import surcharge to goods in this category can only mean unnecessary higher costs to the economy and disruption of business planning," he said.

□ AP Dow-Jones reports importers of capital and intermediate goods may apply for waivers.

Importers of raw materials will not be granted exemptions now on an individual company basis.

Exemptions will be considered only for an entire industrial sector and granted only after an investigation, a Trade and Industry official said.

(74) STAR 5/9/88.

'Hardship' cases to be considered

Some imports exempted from new surcharge

Finance Staff

Finance Minister Mr Barend du Plessis has confirmed some exemptions have been granted from the new import surcharges, which came into effect last month.

Mr du Plessis said, however, it was not possible to grant a blanket exemption on goods ordered before the announcement of the surcharge.

He emphasised that where undue hardships would result from the import surcharges, those importers could apply to the department of customs and excise for exemption.

This was confirmed by the Board of Trade and Industries, which said that surcharge exemptions would only be granted "in cases of extreme hardship" on goods already on their way to South Africa when the surcharge was introduced.

It was reported this morning that details of the exemptions would be released early this week, but that firms would have to prove to the board that the surcharge would threaten its financial existence and that the company had committed itself to the import before August 15.

The AP-Dow Jones news agency writes that board sources had indicated that importers of intermediary goods and capital goods could apply for the exemptions, which would only be considered for an entire industrial sector.

Importers of raw materials would not be granted exemptions.

Exemptions inadequate, says business

Govt clarifies position on surcharges

74

B/day 9/9/88

HELOISE HENNING

EXEMPTIONS from surcharges on goods ordered before the introduction of the new import duties would be considered where the existence of any enterprise was threatened, Economic Affairs and Technology Minister Danie Steyn said in Pretoria yesterday.

But he repeated earlier statements that there would not be a general exemption on goods ordered prior to August 15.

The announcement drew sharp reaction from organised commerce and industry which said the exemptions would not be adequate to avoid financial distress among many businesses and would have a serious impact on costs.

Steyn said goods on the water and those subject to irrevocable letters of credit had not been exempted from the surcharges imposed on August 15 — however, cases of "extreme hardship" would be considered.

He said the Board of Trade and Industry (BTI) would decide the merit of particular enterprises. If their existence was threatened by the increased surcharges then the lowering or exemption of the duties would be considered.

Proof would have to be provided that the goods had been irrevocably ordered before August 15 and would have been cleared before October 31.

Steyn said importers had until September 30 to apply for exemptions on capital goods, raw materials and goods on the water.

Clearly identifiable agricultural im-

To Page 2

74

B/day 9/9/88

Surcharges: govt clarifies its position

From Page 1

ports, except for machinery, had been exempted because of that sector's weak financial position.

Exemption permits from surcharges on capital goods and parts could be obtained in respect of the Customs and Excise Act 1964 and must be applied for from the Trade and Industry director-general.

Assocom president Alec Rogoff expressed regret that the relief was not granted where foreign exchange had either already been paid or was irrevocably committed.

He appealed for the generous treatment of applications for relief.

Rogoff said: "Assocom fears the provision for extreme hardship will not be adequate to avoid financial distress among many businesses which could, in some instances, even lead to increased unemployment."

An FCI spokesman said that, in terms of the Act, importers could apply in advance for exemption permits on goods and components they intended to keep importing.

Sapa reports that Durban Chamber of Commerce members expressed outrage at government's latest announcement on the issue at a special meeting yesterday.

Outlining the feelings at the meeting, the chamber said there had been severe criticism of government's "virtual total disregard of the adverse effect the surcharges will have on business, especially small business".

Either SA was in even more dire straits than the public had been led to believe, or government was completely insensitive to business realities.

(74) FM 9/9/88

IMPORT SURCHARGES

Hope for the 'imperilled'

Here we go again. Having thrown importers into confusion through the sudden imposition of import surcharges, government has had a change of heart.

In acknowledging the unfairness of forcing importers to pay extra for goods already on their way to SA, it has belatedly realised the added costs could tip some companies over the edge and out of business.

All, however, is not lost — even if at one time it may have seemed so. BTI chairman Lawrence McCrystal says that where a company's future is "imperilled" by the new surcharges, they will soon be able to apply for exemptions.

When, and how, is anybody's guess. At the time of going to press, government officials had no idea of when exemption details would be announced. They were promised first on Tuesday, then on Friday.

McCrystal himself couldn't say when the BTI's guidelines would be published. He said they had been handed to the Department of Customs and Excise, which is responsible for publishing the *Government Gazette*. Customs and Excise commissioner Daan Kolesky said simply: "We're working on it."

The only certainty is that most importers will be disappointed. McCrystal, while not specifying what constitutes an "imperilled" company, cautions the definition is narrow. "We will only accept that paying the surcharge will, for example, force the company into bankruptcy."

He adds: "This is a short-term measure and will be applied only to goods ordered before August 15 (when surcharges came into effect) and if the orders cannot be cancelled. There will be no further exemptions once those cases have been dealt with."

Some importers are not so sure. Government has shown a tendency to tinker with ill-thought-out controls as the real implications become clearer. Witness the on-off-on-again import concessions for Turkish goods and the non-stop adjustment of sectoral import tariffs.

McCrystal insists the BTI will not grant relief from the latest surcharges, even where goods are already on the water, if it decides they are "run of the mill" or don't imperil the future of a company.

He says the BTI has faced no serious problems with surcharges, despite being inundated with applications for exemptions.

"We're handling them very quickly. Most apply for complete exemption because their goods are already on the water. We simply refuse those. Some apply for goods to be moved to groups subject to lower surcharges."

The fact that the board is refusing applications quickly, doesn't mean the applicants aren't distressed. A Johannesburg importer of sophisticated optical equipment complains his imports are subject to heavy surcharges despite the lack of local alternatives.

Among the company's customers is Armscor. Like other customers, it faces a sharp rise in prices to compensate the supplier for surcharge-related import cost increases.

The executive director of a major industrial association says the surcharges are the latest example of legislation by whim. He says too many policies are hastily-designed answers to changing circumstances — often at the urgent behest of politicians — and ignore possible economic effects.

While association members could survive the increased costs — by passing them on to the consumer — they couldn't be sure when circumstances might change again.

Not everyone shares such fears. Says Federated Chamber of Industries (FCI) executive director Ron Haywood: "Some of our members believe the surcharges will benefit industrialists. Previously they paid a 10% surcharge on all imported capital goods. They can now apply for a permit to import them free of any import surcharge."

McCrystal admits there will be anomalies when products are grouped together. He adds anyone can apply to have anomolies corrected, just as they can apply for relief through surcharge exemption clauses.

But many ind· trialists wish government would do its hc ework before introducing new legislation

"Industry is all about long-term planning," comments one. "You can't plan in these circumstances." ■

IMPORT SUBSTITUTION — 2

Our own sanctions

Not everybody is convinced SA should react to foreign pressure by restricting imports. Some say it just makes matters worse.

"Just because sanctions are imposed on us doesn't mean we should impose more sanctions on ourselves, which is what you do if government uses tariffs and grants to artificially promote inward industrialisation," says Wits business economist Dan Leach.

Adds Natal University economist Chris Lingle: "It will be as if comprehensive sanctions were applied externally. Consumers will have fewer choices of goods over a more restricted range of quality. With the new import controls, P W Botha has closed ranks with Desmond Tutu and Jay Naidoo, even if his intentions are different."

These critics say the case for import substitution — as part of a siege-economy policy — is based on faulty logic. They argue:

☐ It's fatuous to say R4bn of imports could be produced locally at "favourable prices."

If there were billions of rands to be made in import substitution, pro'it seeking industrial giants — Anglo, Bar.✓ ✓ — would be doing it already. And if import substitution is unprofitable without subsidies and tariffs, it's not a "development" strategy; it's a way to make SA poorer through inefficiency.

Of course, businessmen can miss opportunities and Marius de Waal might be right that there's money to be made. The best way to find out would be, through a management buyout: turn the Industrial Development Corp into a private venture capital company and let De Waal and his colleagues invest in import-substituting industries;

☐ A little bit of import substitution might make sense for individual companies. But that doesn't mean a lot of import substitution — forced through government-imposed tariffs and subsidies — makes sense for the country.

Businessmen look for ways to ensure cheaper, better or more reliable supplies — and through the Import Substitution Association's matchmaker service, they could find a money-saving import substitute. But that's their decision. Some businessmen import things they could buy locally cheaper. But others buy local goods they could import cheaper, or buy goods next door they could buy around the corner. So what? Over time, competition and the drive for profits lead businessmen to cut costs. "Government should be the last institution we turn to to discover how to cut costs and run businesses efficiently," says Leach;

☐ Foreign exchange is not special.

Beware of calls to "preserve" or "save" forex. A dollar, like a rand, is money. And the exchange rate is nothing more than the price of dollars. Suppose it costs R3 to buy a dollar (a US33c rand). If government concocts a plan whereby we spend R4 to "save" a dollar, we're throwing away money. Better to buy the dollar in the forex market. If import substitution saves *money*, it's wise — and businessmen will undertake it without government prodding. If import substitution saves *dollars* at the cost of many rands (through subsidies, tariffs, permits, protection from competition), it's stupid;

☐ The BoP constraint is a dying myth and doesn't justify government interference.

The recent mini-boom was unsustainable not because imports soared, but because it depended on the Bank pumping new rands into the money market — something it can't keep doing without destroying the rand and re-igniting price inflation. The "deteriorating" BoP can be a warning flag of bad government policy; swings in trade and investment aren't bad in and of themselves.

Government *can't* "protect" the BoP and the value of the rand through import substitution and export promotion. It *can* protect the rand by not debasing it. Sound money and a free-floating exchange rate will allow us to see when it's wise to import and when to export. And bold deregulation and privatisation will allow growth of far more than 3% a year — no matter how much we export or import and without depending on Bank-induced mini-booms;

☐ The economy won't become productive and competitive by cutting off foreign trade.

Last month's imposition of tariffs as high as 60% is the first step toward promoting slothful, inefficient local industry — as has been achieved elsewhere in Africa. Today, SA businessmen are being criticised for not using double shifts to step up production, including production of exports. Maybe they *are* getting lazy. But tariffs and subsidies won't solve that. The remedy? Reward success, cut corporate taxes. Punish failure, increase competition through imports and deregulation.

In fact, the way to neutralise sanctions is to open up the floodgates of imports. Then, industrialists could take advantage of low input costs and plentiful labour to develop internationally competitive industry.

"By raising the cost of imports, we'll make our exports less competitive," warns Leach. "Then, the interventionists will be clamouring to promote exports. Each new policy breeds new problems"; and

☐ Foreign sanctions get too much blame.

Sanctions are restrictions on trade and investment imposed by foreign governments. They are unwelcome. But Pretoria's restrictions on trade and investment do far more damage and could be eliminated tomorrow. These self-imposed sanctions — tariffs, exchange control, licensing, zoning, building codes, restrictions on property ownership, high taxes, a huge civil service, nationalised industries — curb local entrepreneurship and scare off foreign investment.

It adds up to this: people call for Pretoria to bring about industrial development, when its policies stunted development in the first place. With less planning and more capitalism, we'd have the development everybody is now futilely expecting government to bring about with tariffs and subsidies.

A centrally planned economy is the problem, not the solution. Plans, commissions, boards, subsidies, controls and tariffs got us into this mess. Rather than retreating further into a siege economy, we should give free enterprise a chance to get us out.

9/9/88

IMPORT SUBSTITUTION — 1

Fighting sanctions

Many people see import substitution as the way out of sanctions. They say SA won't be able to grow in the face of stagnant exports and rising imports, because of the balance of payments constraint.

"Renewed emphasis on import substitution will strengthen our BoP and create room for GDP growth beyond 3% a year," says Iscor and IDC chairman Marius de Waal.

He says R4bn of annual industrial imports could be produced locally "at costs which favourably compare with import prices." This includes some office supplies, electrical components, car parts, medical equipment, machine tools, textile machines, farm implements and even heavy machinery.

De Waal says import substitution will boost local manufacture and "save foreign exchange." The key is co-operation by businessmen and government. "Entrepreneurs and the State must support one another and ensure that obstacles are eliminated," he says.

One group of industrialists is already acting. They've formed the Import Substitution Association of SA (Isasa), which is promoting local production through a matchmaker service. "We're identifying exactly what products are imported that can be bought here," says administrative director Frank Carlisle.

Isasa asked 6 000 firms to list both imported products they would buy locally "if competitive in quality and price" and local products they can sell to firms that now import.

It published the findings in a booklet. Carlisle says many firms found local, more reliable sources as well as new customers.

To promote import substitution, Carlisle wants government to:

☐ Fund the matchmaking survey so it can be expanded to 50 000 firms;

☐ Grant a 150% or 200% depreciation allowance on locally produced capital goods to encourage local machine producers;

☐ Sharply increase tariffs on products that could be locally produced;

☐ Require overseas exporters to build plants here in joint ventures with local firms rather than allow them to continue to export;

☐ Boost research and development spending on import substitution; and

☐ Fund a campaign encouraging consumers to buy local goods. ■

Surcharge relief on computer imports

12/9/88. (FM) B/day

GLEN SHELTON

THE surcharge on imported computers and computer parts is 20%, not 60% as some computer companies believed after the new rates were imposed on August 15.

This was confirmed at the weekend by Commissioner for Customs and Excise Daan Colesky.

He said although there might have been some confusion, especially concerning software, the surcharge on computers and all accessories was 20%.

Colesky suggested that the confusion might have arisen because some computer items were listed under the 60% surcharge, but he said the number of items in this category was limited.

Joan Joffe of Joffe Associates explained that the surcharge was more confusing because it was really only 16% which "translated somehow into 20%".

The 16% was payable on landed costs and excluded the 11% *ad valorum* duty which was legislated about a year ago.

Joffe said computer spares would possibly be included in the 60% category.

Business Equipment Associates (BEA) executive director Les Wood agreed that all computers would be charged under the 20% category but warned that the 60% surcharge would apply to computer monitors and dictating equipment.

Wood also acknowledged that confusion surrounded some of the charges and said that software was a "strange animal".

"If you import a disk, then you will be charged the extra 20%, but that is worked out on the basis of the value of the disk and not on the disk plus the software.

"If you cannot separate the value from the software, then the extra 20% is charged on the software."

Those hefty surcharges may hurt, but will they help? (74)

16-22/9/88 W/Mail

Economists are sceptical that the government's efforts to reduce the imports bill will have much effect, reports HILARY JOFFE

THE import surcharges introduced last month will in themselves not reduce South Africa's import bill drastically and will not significantly improve its trade balance.

This is the view of Standard Bank economist Nico Czypionka, writing in the bank's latest *Review* which was released this week.

He estimates the average surcharge at 15 percent, with not even five percent of the import bill attracting the maximum 60 percent charge.

The surcharge will have little immediate effect because of the length of the "import pipeline" — the time between orders and arrival. And, Czypionka argues, a large proportion of South Africa's imports are intermediate goods which are largely exempt from the surcharges.

Certain sectors will be hard hit but the effect on the overall cost structure of the economy will be limited: Czypionka estimates the extra cost to the economy could be only R30-million a month.

Some of the sectors where there are likely to be drastic import reductions are importers of electronic equipment — especially of consumer items such as radios, TV's and video cassette recorders, which attract a 60 percent surcharge — and arts and antiques imports, which are covered by a blanket 60 percent surcharge.

But the charge on electronics is inconsistent: microwave ovens and compact disc players, for example, attract only a 20 percent surcharge.

Czypionka believes further interest rate increases and other measures to reduce domestic demand are essential to curb imports and improve South Africa's trade balance.

Measures adopted by the authorities so far have not been noticeably effective in "cooling" overall demand. "Economic activity is running at a considerable pace again, after a temporary slowdown in the second quarter," he says, citing bouyant credit demand, rapid money supply increase and the decline of gold and foreign exchange reserves to a low R5,3-billion.

Economist Gillian Raine of stockbrokers Frankel Kruger sees another rise in interest rates as a possibility. But she predicts in a recent bulletin that the demand for credit will slow down next month, following a final surge as consumers buy durable goods in anticipation of higher prices resulting from the new surcharges and the lower rand.

"Private credit demand is expected to slacken as consumers anticipate falling real incomes and respond to the tightening of restrictions on hire purchase and leasing," Raine says.

However, corporate credit demand may continue as businesses have to finance "involuntary inventory accumulation" which results from a decline in consumer demand, Raine points out. Importers, particularly, may be left with stocks, especially if they had goods on route to South Africa when the surcharge was introduced.

Government demand for credit was strong in the first half of the year, compensating for any decline in consumer demand, but it tends to be lower in the second half of the year, she says.

Despite the growth in credit demand, interest rates such as the Bankers Acceptance rate have not risen that much. Raine says this is evidence that "were it not for political constraints, rates would have risen sooner and faster than they did".

For South Africa's financial authorities, repaying foreign debts is a priority — hence the measures to "cool the economy", curb imports and improve the trade balance between imports and exports.

Since capital flows out of rather than into South Africa — with apparently no new foreign loans coming in — a trade surplus is necessary for the repayment of foreign debts.

South Africa's total foreign debt is estimated at $22-billion, according to one banking source.

About half of this is debts "in the net" — repayment of which was negotiated between the government and South Africa's major foreign creditor banks in 1986. Much of this is public sector debt.

So far this year about R500-million of debt has been repaid in terms of the agreement and a further R250-million installment is due for repayment in December. Further installments of R600-million and R400-million are due next year and in 1990. In addition, about R1,5-billion of government loans are due to mature in 1990.

The $11-billion of foreign debt "outside the net" is made up of private sector loan commitments, with repayment dates privately arranged.

It's thus not public knowledge when these loans fall due, but it is being said in some banking circles that foreign creditor banks are refusing to "roll over" the loans (extend their repayment dates).

The debt issue is shrouded in secrecy, since it is a strategic issue for the government.

23/9/88 (74) Star

Still too soon to tell surcharge effect

Duty rise likely to hit antiques trade

By Clare Harper

It was too soon to tell how many companies would go insolvent as a result of last month's surcharge increase on imported goods, Assocom spokesman Mr Bill Lacey said yesterday.

"However, there was a great deal of uncertainty and loss of confidence because of delays in the decision-making process," he said.

The latest Central Statistical Services figures indicate that a total of 459 liquidations of companies and individuals took place from June until the end of August this year, representing a 38,3 percent increase on the previous three months. In August there were 145 liquidations.

The president of the SA Antique Dealers' Association, Mr Simon Leighton-Morris, said the trade was worried about dealers having to close down, but said the full ramifications of the 60 percent surcharge on antiques had not yet hit.

But there was a feeling that the South African Antique Dealers' Fair in October would be the last, he said.

EXPECTED

The financial director of Checkers, Mr Serge Martinengo, said Checkers prices had not gone up yet as the chainstore was not involved in "very heavy imports".

He expected prices on imported items would go up towards the middle or end of October.

A musical instrument and sheet music retailer, Mr Howard Manning, said the 20 percent increase on musical instruments, which already affected prices in the music industry for the man-in-the-street, was "using up everybody's (retailer's) capital".

"Everybody buying imported goods is increasing their overdrafts," he said.

The deputy managing director of Dion Stores, Mr Jannie Els, said turnover was holding up well after "shoppers went bananas for the whole of August".

Dion had not cut down on its imports because it was already committed to goods on the water, he said.

"But we will have to re-think our strategy for the future," he said.

Hansard

Embassies, Pretoria: funds channelled

1440. Mr C J DERBY-LEWIS asked the Minister of Foreign Affairs:

(1) Whether he or his Department has been informed of reports alleging that funds for anti-South African activities are being channelled through certain overseas embassies in Pretoria; if so,

(2) whether he intends taking any steps in this regard, if not, why not; if so, what steps?

The MINISTER OF FOREIGN AFFAIRS:

(1) I and my Department are aware of such reports and rumours.

(2) If it can be proved that the allegations are true, suitable steps will be taken.

Tax legislation: protection of businessmen

1441. Mr C J DERBY-LEWIS asked the Minister of Finance:

Whether he is considering introducing legislation making provision for protection for businessmen against penalties incurred by them under tax laws as a result of negligence and/or unprofessional conduct on the part of their accountants and/or bookkeepers; if not, why not; if so, when?

The MINISTER OF FINANCE:

Such legislation is not now being considered.

The taxpayer, or vendor under the Sales Tax Act, is personally responsible for the timeous rendition of and the correctness of information in his returns.

If, as the result of negligence and/or unprofessional conduct of his accountant or bookkeeper, he incurs penalties under the tax laws he will have a civil claim for damages under common law against such person. In fact, accountants are covered by professional indemnity insurance against such claims.

Tax credits

1443. Mr C J DERBY-LEWIS asked the Minister of Finance.

(1) Whether any taxpayers have credits as far as their tax obligations to the State are concerned; if so, (a) what is the total amount involved, (b) how long have these credits been outstanding and (c) in respect of what date is this information furnished;

(2) whether such taxpayers receive interest at the same rate as that applicable to taxpayers who are indebted to the Receiver of Revenue; if not, why not; if so, what are the relevant details?

The MINISTER OF FINANCE:

(1) It has been the practice since 1986, in the case of companies, and 1987, in the case of individuals, to refund all tax credits. Credits relating to prior years have either been used to reduce provisional tax payments due in respect of subsequent years of assessment or have been consolidated and set-off against outstanding taxes.

The following credits representing advance payments by way of employees tax and provisional tax for the 1989 year of assessment are being held for set-off against assessments (debits) still to be raised:

Individuals:

Employees tax R3 474 685 563
Provisional tax R106 730 575

Companies:

Provisional tax R2 826 975 473

(2) Interest is payable on provisional tax credits at a rate of 12 per cent per annum to taxpayers with taxable incomes in excess of R50 000 in the case of individuals and R20 000 in the case of companies. This rate was fixed at 15 per cent up to and including 30 September 1987, but, to prevent any abuse, the Act was amended last year to bring it into line with market-related rates in the private sector.

In the case of outstanding debits, taxpayers are charged interest at the rate of 15%. This rate was not also reduced, the reason being that it should serve as a disincentive to those who seek to delay the payment of their taxes unnecessarily.

Hansard.

Defence headquarters building

1455 Mr D J N MALCOMESS asked the Minister of Public Works and Land Affairs:

(1) What was the total cost of the new Defence headquarters building in Pretoria;

(2) whether tenders were invited in respect of this building; if not, why not; if so, what was the lowest tender received;

(3) whether the lowest tender was accepted; if not, (a) why not and (b) what are the relevant particulars of the tender that was accepted?

The MINISTER OF PUBLIC WORKS AND LAND AFFAIRS:

(1) The present estimated cost of the building is R191 770 000.

(2) Planning of the building is presently still in progress and tenders will only be called for after completion thereof. Minor preparatory site works have been done for which tenders were awarded.

(3) Falls away.

Cairo: talks

1459. Mr P G SOAL asked the Minister of Foreign Affairs:

With regard to the talks held by him in Cairo on 24 and 25 June 1988, (a)(i) how many persons accompanied him to that city and (ii) what are their names, (b)(i) who is or was the owner of the aircraft used to transport them and (ii) what was the cost of hiring it and (c)(i) who financed the trip and (ii) what is the estimated total cost thereof?

The MINISTER OF FOREIGN AFFAIRS:

(a) (i) 69 people including media representatives.

(ii) It is not considered to be in South Africa's interest that names be furnished.

(b) (i) SAA.

(ii) The cost of the return air transport for the group amounted to R4 342,30 per person.

(c) (i) The relevant government departments involved in the peace talks and the media representatives who accompanied the delegation jointly financed the visit.

(ii) Falls away.

Importation of second-hand clothing 74

1479. Mr D J N MALCOMESS asked the Minister of Finance:

(1) Whether any provision has been made for the importation of second-hand clothing into the Republic; if not, why not; if so, what is the (a) nature and (b) percentage of the duty and/or surcharge on such clothing;

(2) whether he will make a statement on the matter?

The MINISTER OF FINANCE:

(1) Yes. Provision for the importation of worn clothing and worn textile articles which are put up (imported) in bulk packings such as bales is made in tariff heading 63.09 of Schedule No. 1 to the Customs and Excise Act, 1964.

(a) and (b) Worn overcoats in such packings are subject to Customs duty of 25% or 40c each and other worn clothing in such packings to Customs duty of 25% or 35c each. Both are subject to surcharge at 20%.

Other used (second-hand) clothing is classified in either Chapter 61 or Chapter 62 of Schedule No. 1 to the Customs and Excise Act and the rate of duty, which differs according to the type of clothing and the material from which it is manufactured, depends on the applicable tariff heading. Should the Honourable Member require any further detail in this regard he should please contact the Commissioner for Customs and Excise.

The importation of worn/second-

IMPORT SURCHARGE

74

Scraping the barrel

When he announced import surcharges ranging from 10%-60% on August 12, Finance Minister Barend du Plessis stressed the purpose was to restrain imports, not raise revenue.

This is not borne out, however, by the authorities' response to applications for exemptions, whose deadline was September 30.

It seems they are determined to leave untapped no possible source of revenue.

Fair play would suggest that a blanket exemption is appropriate for goods:

☐ Shipped by August 12;

☐ Subject to irrevocable letters of credit, irrevocable contractual commitments or shippers' confirmations; and

☐ Already in bonded warehouses.

As such exemptions would relate to orders already placed and represent money already committed, they would have no possible impact on the balance of payments.

The minister's refusal to consider a blanket exemption and the parsimony in granting exemptions in individual cases, on the basis of extreme hardship, suggest revenue is a major object.

The issue has been raised by Assocom through the Import Surcharge Liaison Committee, which also represents FCI and AHI.

Board of Trade chairman Lawrence McCrystal insists the surcharge is directed solely at the balance of trade. A blanket exemption, he tells the *FM*, would have "led to unmanageable problems and would have brought its crop of allegations of unfair treatment."

Another area of controversy discussed with the committee is the surcharge on components, says Assocom's foreign trade secretary Bess Robertson. Manufacturers are confused by the Board of Trade and Industry's insistence that exemptions will only be granted in the case of "substantial technical transformation."

However, on August 12, Du Plessis made no reference to such a requirement. He said only that "all commodities serving as inputs for the manufacturing industry" would be "zero rated."

McCrystal feels, however, that this would leave a loophole. "It would be easy for importers to remove a few elements from an item, clear them as components and reassemble them, avoiding the surcharge."

Other issues raised by Assocom include:

☐ Exemptions on capital equipment only for end-users means stockists who have to keep equipment on hand are subject to the surcharge and cannot claim it back on sale to end-user; and

☐ The surcharge on spare parts other than those for the motor industry. Says Robertson: "The board agreed it was an anomaly and said it was being looked into with a view to greater precision — but in respect of service spares only."

Apart from individual issues, businessmen have been angered that the announcement was made without administrative procedures in place to process applications. ■

FM 14/10/88

Import controls will discourage exports

Star 17/8/88

74

By Frank Jeans

The imposition of import controls can only, in the long run, distort the South African economy and discourage exports.

Indeed, say two leading economists, the "implications are horrific" at this time when the country is in the mood of a siege economy.

Speaking at a lunch of the SA Association of Consulting Engineers on the effects of a siege economy on South Africa, Mr Jim Buys, economic consultant at Anglo American, said:

"One might well see along the path to a siege economy the unavoidable characteristics arising from a further erosion of foreign currency earnings and the availability of foreign capital.

"If we proceed down this path, we might well see the imposition of import controls and-or foreign currency rationing as an alternative to rationing via a freely floating exchange rate.

"This is not a response which I would advocate, except possibly in the most extreme of circumstances but rather one which I recognise as being likely if siege conditions intensify."

Dr Roger Gidlow, economic adviser with the Reserve Bank, endorsed the view and said the generation of higher export volumes still appear to be imperative.

Numerous obstacles, however, hindered the expansion of exports of manufactured goods and sanctions only complicated matters even more.

"Indeed, external sanctions threaten to render the South African economy even more dependent upon mineral exports in coming years," he said.

Review of local content programme under way

Star 26/10/87

76

The Board of Trade and Industry was investigating a new local content programme for heavy vehicles and for cars, Mr MR Heyns, its chief executive, said yesterday.

The board was trying to compile one programme to address the whole industry.

The aim was to save foreign exchange, he said. An analysis had shown that foreign exchange usage by the motor and components industries under the existing local content programme had increased from R412 million in 1971 to R1,8 billion in 1985 and to R2,3 billion in 1986.

By 1990, the board estimated that foreign exchange usage for the current local content programme, given only a slight improvement in motor sales, would be close to R6 billion.

Should the trend continue, exports of vehicles and components would be only R240 million by 1990.

It regarded the solution to the large net foreign exchange usage as a combination of increased local content and increased exports.

Its view was that exports and increased local content should be treated equally and each manufacturer should choose the route it wished to follow: to lift local content or to lift exports or adopt a mix of both.

Plan to ban imported poultry is opposed

Star 26/10/88

74

By Dan Side

Pick 'n Pay is opposing an application by the SA Poultry Association for a protective tariff against the importation of whole frozen chickens and chicken and turkey portions.

Mr Peter Dodson, the perishable foods director of the supermarket group, said last night the company was "appalled" at the contentious statements made by the poultry association accusing retailers of stockpiling chicken at lower prices mid-year to exploit the higher demand situation during the festive season.

This "created an artifical impression of a shortage", said the poultrymen, who disagreed with retailers' predictions there would certainly be "a dramatic shortage" of poultry over the Christmas-New Year period.

Local supply, said the association, was currently at least 10 percent higher than at the same time last year.

Although it was still occasionally exceeded by demand, a R300 million expansion programme was in full swing to alleviate shortages.

IMPORT SURCHARGES

Clear as wood

It's been more than two months since import surcharges were gazetted on August 15. Some industries still aren't sure what's going on.

SA's 122 lumber millers, for example, were convinced they had to pay a 20% surcharge on spare parts for existing plant and machinery, most of which is imported. Officials of the Department of Trade and Industry (DTI) confirmed this to their representative body, the SA Lumber Millers' Association (Salma).

But, says director of imports Piet Barnard: "It's a misunderstanding." Millers may import spare parts for their own use without having to pay a surcharge if they apply to the DTI for an exemption permit.

"Millers are end-users and have a 99,9% chance of getting the permit," says Barnard. "And they will be allowed to import their own capital equipment without the surcharge if they fulfil the necessary requirements. These include applying for permission, that the equipment is not made locally and that millers do not need it to replace labour."

However, parts importers who are not end-users must pay a surcharge on the sawmillers' spare parts they import.

Lumber millers do not like this ruling, as it means paying more for their spares, as specialist importers include the surcharge in their costing and take a profit on it.

Salma executive director Andries Swart says millers prefer to work through local importers for their supplies. "It has been done that way for years. Merchants have established supply channels and know precisely where to locate all the parts that are needed.

"We are concerned and will ask government to scrap the surcharge on sawmillers' plant and spares entirely." ■

28/10/88 FM (CT)

Local firm seeks more pasta tax

STAR 31/1/88

By Caroline Mehliss

Fattis and Monis, the country's largest manufacturer of pasta products, has appealed to the Government for higher import duties to stop "foreign pasta" coming into the country at a lower price.

Mr Colin Kretzmann, managing director of Fattis and Monis, says there has been so much dumping of imported pasta into South Africa that sales of local pasta have decreased substantially.

"This is putting people's jobs in jeopardy. If sales drop further, we will be forced to lay off staff," he said.

"The imported pasta is less expensive than the local product, in spite of the current 30 percent import duty because it is heavily subsidised by the Italian government.

Fattis and Monis announced a 14 percent increase last month because of higher production costs including imported ingredients,

A spokesman for Pick 'n Pay condemned the request for higher import duties, saying that Fattis and Monis had by far the lion's share of the pasta market.

"We would love to be able to import more foreign pasta. We could get Turkish pasta for less than R1 per packet, but cannot get a permit," he said.

Motormen meet on mass

HELOISE HENNING

FIVE of the seven motor manufacturers yesterday met separetely the Board of Trade and Industry after failure to propose an industry-wide proposal on the mass local content programme.

Deputy Minister of Trade and Industry Theo Alant said in June the mass-based programme would be changed to value-based.

The National Association of Automobile Manufacturers of SA then undertook to formulate a proposal.

The BTI later changed its proposals, Naamsa president and Samcor CE Spencer Sterling said yesterday.

He and Naamsa deputy president and BMW CE Walter Hasselkus will meet the BTI next week.

Industry chiefs, apart from agreeing a change in the local content programme would be good for foreign reserves, believe adaptation to the new economic environment, by either using less or earning more foreign exchange, would determine survival of their businesses.

After yesterday's talks Mercedes Benz, Nissan, Toyota, Volkswagen and Delta chiefs said nothing.

Nissan CE John Newbury said each of the companies had different structures, manufacturing various mixes of passenger cars and commercial vehicles.

Before going into the meeting VW deputy chairman Peter Searle said indications from government were that cars would come under heavier taxes and exports would be encourged.

See Page 2

Call for higher pasta duty dubbed 'unfair'

Star 7/11/84

(74)

By Caroline Mehliss

The Italian-South African Chamber of Commerce says the recent application by Fattis & Monis for a higher duty on imported pasta is "unfair and inflationary".

General-secretary Mr Gian Carlo Barsotti says Fattis & Monis already has more than 90 percent of the pasta market.

"It is most unfair for them to ask the government for protection against a neglible amount of competition. Imported pasta is already subject to 30 percent customs duty and a further 10 percent surcharge imposed in August. The permit system means that the amount of pasta coming into the country is controlled so the local market is already well-protected."

Mr Barsotti denied Fatti & Monis' claim that imported pasta was cheaper than the local product or that it was subsidised by the Italian government.

"Only certain brands of spaghetti are the same price or perhaps two cents cheaper or two cents more expensive than local spaghetti. Imported fancy pastas such as shell or chort-cuts are about R2 a kg more expensive than the local product, so Fattis & Monis should not see us as a threat.

"What they are trying to do is squeeze out what little competition there is and have the entire pasta market to themselves."

Warning bells toll as jingle bells chime

(74) Star 23/11/88

By MICHAEL CHESTER

Your pocket is full of crisp notes from that end-of-year bonus, the word "buy" is on everyone's lips. Just make sure you're not being ripped off when purchasing imported merchandise.

Shoppers setting out on an annual Christmas buying spree have been alerted by the Witwatersrand Chamber of Commerce and Industry to guard against swindles when buying items shipped in from overseas

The sound of jingle bells has been interspersed with warning bells about the risk of retail trade scams trying to skim extra profits from confusion about price increases caused by higher surcharge levies on various imported goods.

The chamber fears a round of rip-offs as shoppers, many with purses fattened with Christmas bonuses, relax their watch on price movements.

"Reports are flowing in that some retailers are exploiting public ignorance about the precise scale of import surcharges," says WCCI chief executive Mr Marius de Jager

"There are widespread misconceptions, often encouraged by less scrupulous retailers, that the price of all imported goods has automatically jumped by 60 percent

Sliding scale

"In fact, the surcharges, most of which stood at a fixed 10 percent until changes were announced in August, now run on a sliding scale Consumers are advised to become better acquainted with the impact on specific items.

"There are some instances where surcharges as high as 60 percent have been imposed, but that list is limited and most goods fall into lower surcharge brackets.

"Consumers who suspect exploitation should challenge the shop management. Even goods now attracting a 60 percent import levy should not jump in price by as much as that, since most of them paid at least a 10 percent surcharge before the new scale was introduced."

Two examples:

- An imported radio costing R500 carried a 10 percent surcharge before the August 12 changes, pushing the price to R550. Now, with a 60 percent levy, the price jumps from R500 to R800 — an increase of 45,5 percent
- A R1 000 video recorder, with 10 percent added, sold at R1 100 Now the price goes to R1 600 — an increase not of a full 60 percent, of course, but 45,5 percent again

But there are a number of goods where the surcharge has not budged at all from 10 percent — camera film, tyres, hand tools, pens and pencils, toothpaste, paints and varnishes

And items in another list have risen no more than from 10 to 15 percent — such as coffee, tea, spices, and fresh or dried vegetables and fruit.

Yet another list contains goods that carry no more than a 20 percent surcharge — from clothing and footwear to kitchen pots and pans and refrigerators. Toys and games are in that 20 percent bracket, too.

Where the 60 percent surcharge comes into play is in a list of items that starts at nuts and chocolates, goes on to cigars and cigarettes, and on to perfume, woven silk, hand-made carpets, jewellery, works of art and antiques.

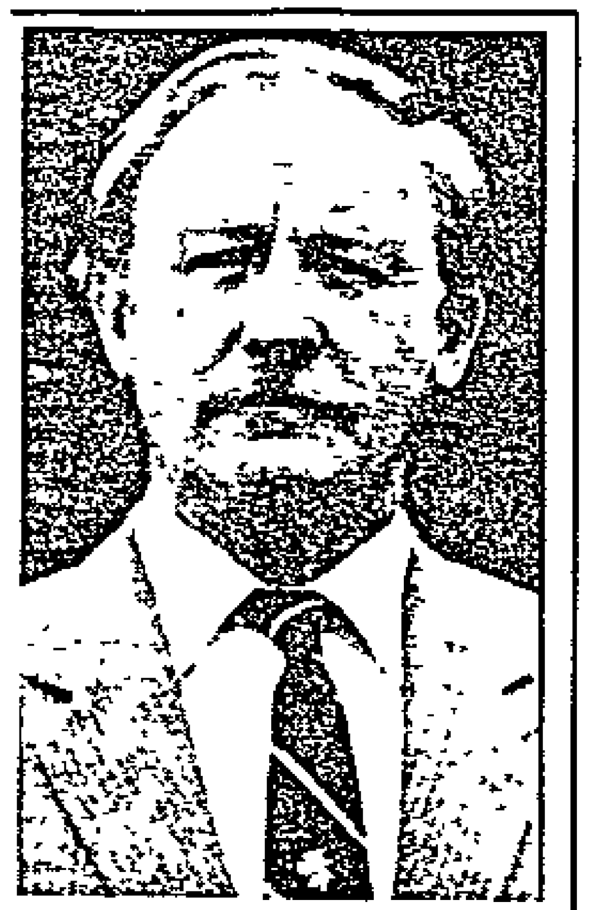
"Shoppers should also press the point that retailers are under a moral obligation to hold price increases in check until all of their old stock has been sold," Mr de Jager says.

"In fact, the full impact should not be felt on very many price tags until the new year. That's when the clout will be hardest."

A word of warning, however. Any price increase at all attracts a bigger bill for general sales tax, which causes its own distortions.

And while low levels of inflation in many overseas countries means only modest recent rises in their production costs, the price of long lists of imported goods has shot up by the time they arrive on South African retail shelves as a result of a shrinking rand exchange rate.

But a final word of advice from the chamber: "If you suspect a scam, ask to see the store manager and insist on a reasonable explanation."



Major-General Philip Pretorius.

A man who is sticking to his guns

By DAWN BARKHUIZEN

"Never lean on a gun. Civilians might do it but a military man — never!"

Despite retiring from the SADF earlier this year, the new director of the South African National Museum of Military History in Johannesburg, Major-General Philip Pretorius, is still not "at ease"

In fact, he hardly feels he has left the army at all.

"Military history has always been a great interest of mine I was previously a member of the museum board of trustees, so after 37 years in the army the position here was like the cherry on the top.

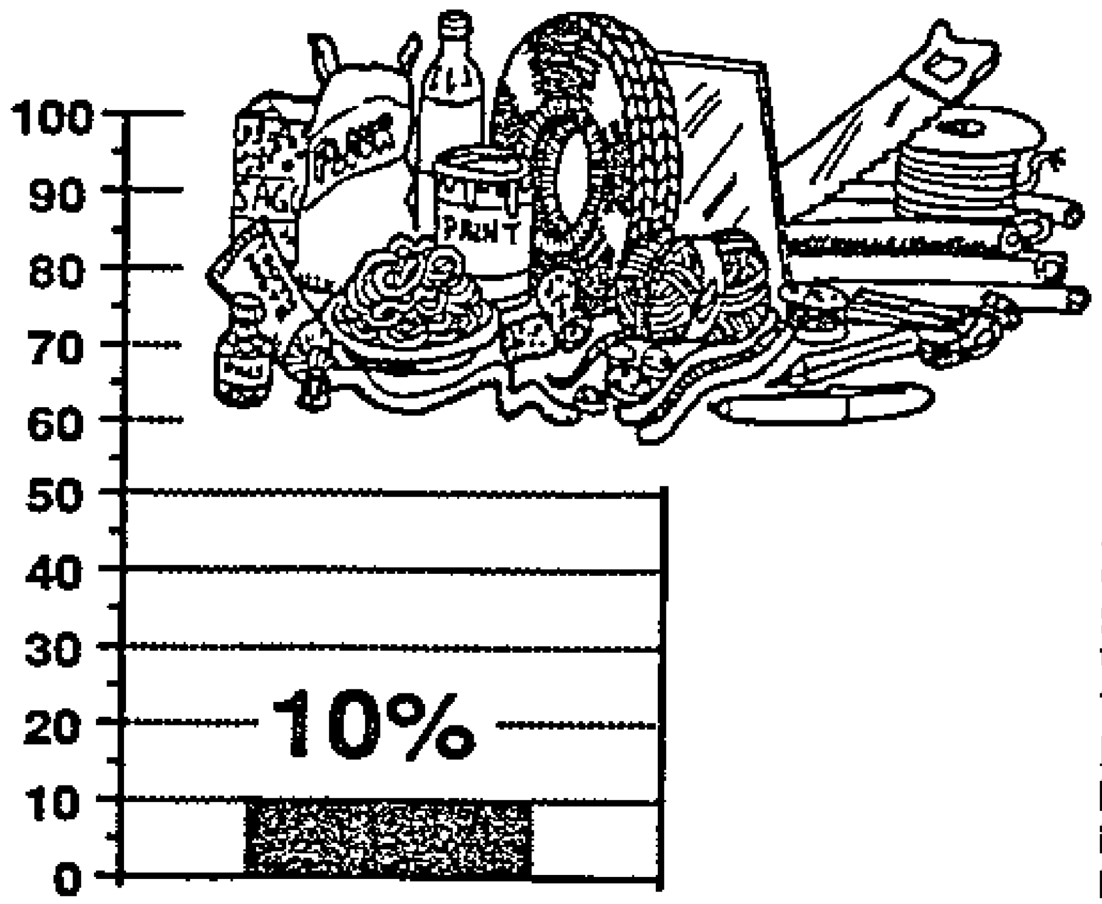
"I've only had one job," he admits, "and after 37 years you develop a certain lifestyle and way of doing things.

"I chose my career immediately after the war. In those days one either went into the church or the army Some of my forefathers were military men — I chose the army.

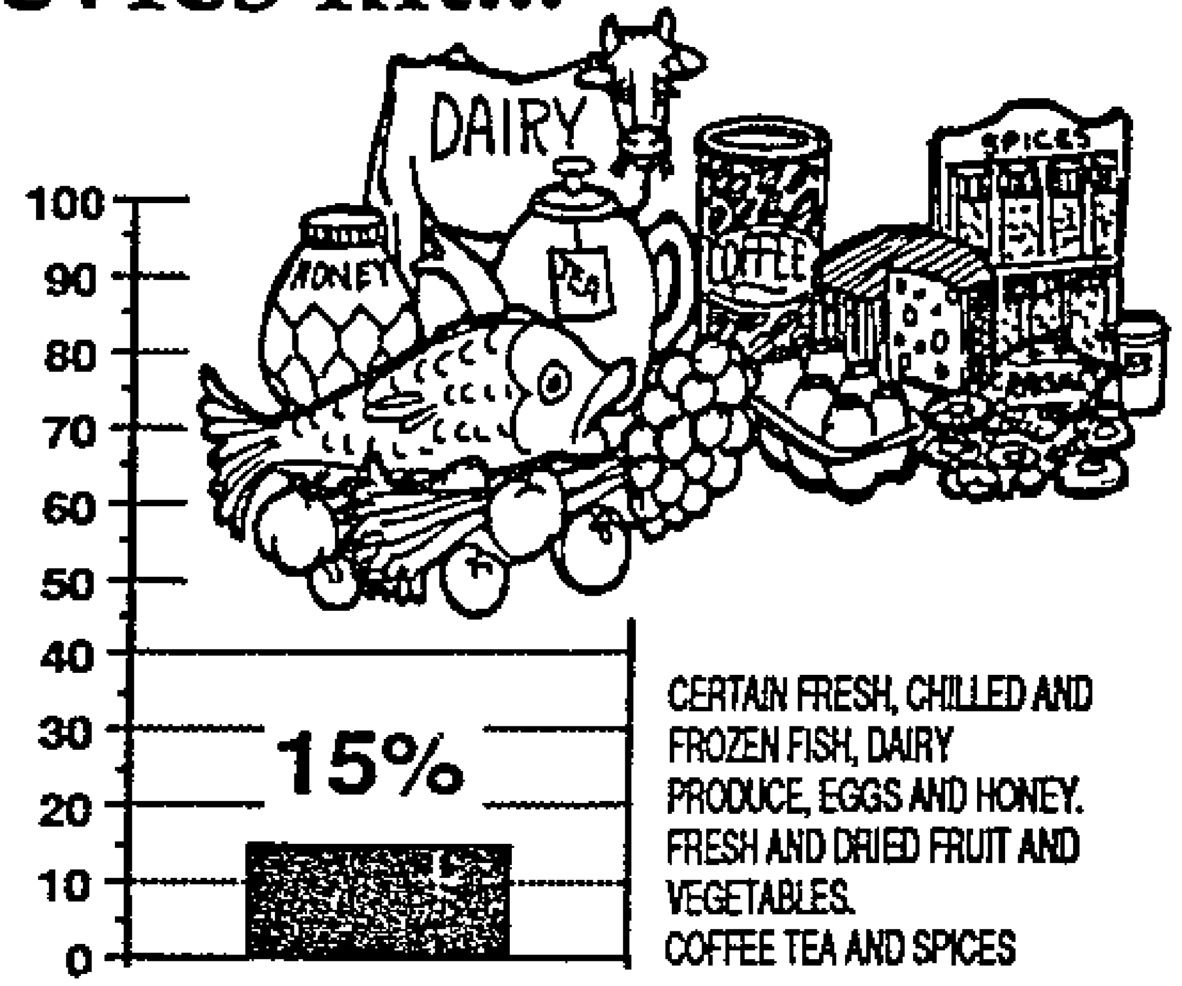
"It's a choice that I've never regretted, I've seen the world."

He had a five-year stint as SA military attache in Paris and ended his career in the army as chief director of manpower provision and development in the personnel division.

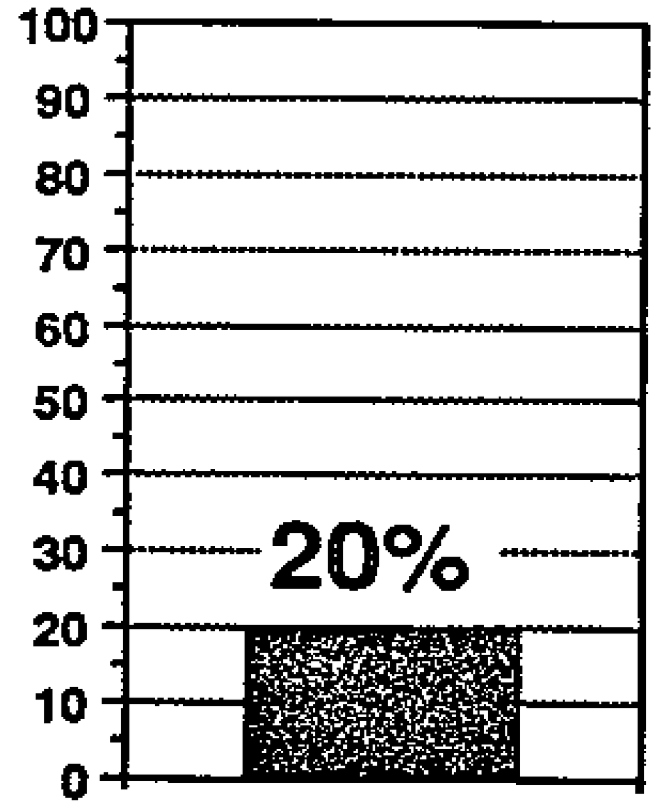
How and where the import levies hit...



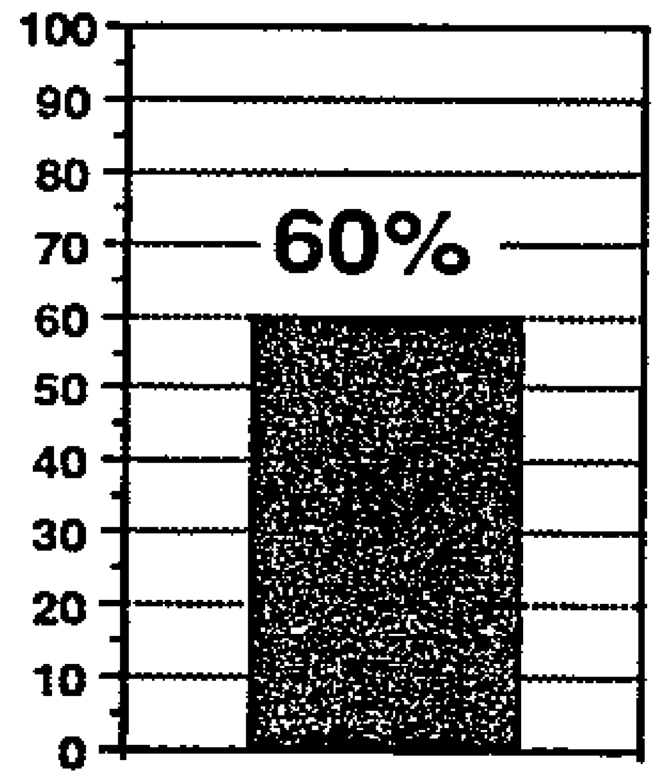
MEAL, FLOUR, MARGARINE, SUGAR, CAKE POWDER, SPAGHETTI, TAPIOCA, SAGO, YEAST AND SAUCES.
MEDICAMENTS, TOOTHPASTE
PAINT, VARNISHES, SOLVENTS
THINNERS, PREPARED GLUES.
PHOTOGRAPHIC FILM AND CHEMICALS FOR USE IN DEVELOPMENT OF PHOTOS.
SHEETS AND PLATES OF PLASTIC.
RUBBER TUBES, PIPES, TYRES AND INNER TUBES.
ARTICLES OF CORK
CERTAIN YARNS
SHEET GLASS.
WIRE
TUBES AND PIPES OF METAL
HAND TOOLS
BUTTONS AND SLIDE FASTENERS
PENS, PENCILS AND TYPEWRITER RIBBONS.



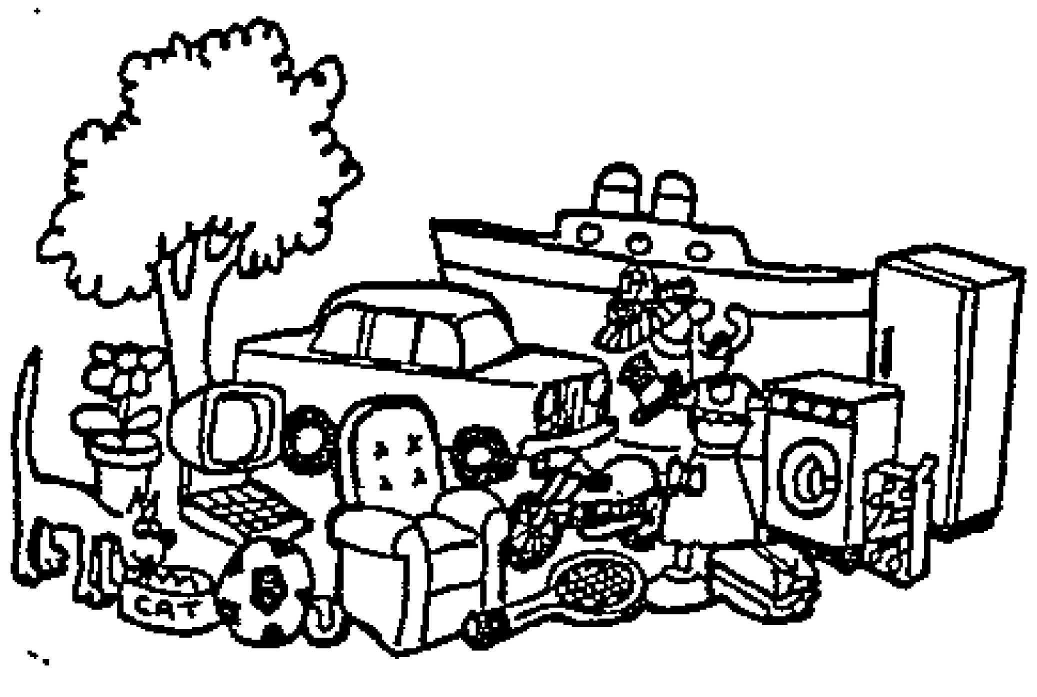
CERTAIN FRESH, CHILLED AND FROZEN FISH, DAIRY PRODUCE, EGGS AND HONEY.
FRESH AND DRIED FRUIT AND VEGETABLES.
COFFEE TEA AND SPICES

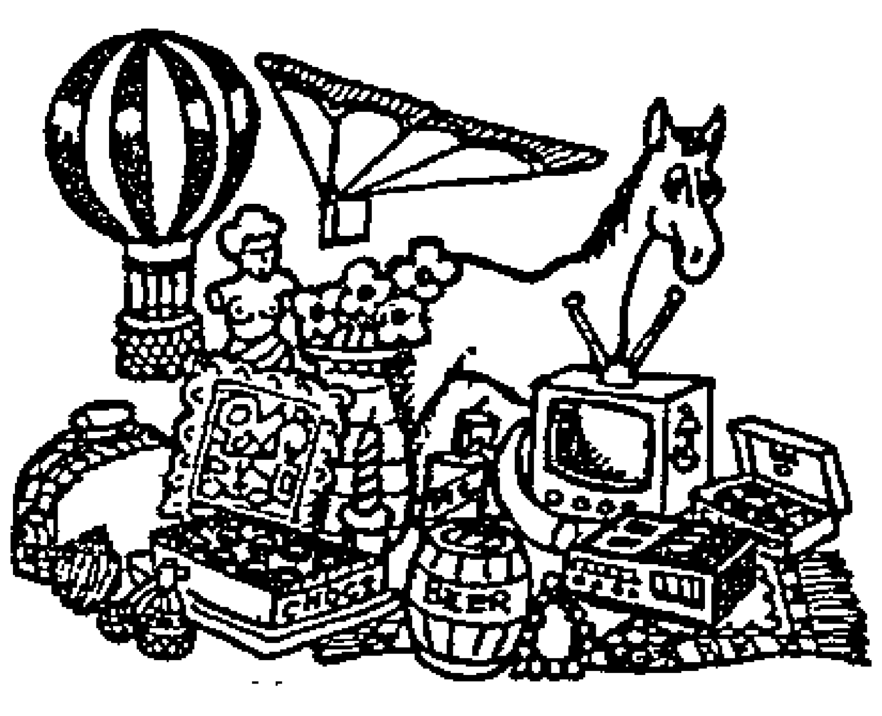


TREES, PLANTS AND FLOWERS.
DOG AND CAT FOOD.
SOAP AND WASHING PREPARATIONS
MATCHES AND LIGHTER FLUID
CLOTHING, FOOTWEAR AND HEAD GEAR
HOUSEHOLD ARTICLES SUCH AS TABLEWARE, KITCHENWARE, FURNITURE, REFRIGERATORS
PASSENGER AND GOODS VEHICLES
MOTORCYCLES, AIRCRAFT, SHIPS AND BOATS.
TOYS, GAMES AND SPORTS REQUISITES
CAPITAL GOODS SUCH AS EARTH MOVING MACHINES, MACHINE TOOLS, COMPUTERS OFFICE MACHINES.



HORSES.
FISH SUCH AS TROUT AND SALMON
COCONUTS AND OTHER NUTS.
TINNED MEAT AND FISH.
SUGAR CONFECTIONARY
CHOCOLATES.
PASTRYCOOK'S PRODUCTS SUCH AS CAKE, BISCUITS BREAD ETC.
PREPARATION OF MUSHROOMS AND TRUFFLES, CRYSTALLISED FRUIT, GLACED CHERRIES, JAMS TINNED FRUIT.
ICE CREAM.
MINERALWATERS, COOLDRINKS, BEER.
CIGARETTES, CIGARS, SNUFF, PIPE TOBACCO
PERFUMERY, COSMETIC PREPARATIONS, HAIR LAQUERS, ETC.
DECORATIVE CANDLES.
STATUETTES AND ORNAMENTS OF PLASTIC
HANDBAGS, SUITCASES, ETC WITH OUTSIDE SURFACES OF LEATHER.
STATUETTES AND ORNAMENTS OF WOOD.
DECALOMANIA.
WOVEN FABRICS OF SILK.
HAND MADE CARPETS.
HAND WOVEN TAPESTRIES.
CLOTHING AND HANDKERCHIEFS OF SILK.
ARTIFICIAL FLOWERS, FRUIT AND FOLIAGE.
DECORATIVE ARTICLES OF CERAMICS GLASSWARE OF LEAD CRYSTAL.
JEWLLERY AND CERTAIN ARTICLES OF PRECIOUS METAL, COINS.
SPOONS, FORKS PLATED WITH PRECIOUS METAL.
ORNAMENTS, STATUETTES AND PICTURE FRAMES OF BASE METAL.
TAPE RECORDERS (EXCLUDING DICTATING MACHINES).
VIDEO MACHINES(VCR), RADIO RECEIVING SETS.
INTER-ALIA HI-FI SETS, TELEVISION SETS.
HOT AIR BALLOONS GLIDERS AND HANG GLIDERS.
LENSES AND MIRRORS.
WATCH CASES AND STRAPS OF PRECIOUS METAL.
WORKED IVORY AND BONE, SCENT SPRAYS.
WORKS OF ART, COLLECTORS PIECES AND ANTIQUES.





Textile industry needs no protection, says Mike Getz

Cape Times 25/11/88

Financial Editor

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THE greatest handicap to the development of clothing exports has been the lack of competitively priced fabrics from key SA suppliers, says Mike Getz, former President of the National Clothing Federation.

Replying to a call from Mervyn King, new chairman of the Frame group, for more protection for the textile industry, Getz says this would "perpetuate a system which has led to a fall in output and jobs throughout the manufacturing sector for almost a decade."

He says the desision to reduce duties on imported textiles in 1986 was "a direct result of poor delivery, indifferent quality and sharp price hikes" from local suppliers.

"In key fabric categories the supply situation was so serious as to amount to unavailability.

"Had the Board of Trade not taken that decision, shortages would have become even more serious. Regrettably, that situation resulted from a system of protection that precluded effective response to the market developments by many domestic fabric suppliers."

Answering the claim that textile manufacturers needed more certainty to justify investment in new plant and training, Getz says that waiting times for basic fabrics have already "moved well into, and beyond, the second quarter of 1989."

Very shortly major mills would be fully booked with availability of fabric "stretching deep into 1989 and early 1990".

Surcharge on imports affects insurance cover

Star 7/12/88

Householders should give serious consideration to increasing their insurance cover on personal possessions in the light of the recent increase in import surcharges, a Johannesburg insurance broker said yesterday.

The spokesman for the South African Insurance Brokers' Association (Saiba), who asked not to be named, said the increase in import surcharges, ranging from 10 percent to 60 percent, had left thousands of householders under-insured.

74

Householders would have to increase their insurance to cover fully the replacement cost of their personal property, even if the possessions were bought before the surcharge increases took effect, he said.

Govt forced to back down on surcharges

(44) B|Any

22|12|88

GRETA STEYN

IMPORT surcharges imposed in August have had unforeseen ramifications, forcing government to grant exemptions to prevent the measures from hitting unintended targets.

Government granted exemption from the extra 10% surcharge on imported computers to at least one large financial institution, a top banking source said yesterday.

The surcharge would have added millions of rand to the firm's costs.

Another major bank is also applying for exemption on the grounds that computers constitute a capital input.

"The architects of the surcharge system did a rush job, never realising the full implications," the banker said.

"Now they have to grant exemptions left right and centre."

Government also scrapped the surcharge on goods it never intended to be subject to tax — but "overlooked" when the package was devised.

Consequently, the 20% surcharge on agricultural equipment was scrapped.

Video sales

The surcharges were intended to damp consumer demand for luxury items, resulting in fewer imports.

However, Dion deputy MD Jannie Els reports that sales of video cassette recorders are running at 24% higher than last year — despite a price hike after the 60% surcharge.

Although sales were lagging behind other departments, with the average about 30% growth, 24% was still satisfactory, Els said.

Import surcharge impact will be felt in new year

B/Day 74 27/12/88

Own Correspondent

CAPE TOWN — The impact of the recently imposed import surcharge will be felt in 1989 — and is likely to come in a rush early in the new year — Santam Insurance MD Oosie Oosthuizen warns in the annual report.


● OOSTHUIZEN

"Hardest hit will be those items which, if not wholly imported, have a large imported content. These include motor vehicle spares, TV sets, video recorders, radios and audio equipment — all the favourites of the thief and burglar.

"The cost of motor vehicle repairs, involving imported spare parts particularly, will be considerably higher.

"A sharp rise in the average value of claims is, therefore, expected on one hand and fierce competition, which will prevent an early increase in premium rates, on the other."

Oosthuizen expects competition to remain particularly strong in the commercial and industrial fire risk area, where rates have come down substantially.

"This is viewed with some concern as insurance companies have not made profits in this particular area in the recent past.

"The more favourable reinsurance terms now available suggest that we might see some more insurance capacity being created."

This, he warns, could lead to "unhealthy competition" that "can only end up being detrimental to all".

In spite of this, he forecasts a 20% growth in gross premium income for Santam Insurance in the coming year.

"Some of this growth will be achieved through additional premiums arising from increased insurance values. But we are also aiming at increasing the number of policies on our books with our priority being to secure a larger share of the market."

Oosthuizen says the high cost of corporate insurance has caused some large companies to dispense with it and carry their own risks.

"The insurance industry must do something to get this business back but on economic terms in relation to cover and risk improvement by management.

Earnings

"It is our declared policy to capture a larger share of corporate insurance business. We will be concentrating on this in the immediate future. Santam has in mind the small and the medium-sized businesses as well as major insurance risks."

Santam ended the year to September 30 with earnings of 55,4c (41,5c) a share. The share price has improved to 195c compared with 175c at the end of the financial year.

IMPORTS.

1968

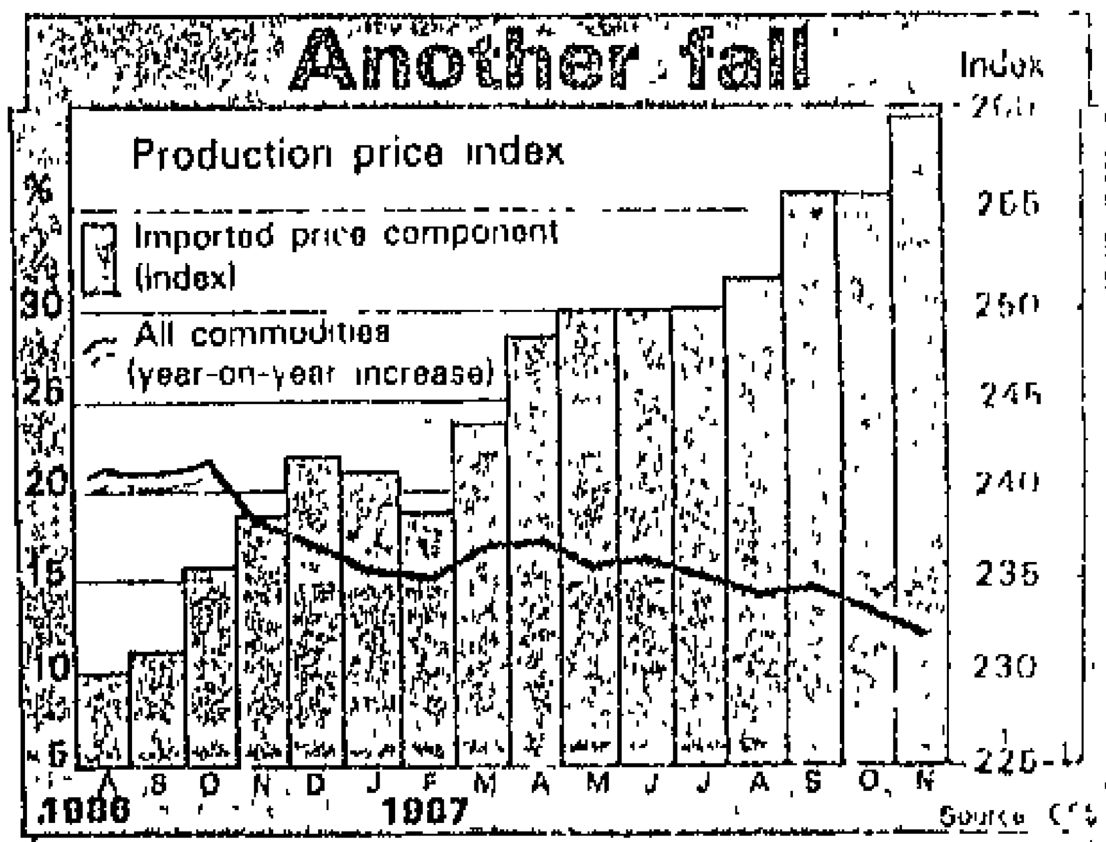
PRODUCTION PRICE INDEX

Slower increases

The production price index (PPI) rose just 11,7% in the year to November, as price increases of locally produced and imported commodities continue to moderate. This performance is the best since 11,4% in December 1984 and follows year-on-year increases of 12,7% in October, 13,7% in September, 13,4% in August and 14,1% in July.

The index stood at 257,1 (1980: 100) in November, up 0,6% from October's 255,5.

The year-on-year increase for local commodities — which account for three-quarters of the PPI — was 12,7%, the lowest since the 11,6% of January 1985.



FM 15/1/88

Imported commodities — the other quarter — rose just 8,6% in the year, helped by a rebounding rand. However, the import index jumped 1,1% from October to November, suggesting the rand's recent fall against third currencies is renewing pressure on imported commodity prices.

"That's the last of the good news," Southern Life economist Mike Daly says of the 8,6%. "The outlook for the trade-weighted rand is not good. We'll see pressures coming through on imported prices."

Standard Bank's latest *Review* agrees a shrinking current account surplus could lead to shrinking reserves and "possibly a renewed fall in the rand later this year. This would exacerbate cost pressures at a time when demand is reasonably strong which, in turn, would mean sharply higher inflation." ■

DID 19/2/88

Japanese motor vehicle trade with SA under threat

(14)

CAPE TOWN — The possibility of a Japanese limit on trade with South Africa went a step further yesterday with a threat by Nissan and Toyota to curb exports following government pressure.

The move would hit the import of complete knock-down kits (CDKs), which were the top export item to South Africa last year, and accounted for 40 per cent of all goods imported from Japan.

The threat follows a dispute between the Ministry of International Trade and Industry (MITI), and the Foreign Ministry over measures applied on Japanese firms to get them to restrict their South African business.

The Foreign Ministry is known to be unhappy about Japan's position as South Africa's top trading partner, and is worried by US charges that Japanese firms are filling the gap as American companies pull out of South Africa.

A spokesman for Nissan South Africa said: "It's something we are witnessing worldwide — started by the US trade ban — but we are not too concerned."

A Toyota South Africa official said the company had not been told of any limitation on imports.

Nissan Motor Corporation was also said to be considering limiting exports of CKDs, a company spokesman said.

Tokyo became South Africa's top trading partner in 1986 and trade in 1987 reached R8,5bn — up 19 per cent on 1986.

MITI said that existing sanctions were sufficient.

The ministry recently asked members of the Japan Automobile Manufacturers Association (JAMA) to limit exports.

A MITI official said there had been no change in the ministry's basic position and no specific requests to the association or its members.

However, ministry officials have informally suggested that all exporters give serious thought to the issue.

Japanese car makers exported 206 130 vehicles, nearly 20 per cent more than in 1986. Toyota and Nissan alone exported 134 700 kits last year.

ahead with the debate. | transport are also essential. going into.

Japanese car makers consider SA export cuts

Japan's top car makers said yesterday they were considering limiting exports to South Africa due to pressure from government officials embarrassed by the country's growing trade with this country.

This follows a dispute between the powerful Ministry of International Trade and Industry (MITI) and the Foreign Ministry over how much pressure to apply to Japanese firms to restrict their business with South Africa.

The Foreign Ministry has been unhappy over Japan's position as South Africa's top trading partner and worried by United States charges that Japanese companies are filling the gap left as American firms pulled out in protest over apartheid.

"Toyota will act prudently in exporting to South Africa," a Toyota spokesman said. But he added it was impossible to say whether exports would be kept at or below last year's level.

Nissan is also considering restricting exports of knock-down vehicle sets, although no concrete decision has been made, a company spokesman said.

Last month the Foreign Ministry called on members of the influential Federation of Economic Organisations to act cautiously in view of the expanding trade volume between the two countries.

But MITI has argued that existing sanctions on trade with South Africa, including a ban on the export of some computers and an import ban on iron and steel, were sufficient.

Cars are Japan's number one export to South Africa — last year 206 130 vehicles were shipped, nearly 20 percent more than in 1986. Most were shipped in kit form for local assembly, an official said. — Sapa-Reuter.

19/2/88 Star

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Teachers to challenge pension Act

The Teachers' Federal Council is considering legal action to challenge the validity of amendments to the regulations under the Government Service Pension Act, the council said yesterday.

The council considered that the amendments, published on September 21 1987, were invalid.

"Specific rights and benefits of members of the fund are affected and the controlling authorities concerned acted contrary to official assurances previously given," the council's chairman, Mr Dudley Schroeder, said.

In view of legal advice obtained, the council's standing committee decided to challenge the validity of the amended regulations and to instruct its legal advisers to act accordingly.

Mr Schroeder said the problems the council was experiencing with the regulations were brought to the attention of the authorities at the end of 1987.

Mr Schroeder said that, to date, no final decision had been given on the council's representations and it "has no alternative but to act in this manner in the interest of teachers.

● Zimbabwe yesterday lifted the eight-month old wage freeze and awarded an across-the-board increase of between two and 15 percent in the private and public sectors. Prices will remain frozen. — Sapa.

Star 19/2/88

Mahila gives

Japanese may curb supplies B/day 19/2/88

Car imports threatened by new move

MICK COLLINS

THE possibility of a Japanese limit on trade with SA went a step further yesterday with a threat by Nissan and Toyota to curb exports following government pressure.

The move would hit the import of complete knock-down kits (CKDs), which were Japan's top export item to SA last year and accounted for 40% of all goods imported from that country. The CKDs comprise top-of-the-line models for both car manufacturers locally.

The threat, which caused a flurry of activity in SA car manufacturing circles, follows a dispute between the Ministry of International Trade and Industry (MITI) and the Foreign Ministry over measures applied to Japanese firms to get them to restrict their SA business.

The Foreign Ministry is known to be unhappy about Japan's position as SA's top trading partner and is worried by US charges that Japanese firms are filling the gap as American companies pull out of SA.

A Nissan SA spokesman said: "It's something we are witnessing worldwide — started by the US trade ban — and it's not only motor vehicles which are involved. But we are not too concerned at this point.

"What is important is that we look at the way in which any restrictions are applied. As we have not heard directly from Japan, I feel at this stage it is too early to comment."

A Toyota SA official said the company had not been told of any limitation on imports but was trying to "get through" to Tokyo for clarification.

"We haven't been notified by the Toyota Motor Corporation in Japan of any impending changes. If there are any we will issue a media statement as soon as we establish the official policy on exports."

Earlier yesterday, Reuters reported a Japanese Toyota official as saying: "Toyota will act prudently in exporting to SA."

But, the spokesman said, it was impossible to say whether exports would be kept at or below last year's level.

Nissan Motor Corporation was said to be also considering limiting exports of CKDs, a company spokesman said.

Tokyo became SA's top trading partner in 1986 and in 1987 trade reached R8,5bn — up 19% on 1986.

Last month, the Foreign Ministry called on Federation of Economic Organisation members to act with caution in view of the expanding trade between the two countries.

MITI argued that existing sanctions, including a ban on some computer exports and an import ban on iron and steel, were sufficient.

The ministry recently asked members of the Japan Automobile Manufacturers

● To Page 2

Car imports threatened by Japanese move

● From Page 1 B/day 19/2/88

Association (JAMA) to limit exports, which accounted for a hefty chunk of Japan's total sales to Pretoria, the Toyota spokesman said.

A MITI official said there had been no change in the ministry's basic position and said there had been no specific requests to the association or its members.

But, he said, ministry officials had informally suggested that all exporters give serious thought to the issue.

Japanese car makers exported 206 130 vehicles, nearly 20% more than in 1986. Toyota and Nissan alone exported 134 700 kits last year.

where applicable, urban arterial routes.

construction and operation should be put out to tender.

Move to cut Toyota exports to SA?

Motor industry executives are still in the dark — or are staying deliberately tight-lipped — over reports that Japanese car makers are under political pressure to restrict their exports to South Africa.

Sources at Nissan SA claim to have heard nothing, while playing down the potential impact of any such moves. Samcor group managing director Mr Spencer Sterling said: "It's hypothetical. We'll address the problem when we know what the problem is."

A senior Toyota SA executive said he did not expect to hear anything concrete until late next week, when Toyota Japan's general manager of the Africa department was due to visit the local company.

The feeling is that any future curbs will take the form of limiting further growth, rather than cutting back on present levels.

"Toyota will act prudently in exporting to South Africa," a spokesman for Toyota Japan said.

It appears that in Japan there is a major dispute between the Ministry for International Trade and Industry (MITI), which masterminds export activity, and the foreign ministry.

The latter is reported to be embarrassed by recent figures that show Japan as South Africa's leading trading partner — with motor vehicles constituting a large chunk of that trade.

Dr Kriel was 'a friend to many'

SARA MARTIN

described as a "philoso-

He began his career as a

close friend of Dr Kriel.

Nissan, Toyota sitting pretty

2/12/88

By Don Robertson

NISSAN and Toyota believe that the supply of vehicle components from Japan will not be interrupted by the Japanese Foreign Ministry's intention to limit exports to SA.

Neither Nissan nor Toyota has been given any indication that exports will be trimmed. The chief trade comissioner at the Japanese External Trade Organisation in Johannesburg has no knowledge of any move to limit exports to SA.

Tokyo reports this week indicated that Nissan and Toyota in Japan would curb exports of completely knocked-down (CKD) packages to SA after a dispute between the Japanese Ministry of International Trade and Industry and the Foreign Ministry.

If the threats refer to CKD kits only, there would be a minimal effect on SA because sales of these vehicles by Nissan and Toyota were only 207 last year.

The dispute between the two ministries arises from US pressure on Japan to limit its trade with SA. America claims that Japan has increased its dealings with SA at the expense of the US which has imposed sever sanctions.

The Japanese reply that the value of their trade with SA has increased only because the rand has declined greatly against the yen and has remained stable with the dollar.

Japan's trade with SA last year amounted to R8,5-billion. Japan is now SA's main trading partner.

Sales of Japanese vehicles made large inroads on the SA market last year. Sales of Japanese cars rose to 181 612 compared with 150 166 in the previous year. The 1987 sales represented 58,5% of all vehicles sold compared with 56,7% in 1986.

Sales of Japanese cars rose by 20,9% compared with a growth in the overall market of 16,8%.

SA is one of the few countries in the world which has no restrictions on the import of Japanese goods.

MOTOR INDUSTRY

24/2/88

74

Pragmatism rules

Optimists they may be, but vehicle manufacturers believe Japan's threat to limit vehicle exports to SA may be just that — a threat.

Despite pressure from Tokyo's powerful Ministry of International Trade and Industry (MITI), the view from SA is that Japanese car-makers are just too pragmatic a lot to yield that easily.

The local industry and Japanese government representatives in Pretoria are still awaiting clarification on the statements made in Tokyo. But all agree it will take more than a polite request to make aggressive Japanese car companies jeopardise a lucrative foreign market.

Reports from Japan say vehicle manufacturers are being urged to limit vehicle exports this year to 1987 levels. If they comply, it will have serious implications for a South African market looking for growth of 10% this year and already suffering serious stock shortages.

MITI is reportedly being nudged along by a Foreign Ministry embarrassed by Japan's position as SA's top trading partner. Two-way trade in 1987 was worth nearly R10bn, a 19% rise on 1986.

Vehicles are Japan's biggest export to SA. Manufacturers last year exported 206 000 cars and light commercial vehicles (LCVs) to SA — nearly 20% up on 1986. Most were shipped in kit form for local assembly, although many components were returned unused because of South African regulations stipulating a minimum 66% local content in cars and LCVs.

While Japanese manufacturers say they are studying the MITI request, South African customers remain in the dark. Mercedes-Benz SA chairman Sepp van Hullen says he wants clarification soon so his company can make final plans to launch its new Honda range late this year or early next. Other companies are simply watching and waiting.

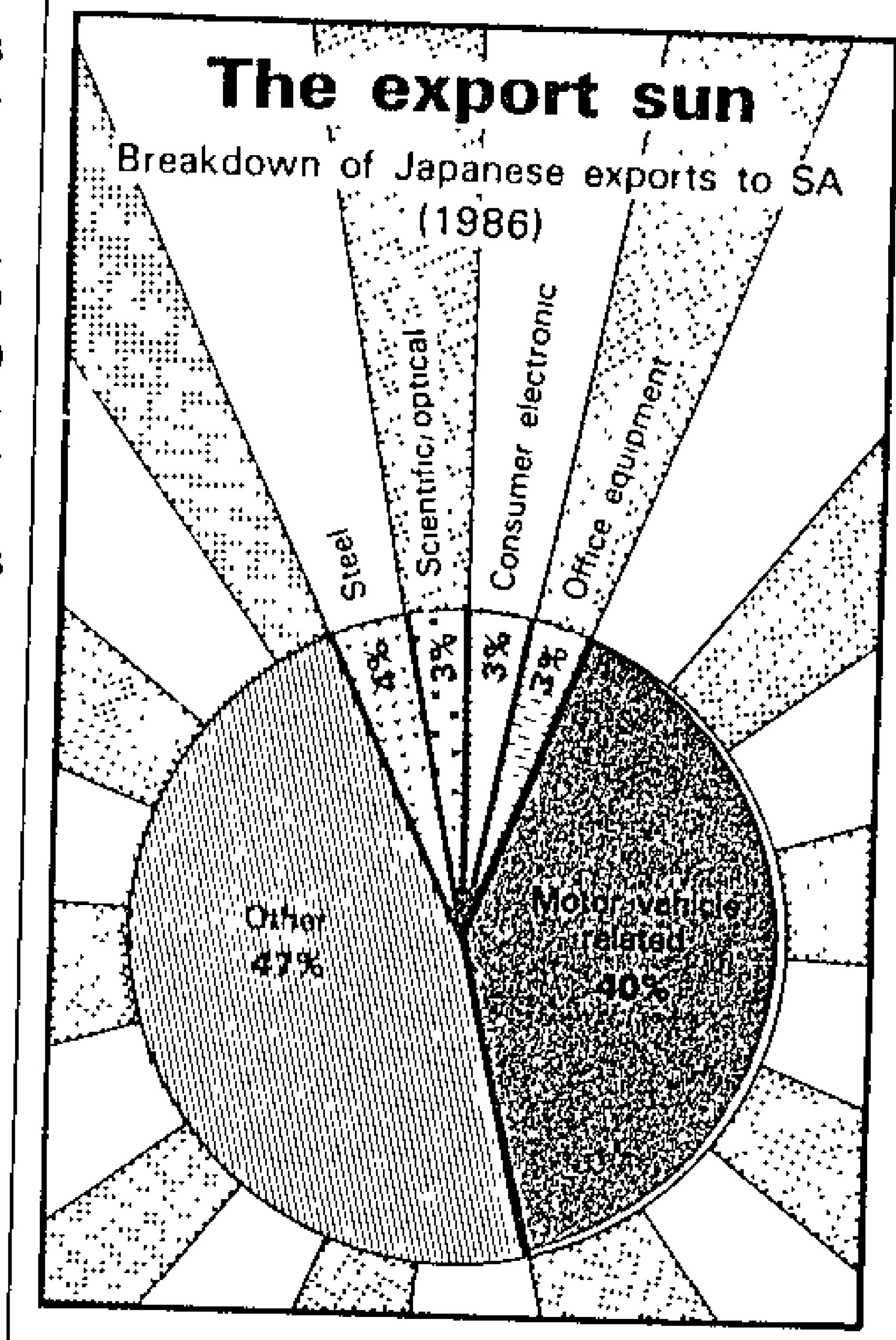
"It's too early to comment," says Samcor spokesman Reuben Els. "We are awaiting further details." Toyota, Nissan and Delta are equally cautious.

Japan's trade consul in Pretoria, Shigeaki Koga, says: "The whole thing has yet to be confirmed. It is a general policy statement, the details of which have yet to emerge."

On whether Japanese corporations will follow MITI's hard line, Koga reckons it is likely to be a question of give and take. "They will weigh the odds, see what favours they need from MITI in the greater arena of world trade, and decide accordingly."

Japanese sugar importers also face problems because of the South African connection. Reports from the Far East this week say Asian sugar markets are coming under pressure as Japanese traders try to reduce imports from SA and take more from Asian sources.

They say the government has asked trade houses for voluntary restraint on trade with SA, but has not yet officially asked them to reduce dealings.



The export sun
Breakdown of Japanese exports to SA (1986)

Iscor to buy R100m plant

D10 7/3/88

74

PRETORIA — In a top-secret deal, Iscor is to buy a R100m hi-tech steel plant from Japan which will make South Africa self-sufficient in certain types of coated steels.

The investment will enable the steel giant to supply motor manufacturers with special materials previously not locally available and will save them R50m a year in foreign exchange.

The deal is expected to place further strain on relations between Japan's foreign ministry and its Ministry of International Trade and Industry (Miti), which have clashed recently over increased trade with South Africa.

The project had been kept under wraps in an attempt to protect Miti, whose primary interest is in securing trade for Japan.

Japan's foreign ministry has been attempting to sever trading ties with South Africa because of political pressure. — DDC

US boycott could block deal

74 Bday 7/3/88

Iscor to buy R100m plant from Japan

IN A top-secret deal, Iscor is to buy a R100m hi-tech steel plant from Japan which will make SA self-sufficient in certain types of coated steels.

The investment will enable the steel giant to supply local motor manufacturers with special materials previously not available in SA.

The deal is expected to place further strain on relations between Japan's Foreign Ministry and its Ministry of International Trade and Industry (Miti), which have clashed recently over Japan's growing trade with SA.

Details of the project, which were leaked to Business Day at the weekend, have been kept under wraps in an attempt to protect Miti, whose primary interest is in securing trade for Japan.

Japan's Foreign Ministry has been attempting to sever trading ties with SA after pressure from the US anti-apartheid lobby and black African states.

However, highly placed sources said the Iscor move could be placed in jeopardy by black American congressional caucus chairman Mervyn Dymally, who has warned Japan's Prime Minister Noboru Takeshita of a boycott of Japanese goods by black Americans if Japan persisted in trading with SA.

The motor industry stands to save

MICK COLLINS

about R50m a year in foreign exchange if the deal goes through, as Iscor would be able to supply it with the 25 000 tons of special steel needed each year.

Highly placed sources said at the weekend that the deal, which is about to be signed, had the support of all but a few the of major local motor manufacturers. The dissenters are said to be Mercedes and BMW, who want German technology involved.

Iscor spokesman Piet Du Plessis said he could not confirm details of the R100m deal.

But, he said, discussions with the motor industry on the local manufacture of certain types of imported steel were still ongoing and nothing had been finalised.

If and when a decision was made on the issue, Iscor would go out on tender for a deal in line with its normal policy, he said.

The hi-tech plant — an Electro Galv (EG) line — will ensure supplies of special corrosive-resistant steel for body-parts previously imported from West Germany and Japan.

Meetings between Iscor officials and

● To Page 2

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Iscor to buy R100m steel plant

● From Page 1

local motor manufacturers — Volkswagen SA, Toyota, Nissan, Mercedes, BMW and Delta — have already been held.

Due to come on line only in 1990, the plant will supply top-class coated steel products and is considered one of SA's most significant import-replacement projects.

"Up to now Iscor products have not been good enough for the job. They are susceptible to corrosion. The new product will have better formability and durability," said one source.

A Toyota spokesman confirmed that talks had been held with Iscor and said his company imported between 800 tons and 1 000 tons of the coated steel a month.

A Volkswagen SA spokesman declined to stipulate what VW paid in rand terms for its overseas steel purchases. "We won't divulge this because of competitors but, in general terms, our company imports between 450 tons and 500 tons of coated steel every month."

British exports to SA rise by 12 pct in 1987

Star (64) 18/3/88

Star Bureau

LONDON – British exports to South Africa in 1987 totalled £949 million, an increase of nearly 12 percent over the preceding year, confirming the Republic's place as the leading market in sub-Saharan Africa for British goods.

According to the annual report for 1987 of the London Chamber of Commerce's Tropical Africa Committee, UK exports to the 44 sub-Saharan countries rose four percent to £2,5 billion in 1987.

South Africa, which does not fall within the committee's remit, showed the largest single-country increase, and exports to other countries remained steady overall.

While the report does not comment on Britain's performance in South Africa, it is clear that UK traders have in general not allowed the issue of sanctions against Pretoria to affect business.

Last November, Alan Clarke, Minister for Trade, urged private sector companies to continue to do business with South Africa, saying that as the country became more industrialised "it will continue to present new and exciting opportunities."

Exports to Nigeria, the largest market after South Africa, fell £84 million to £482 million, the lowest level for many years, says the report, noting however that Britain retained its market share.

Last year Mauritius became sub-Saharan Africa's largest exporter to Britain (excluding South Africa) with sales of £163 million.

The overall balance of the UK's visible trade last year with sub-Saharan Africa was £466 million in Britain's favour, "a very worthwhile contribution to our economy," says the report.

25/3/88 (74)

IMPORT PRICES

Nipped in the bud

Prices of imported Japanese goods are rising slower than feared — despite the rand weakening against the yen.

Vehicle manufacturers cite exchange rates as the reason for higher-than-expected increases in new car prices. But other importers appear to be holding their own — so far.

The rand has declined by 22% against the yen in the last 12 months to Y59. But Japanese productivity, low inflation and economies of scale have all helped keep down prices. How long this will last, is another matter.

The average price of facsimile machines has actually dropped 20% since early last year. A Nashua spokesman says: "There's been increased fax production in Japan and people are buying machines with fewer features. But if the rand continues as it is, even faxes will start going up in price."

The motor industry has suffered heavily from the high yen. Says Nissan Marketing MD Stephanus Loubser: "Everything that could possibly be built in SA, is. There can be no economic justification for the local manufacture of, for example, certain electrical and computer systems.

"Locally, we suffer severely from inflation and increased input costs in labour and material. But by careful forward planning, we can control our import prices more easily."

Local content isn't an option that's open to camera equipment companies. Canon distributor Jack Rosewitz says he has kept price increases at 10%-15%, but only by absorbing much of the increase himself. "We buy at least six months ahead and sometimes up to a year ahead. Our old stock is swiftly mopped up by the retailers."

National Panasonic MD Terry Millar expects audio-visual prices to rise by 14% once the effects of the yen have filtered through, although his company will pass on the rise in stages. However, there seems no stopping the boom in audio-visual sales. Sanyo marketing manager Larry Aronson says Sanyo exceeded sales expectations for February, usually the weakest month of the year, by 23%.

Newly industrialised countries (NICs), South Korea in particular, are muscling in on markets and their intervention could help keep down prices.

Japan's international trade surplus fell from US$7,1bn in February 1987 to $5,7bn last month, due largely to the growth in Korean and Taiwanese exports. Nearly all SA's TV tubes are already Korean-sourced and the Koreans are expected to move aggressively into the fax and copier markets soon.

Says Aronson: "We like to think the Japanese and NICs have distinct market segments — but there's no doubt that the quality of Korean and Taiwanese products has gone up immeasurably in the last couple of years."

sees, ensuring that their businesses are sucessful."

Spur established a first in the fran-

27/3/88

Pioneer hangs on

S11

(14)

By Don Robertson

PIONEER car audio and hi-fi products will continue to be sold in SA in spite of the company's decision to limit its trade with this country.

The Japanese Foreign Affairs Department, under pressure from America, recently asked companies with large trade links with SA to limit their exports.

The request could threaten the motor industry among others, although no decision has been made by Japanese motor manufacturers.

It was reported that Pioner would withdraw its products from SA by the end of the year. But Pioneer executives have told their agents, Tek Electronics, that products will continue to be supplied.

Pioneer was, however, one of the first companies to respond to a request to limit its trade with SA, reducing its exports from 1,2-billion yen in 1986 to 850-million last year. This was facilitated by the rand's devaluation in the past two years.

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ders 8 200 cars

Hansard

ing the sale of this land; if so, (a) what is this decision, (b) when will the sale be concluded and (c) by whom was the decision taken;

(3) whether this land is to be sold by public auction; if so, when; if not, (a) why not and (b)(i) to whom, (ii) for what amount and (iii) when will it be sold;

(4) whether he will make a statement on the matter?

†The MINISTER OF EDUCATION AND CULTURE:

(1) No,

(a), (b), (c) and (d) fall away;

(2) falls away;

(3) falls away;

(4) no.

White children: compulsory education in RSA

*2. Mr K M ANDREW asked the Minister of Education and Culture:

(1) Whether there is compulsory education for any White children in South Africa; if not, why not, if so, how many children of school-going age are (a) subject to and (b) not subject to compulsory education;

(2) whether any penalties for failure to comply with compulsory education requirements are applicable to (a) parents, (b) children and (c) any other specified persons; if not, why not; if so, (i) what penalties and (ii) in terms of what statutory provisions, rules or regulations;

(3) whether any persons have been (a) charged with and (b) found guilty of failing to comply with compulsory education requirements; if not, why not;

(4) whether any other action has been taken in respect of persons failing to comply with these requirements; if so, (a) why and (b) what action?

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes,

	(a)	(b)
Cape	: 190 297	35 797
Natal	: 95 258	16 545
OFS	: 63 993	13 048
Transvaal	: 433 119	75 149;

(2) (a) yes,

(b) yes, but only within the disciplinary measures of the school,

(c) yes, guardians, foster parents, and members of the public,

(i) in terms of the Education Ordinance concerned,**

(ii) the Education Ordinance concerned;**

(3) (a) yes,

(b) yes;

(4) yes,

(a) to meet the requirements of the ordinance,

(b) prior to prosecution parents are warned to comply with the ordinance.

** It is expected that these measures will be replaced by means of uniform legislation.

Mr K M ANDREW: Mr Chairman, arising out of the hon the Minister's reply, may I ask him which categories of White children of school-going age are not subject to compulsory education?

†The MINISTER: Mr Chairman, the ordinance stipulates that children become of school age from the year in which they turn seven. There are, however, exceptions where children are already allowed to attend school before that time. As far as the second group, actually the biggest group, is concerned, school attendance is only compulsory until the age of 16 years or matriculation. There are many children who are over 16 years of age but who are still in standard nine or matric, and school attendance is not compulsory for them.

White students graduated as teachers

*3. Mr K M ANDREW asked the Minister of Education and Culture:

How many White students graduated as fully qualified teachers from (a) teacher-training colleges and (b) universities at the end of 1987?

†The MINISTER OF EDUCATION AND CULTURE:

(a)*	(b)*
2 457	2 224

Hansard

* includes all teaching students who have completed their initial studies by obtaining either a diploma or a degree.

White teacher-training colleges: qualified applicants not admitted

*4. Mr K M ANDREW asked the Minister of Education and Culture:

Whether any qualified applicants were not admitted to White teacher-training colleges because of (a) lack of facilities and (b) other specified factors in 1988; if so, how many such prospective students were (i) admitted and (ii) refused admission to these colleges in 1988; if not, (aa) what is the combined capacity of these colleges and (bb) what total number of students is enrolled at present?

The MINISTER OF EDUCATION AND CULTURE:

(a) No,

(b) yes, due to the application of quotas,

	(i)	(ii)
Cape	239	461
Natal	163	338
OFS	58	132
Transvaal	1 488	1 097

These statistics should be evaluated against the fact that many of the prospective students submit applications to various training institutions. Past experience has shown that, if all the applicants were allowed to enrol, the number of students that would report would be appreciably smaller than the number reflected in column (ii)

	(aa)	(bb)
Cape	2 450	1 282
Natal	1 700	850
OFS	600	404
Transvaal	8 150	6 088

Mr K M ANDREW: Mr Chairman, arising out of the hon the Minister's reply, may I ask him, with reference to the spare capacity at these teacher-training colleges and his statement earlier this year that there was no intention of further rationalisation at that stage, what he has in mind in respect of these hundreds if not thousands of empty places? Does he have any thoughts on how that excess capacity might be used?

†The MINISTER: Mr Chairman, the whole matter is constantly being monitored and watched.

Mr R M BURROWS: Mr Chairman, further arising out of the hon the Minister's reply, could he indicate whether the figures he has provided apply to teacher colleges for initial training only, or whether they include those for further eduction?

The MINISTER: Mr Chairman, I referred to initial training only.

For written reply:

General Affairs:

Value of dairy/meat/wheat products imported

81. Mr D J N MALCOMESS asked the Minister of Agriculture:

What was the value of the (a) dairy, (b) meat and (c) wheat products imported by the Republic during the latest specified period of 12 months for which figures are available?

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The MINISTER OF AGRICULTURE:

(a) During the 12 months that ended on 29 February 1988, permits for the importation of 11 313 tonnes of powdered milk, 4 664 tonnes of cheddar cheese and 976 tonnes of exotic cheese were issued whilst butter to the value of R4 488 539,00 was imported;

(b) during the 12 months that ended on 31 December 1987, permits for the importation of 26 804 tonnes of beef, lamb, mutton and pork were issued;

(c) during the 12 months ending on 30 September 1987, permits for the importation of 7 607 tonnes of wheat products were issued.

It is however not known whether the quantities of agricultural products indicated on the permits were actually imported or what the values thereof were.

Agricultural products: shortages

217. Mr R J LORIMER asked the Minister of Agriculture:

(1) Whether there are any shortages of agricultural products at present or any such shortages are expected in 1988; if so, of which products;

(2) what in each case are the (a) reasons for such shortages and (b) price implications;

(3) what steps have been taken or are contem-

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(b) Portion 21 (Nutsie West) (Portion of Portion 5) of said far;

(c) Portion 22 (Nutsie East) (Portion of Portion 5) of said farm;

(d) Portion 24 (Portion of Portion 6) of said farm;

(e) Portion 26 (Portion of Portion 5) of said farm,

all situated in the Division of Swellendam.

55. Portion 25 (Portion of Portion 6) of the farm The Potteberg Estates No 516, situated in the Division of Swellendam.

(b) (ii)

1. Estate late H B Pratt
2. Waenhuisstrand Beleggings (Pty) Ltd
3. P K A Pratt
4. H D Jackson
5. Rheboksvlei Landgoed (Pty) Ltd
6. A V Louw
7. Kaapse Wildverspreiders (Pty) Ltd
8. Hottentots Holland Estates (Pty) Ltd
9 E de Kock
10. M F Tobias
11. Pieter Pratt Boerdery (Pty) Ltd
12. P J Lourens
13. J U Swart
14. A H Muller
15. L C van Papendorp
16. D J van Papendorp
17. Estate late J W Groenewald
18. H L Schaary
19. D Uys en M van Papendorp Uys
20. A A van Blommestein
21. Mrs D M Uys
22. Wonderwonings (Eiendomme) Limited
23. W T Nefdt (2/119th share)
Estate late D Nefdt (2/119th share)
J Nefdt (2/119th share)
Estte late A J Wilson and surviving spouse J J Wilson (2/119th share)
Estate late H E Groenewald (2/119th share)
E B Liebenberg (2/119th share)
G F Steyn (105/238th share)
G J Loubser (105/238th share)
Estate late P J Nefdt and surviving spouse J C D Lourens (2/119th share)
24. Dutch Reformed Church Bredasdorp
25. Oyster Bay Investments (Pty) Ltd
26. H B Gibson en R W Beaumont
27. W J Norman
28. E J Curry
29. N J Human
30. H J Groenewald en Mrs J Vermeulen
31. G A Barnard
32. W J Bester
33. D J van Papendorp
34. L C van Papendorp
35. W P Loubser
36. Andato Beleggings (Pty) Ltd
37. Potberg Annex (Pty) Ltd
38. W J de Wet
39. Lekkerwater Holdings (Pty) Ltd
40. Twenty-Nine Potteberg (Pty) Ltd
41. Fifty-Seven Potteberg (Pty) Ltd
42. F C A Property Investments (Pty) Ltd
43. Potberg Beleggings (Pty) Ltd
44. Whare Moana (Pty) Ltd
45. A Hennings
46. Hamerkop Nature Reserve (Pty) Ltd
47. J P D Hamilton
48. W J de Wet
49. Mrs D E G van Eeden
50. Witklip Estates (Pty) Ltd
51. R B du Preez
52. V R V O L Bergh
53. P F en J P Dreyer
54. P R S Scott, G S G Scott en W N R Schreiner
55. Overburg Enterprises (Pty) Ltd.

Overseas visits

572. Mr P G SOAL asked the Minister of Defence:

(1) Whether he or the Deputy Minister of Defence undertook any overseas visits in 1987; if so, (a) which countries were visited and (b) what was the purpose of each visit;

(2) whether he or this Deputy Minister was accompanied by any representatives of the media on these vists; if so, (a) what were the names of the journalists involved, (b) which newspapers or radio or television networks did they represent, (c) to which countries did each of these persons accompany him or this Deputy Minister and (d) why;

(3) whether any costs were incurred by the South African Defence Force as a result; if so, what total amount in that year?

The MINISTER OF DEFENCE:

(1) Yes, only in respect of the Minister of Defence.

(a) Paraguay
Switzerland
Austria

(b) Paraguay and Switzerland. To strengthen mutual relations.
Austria. Private

(2) No, (a), (b), (c) and (d) fall away

(3) Falls away.

Powdered milk/cheese/butter imported

857. Mr R W HARDINGHAM asked the Minister of Agriculture:

What quantities of (a) powdered milk, (b) cheese and (c) butter were imported during the latest specified 12-month period for which figures are available?

The MINISTER OF AGRICULTURE:

During the 12 months ending on 29 February 1988, permits for the importation of (a) 11 313 tonnes of powdered milk, (b) 4 664 tonnes of cheddar cheese and 976 tonnes of exotic cheese were issued, whilst (c) 1 656,7 tonnes of butter were imported. It is however not known whether the quantities specified on the permits were actually imported.

Beef/lamb and mutton/pork imported

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858. Mr R W HARDINGHAM asked the Minister of Agriculture:

What quantities of (a) beef, (b) lamb and mutton and (c) pork were imported during the latest specified 12-month period for which figures are available?

The MINISTER OF AGRICULTURE:

During the 12 months ending on 31 December 1987, (a) 24 495 704 kg beef, (b) 825 871 kg lamb and mutton and (c) 1 483 000 kg pork were imported.

Foreign nationals: members of New Railways and Harbours Superannuation Fund

873. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

(1) (a) How many foreign nationals recruited in countries abroad by the South African Transport Services are members of the New Railways and Harburs Superannuation Fund, (b) what is the cost to the Transport Services of their membership of this fund and (c) what contributions are made to the fund by (i) these and (ii) other staff members;

(2) whether the Transport Services contribute to social security funds in countries abroad on behalf of the staff members in question; if so, at what cost to the Transport Services per annum?

The MINISTER OF TRANSPORT AFFAIRS:

(1) (a) 544

(b) R675 692,20 in respect of February 1988.

(c) (i) None.

(ii) 7,5 per cent of their monthly pensionable emoluments.

(2) Yes. R2 964 412 for the 1987/88 Financial year.

Strikes: man-days lost/losses

880. Mr A GERBER asked the Minister of Manpower:†

(a) How many man-days were lost in 1985, 1986 and 1987, respectively, as a result of strikes and (b) what are the estimated losses suffered as a result of these strikes in each of these years?

The MINISTER OF MANPOWER:

(a) 1985 641 296
1986 1 161 846
1987 5 626 602*

D/D 14/4/84 (74)

Increase in agricultural imports

CAPE TOWN — South Africa is increasingly having to import certain agricultural products which previously it had obtained locally or even exported.

Shortages are now regularly occurring in respect of oil seeds, cotton, diary products, meat and wheat.

Replying to questions put to him in parliament, the Minister of Agricultural, Mr Greyling Wentzel, noted that last year permits had to be granted for the importation of 11 313 tons of powdered milk, 4 664 tons of cheddar cheese and 976 tons of exotic cheese.

Butter to the value of R4,5m was also imported.

Permits were also issued for the importation of 26 804 tons of beef, lamb, mutton and pork; and 7 607 tons of wheat.

Mr Wentzel said he expected a similar shortfall to occur this year. — DDC

Hansard

The MINISTER OF PUBLIC WORKS AND LAND AFFAIRS:

(1) (a) (i)-(iv) Particulars were given in the reply to question 608.

(b) YES — Department of Public Works and Land Affairs

(i) 250

(ii) To various persons and instances (from members of the Cabinet to private enterprises with whom the department has close relationships).

(iii) R1 889,55

(iv) Government Printer.

(2) NO. The cards were posted under the departmental stamp.

Perskor/Aurora: printing contracts awarded

830. Mr D J DALLING asked the Minister of Home Affairs:

(1) Whether his Department awarded any printing contracts in 1987 to two companies, the names of which have been furnished to the Commission for Administration for the purpose of the Minister's reply, or to their associated companies and printing operations; if so, (a) in respect of what publications or printed matter, (b) how many copies of each publication or item were ordered from each company and (c) what are the names of the companies concerned;

(2) whether these contracts were put out to tender; if not, (a) why not and (b) what was the total amount paid by his Department in respect of each of these contracts; if so, what was the (i) tender price originally accepted, and (ii) total amount paid out, in respect of each contract;

(3) whether his Department subsidizes any publications published by the above companies; if so, (a) which publications and (b)(i) why, and (ii) what is the amount of the subsidy, in each case;

(4) what total amount was spent by his Department in 1987 on printing and publishing involving (a) the above companies and (b) any other specified companies?

The MINISTER OF HOME AFFAIRS:

(1) The Government Printing Works, being an organisational component of the Department, is the only institution awarding printing contracts in consultation with the State Tender Board to private institutions. In terms of existing contracts the Government Printer awarded orders for printing requirements of the Department to Perskor and its subsidiary, Aurora. The particulars are as follows:

(a)	(b)	(c)
Annual report	860	Aurora
Manual — Migration and Identification (Chapters 4 and 5)	3 240	Aurora
Diaries: 1988	120 001	Perskor
Statistical reports:		
21-02-17	320	Aurora
21-04-15	311	Aurora
2301/02/05/07	27 900	Aurora
2003/04/01/08	52 450	Aurora
Statistical Questionnaire 01/50	75 000	Aurora

(2) Yes.

(i)	(ii)
Contract SD-K 27 — R52 761,76	R52 761,76
Contract SD-D 87/99 — R300 918,00	R300 918,00

(3) No.

(4) (a) R353 679,76

(b) Nil.

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HOUSE OF ASSEMBLY

†Indicates translated version.

For oral reply:

General Affairs:

State President:

Six members of SADF in Windhoek: certificate not to continue with criminal proceedings

*1. Mrs H SUZMAN asked the State President:

(1) Whether he (a) issued or (b) authorized the issue of a certificate in terms of section 103*ter* of the Defence Act, No 44 of 1957, directing that criminal proceedings against six members of the South African Defence Force arising out of the death of Mr Immanuel Shifidi should not be continued; if so, (i) when, (ii) to whom was the authority given to issue the certificate, (iii) in which court had the proceedings been instituted, (iv) what were the charges against the six accused, (v) on whose authority had the proceedings been instituted, (vi) why did he authorize the issue of the certificate and (vii) what are the (aa) ranks and (bb) names of the six accused;

(2) whether prior to giving the authority to issue a certificate, the matter was discussed with the Attorney-General of South West Africa; if so, (a) who discussed it with the Attorney-General and (b) what was the (i) purpose and (ii) result of the discussions; if not, why not?

The STATE PRESIDENT:

I have authorized the Administrator-General to issue a certificate in terms of section 103*ter* of the Defence Act, 1957, with regard to the trial of Col Vorster, Col Welgemoed, Cmdt Botes, Lieut Prinsloo, Cpl Kashimbi and Rifleman Festus in the Supreme Court of South West Africa. In view of thematter being *sub judice* because of a court application in Windhoek, I am not prepared to go into the matter any further.

Ministers:

Chicken meat imported from France

*1. Mr T LANGLEY asked the Minister of Agriculture:†

(1) Whether any chicken meat was imported from France in the period before Christmas 1987; if so, when;

(2) whether his Department agreed to the importation of this meat; if so, (a) why and (b) what percentage of water does this meat contain per kilogram or chicken carcass;

(3) whether this percentage corresponds with the permitted percentage of water which applies to locally produced chicken carcasses; if not, why not;

(4) whether the imported chicken carcasses have a uniform mass; if so, (a) what is this mass and (b) to what is the uniformity ascribed;

(5) whether his Department carried out investigations or had investigations carried out to establish whether this meat is suitable for human consumption; if not, why not; if so, with what result?

†The DEPUTY MINISTER OF WATER AFFAIRS AND OF LAND AFFAIRS (for the Minister of Agriculture):

(1) Yes, September to November 1987;

(2) Yes, at the request of the trade,

(a) in order to supply over the Christmas season in the expected shortage of chicken meat as a result of high mortality problems;

(b) unknown — it is not practically possible to determine the exact percentage of absorbed water unless the carcass mass prior to water absorption and freezing is known;

(3) falls away;

(4) No;

(5) No special investigations were carried out. Routine inspections are carried out on all imported meat after arrival at the port of

Beef imports should not push up price

South Africa's beef production is dropping and the country may have to import 76 000 tons to meet local demand, but this is not expected to have any effect on prices to the consumer.

This figure is more than three times higher than last year's, when 24 500 tons of beef were imported.

Dr Pieter Coetzee, general manager of the Meat Board, says the drop in local supplies is due to farmers rebuilding their herds.

"With the end of the drought, farmers are building up their stocks, and cows and heifers, which in the drought years would have been sent for slaughtering, are now being kept for breeding purposes," he said.

The drop in supply is expected to last until the end of the year.

Dr Coetzee says the importation of meat is being done in a responsible manner.

"We guage demand from month to month and import accordingly. If demands remain at last year's level we will have to import about 76 000 tons of beef.

"Lamb, mutton — especially heavy carcasses — and pork will also have to be imported, but less than last year as local supplies have improved slightly," he said.

Last year 0,8 tons of lamb and mutton were imported and 1,5 tons of pork. Mainly pork spare ribs were imported as these are extremely popular and local supply cannot meet the demand.

Dr Coetzee said the importation of meat does not have an adverse effect on the consumer price. Imported meat is sold at auctions alongside local meat and prices have remained constant.

- Mr E Roux, general manager of the Dairy Board, says butter is likely to be the only dairy product imported this year. He expects between one and two tons costing about R4 million to R4,5 million to be brought into the country. Last year powdered milk, cheddar cheese and exotic cheese were also imported, but this should not be necessary this year as there are sufficient carry-over stocks from last year.
- A spokesman for the Cotton Board says a record cotton crop of 360 000 bales is expected this year. This is in spite of the floods which caused severe damage to plants in the lower Orange River area. He says a limited importation of 40 000 bales — 10 percent of our consumption — will be imported this year, compared to 120 000 bales last year.

period for air traffic controllers in South Africa was reduced for reasons of adequacy from 39 to 33 months with effect from 1 February 1988.

Printing contracts awarded to two companies

829. Mr D J DALLING asked the Minister of Finance:

(1) Whether his Department awarded any printing contracts in 1987 to two companies, the names of which have been furnished to the Commission for Administration for the purpose of the Minister's reply, or to their associated companies and printing operations; if so, (a) in respect of what publications or printed matter, (b) how many copies of each publication or item were ordered from each company and (c) what are the names of the companies concerned;

(2) whether these contracts were put out to tender; if not, (a) why not and (b) what was the total amount paid by his Department in respect of each of these contracts; if so, what was the (i) tender price originally accepted, and (ii) total amount paid out, in respect of each contract;

(3) whether his Department subsidizes any publications published by the above companies; if so, (a) which publications and (b) (i) why, and (ii) what is the amount of the subsidy, in each case;

(4) what total amount was spent by his Department in 1987 on printing and publishing involving (a) the above companies and (b) any other specified companies?

The MINISTER OF FINANCE:

(1) No.

(a) to (c) Fall away.

(2) Falls away.

(3) No.

(a) and (b) fall away

(4) (a) Falls away.

(b) The Government Printer printed publications and printed matter for the Department to the amount of R3 338 221,14.

Senior citizen bond scheme: investors issued with certificates

850. Mr J J WALSH asked the Minister of Finance.

Whether all investors in the senior citizen bond scheme have been issued with certificates; if not, (a) why not and (b) what was the total number of certificates outstanding by month of application as at the latest specified date for which information is available?

The MINISTER OF FINANCE:

No.

(a) As a result of the unexpecedly large number of applications for investment in Senior Citizen Savings Bonds and the fact that preference was given to the registration thereof in order to ensure the timeous payment of interest, the issue of certificates was unfortunately unavoidably delayed.

(b) Outstanding certificates as at 31 March 1988 were:

July 1987	21
August 1987	29
September 1987	9
October 1987	3
November 1987	4
December 1987	2
January 1988	4
February 1988	—
March 1988	—
Total outstanding	72

Senior citizen bonds: interest paid on due dates

851. Mr J J WALSH asked the Minister of Finance:

Whether all interest due to investors in senior citizen bonds has been paid on the relevant due dates; if not, (a) why not and (b) (i) what amounts were outstanding as at the latest specified date for which information is available and (ii) in which months were these amounts due?

The MINISTER OF FINANCE:

Yes, with the exception of relatively few applications requiring investigation and in respect of which the interest was subsequently paid

(a), (b) (i) and (ii) fall away.

Agricultural products: statutory levies

886. Mr R W HARDINGHAM asked the Minister of Agriculture:

(a) What amounts were collected from producers in the form of statutory levies on each specified agricultural product in each of the latest specified three years for which figures are available and (b) (i) what steps were taken in respect of the amounts so collected, and (ii) for what purpose were they used, in each case?

The MINISTER OF AGRICULTURE:

The audited particulars are published in the various reports of the Auditor-General (which are tabled in Parliament) on the accounts kept in terms of the relevant provisions of the Marketing Act, 1968 (Act 59 of 1968).

Surplus agricultural foodstuffs distributed to under-privileged/welfare organizations

887 Mr R W HARDINGHAM asked the Minister of Agriculture:

Whether any surplus agricultural foodstuffs grown or produced in the Republic and marketed through control boards were distributed to (a) the under-privileged and (b) welfare organizations during the latest specified 12-month period for which figures are available; if so, (i) what foodstuffs, (ii) what quantity of each foodstuff and (iii) what was the total estimated value of the foodstuffs so distributed?

The MINISTER OF AGRICULTURE:

(a) Yes

(b) Yes

(i)	Period	(ii)	(iii) (R)
Bananas	1/7/86 – 30/6/87	200 × 20 kg containers	1 924
Potatoes	1/3/87 – 29/2/88	28 026 × 15 kg pockets	70 000
Rooibos tea*	1/1/87 – 31/12/87	1 015 kg	1 553
Oranges	1/3/87 – 29/2/88	8 000 × 10 kg pockets	9 600
Milk powder**	1/3/87 – 29/2/88	4 597 tonnes	2 090 800***
Processed cheese**	1/3/87 – 29/2/88	350 tonnes	196 000***

* In aid of the flood disaster fund.
** Made available to charity organizations at subsidised prices.
*** Value of subsidy.

Chicken meat imported from France 74

951. Mr T LANGLEY asked the Minister of Economic Affairs and Technology:†

Whether in the period before Christmas 1987 he gave permission for chicken meat to be imported from France, if so, (a) what is the total mass of the chicken meat so imported, (b) at what price per kilogram was this meat (i) purchased and (ii) offered for sale locally, (c) what is the country of origin of the meat and (d) (i) how many kilograms of it were sold and (ii) in respect of what date is this information furnished?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(a), (b), (c) and (d) (i): The information is not available.

Import permits in respect of chicken meat are issued by the Department of Trade and Industry on the recommendation of the Department of Agricultural Economics and Marketing and this is done on a rand value basis only. The country or countries or origin are not specified on permits and importers may, therefore, import the goods mentioned in the permits from any country.

During the calendar year 1987 the Department of Trade and Industry issued on the recommendation of the Department of Agricultural Economics and Marketing import permits to a total value of R11,3 million to various importers to import frozen chickens (whole and in portions) to supplement shortages on the local market

(d) (ii) As indicated above.

Marketing boards; grants for bursary purposes

952. Mr R W HARDINGHAM asked the Minister of Agriculture:

Whether any marketing boards made grants for bursary purposes in 1986; if so, (a) which marketing boards, (b) how many grants were made by each such marketing board and (c) what was the amount of the grant in each case?

The MINISTER OF AGRICULTURE:

Yes:

(a)	(b)	(c) R
Banana Board	1	1 200
Tobacco Board	4	17 400
Citrus Board	12	54 896
Oil Seeds Board	1	4 200
Deciduous Fruit Board	15	45 000
Cotton Board	2	1 925
Maize Board	13	24 262
Dairy Board	14	56 700
Dried Fruit Board	1	4 200
Wheat Board	6	25 200
Potato Board		
Dry Bean Board	5	17 980
Grain Sorghum Board		
Meat Board	11	44 100
Wool Board	26	84 000
Egg Control Board	5	15 770

SA's red meat imports set to cost R100m

GERALD REILLY

PRETORIA — SA's red meat imports this year could double to 50-million tons at a cost of about R100m.

Meat board GM Pieter Coetzee said this would be done only if a decision were taken to maintain the kind of supply-demand equilibrium that pertained in 1985.

Last year's imports of 24,5-million tons were mainly for the manufacturing industry, he said.

However, should it be decided to increase the volume of imports, other cuts would be included, for sale to the trade.

He said beef and pork imports came mostly from European Community countries and mutton from Australia.

According to the existing trade agreement quantities of beef were imported from Botswana, Namibia and Swaziland.

These were not classified as imports.

Chickens imported because of shortage

20/4/88 B/day 74

HOUSE OF ASSEMBLY — Chickens were imported by SA from France from September to November last year at the request of the trade, Agriculture Minister Greyling Wentzel said yesterday.

In reply to Tom Langley (CP Soutpansberg), Wentzel said the chickens were imported for the Christmas season as there had been an expected shortage.

No special investigation was carried out to determine whether the meat was suitable for human consumption beyond the routine inspections. — Sapa.

DID 27/4/88. (74)

Electronics: imports cost SA R2,8bn in '86

JOHANNESBURG — South Africa has a net import bill for electronic goods that ranks sixth in the world among Western countries, with imports for 1986 being in excess of R2,8 billion.

This figure, according to the latest report on the electronics industry, is 20 per cent up on the import figure for 1985 in rand terms, or about 10 per cent up in real terms.

The report, prepared for the Standing Committee for Electronics by Business and Marketing Intelligence (BMI), however, says that as a manufacturer of electronics products, South Africa only manufactures 25 per cent of its requirements.

Financial support through tax mechanisims, promotion of technology developments and the education and training of manpower are seen as the most important mechanisms that the State can use to assist the local electronics industry.

A spokesman for BMI, Mr Alan Paul, says the findings of the latest study, taken among leading industrialists and public sector buyers, addresses the steps that industrialists see as being essential for government to take to stimulate the local industry.

"It is against this background that the state corporations and departments which are members of the Standing Committee are assigning high priority to import-replacement and local manufacture in the industry.

"The Industrial Development Corporation (IDC) is one channel through which local businesses can be financed, and the electronics is receiving particular attention." — DDC

D\D 26/4/88

IBM shareholders vote to continue selling to SA

RICHMOND — International Business Machines (IBM) shareholders yesterday defeated a proposal that would have forced the computer giant to stop selling its products in South Africa.

At its annual meeting, shareholders also rejected proposals to have IBM managers disclose experiments conducted on animals, to deny company benefit payments for abortions and related services and to report political contributions.

The South African sales proposal received the most support among shareholders, but still got less than 10 percent of approximately 400 million shares voted.

The chairman, Mr John F. Akers said IBM is becoming leaner and more aggressive against competitors.

"If we have learned anything during the past few years, we have learned that our industry — the information industry — is a volatile one," Mr Akers said.

"If we are to continue to deliver improved financial results, we must continue to enhance our competitiveness," he said. — Sapa-AP

May 5 1988

5/5/88 (D88) 74 B/day

Toyota chief confident of future supplies

'Trade links secure'

MICK COLLINS

TOYOTA SA came out strongly yesterday to counter speculation that trade ties with Japan were under pressure or about to be severed.

Speaking at the Toyota AGM, chairman Albert Wessels said the US presidential election had seen renewed publicity focused on sanctions against SA and there was, inevitably, interest in Japan's attitude.

"According to information we have received from senior Japanese, and incidentally confirmed in their own media, there is definitely no indication that Japan has any intention of terminating trade with SA.

"Competing trading partners are, however, putting pressure on Japan not to expand its trade with us.

"Toyota is confident that at least the same number of units as last year will be available during this financial year."

Wessels added that as a result of the healthy economic upswing and the expected increase in vehicle sales, the company's market share could come under pressure but the Toyota board was confident profitability would be maintained.

Referring to the forthcoming retirement of Toyota CE and MD Colin Adcock at the end of next month, Wessels announced he would be replaced by the present vice-chairman Bert Wessels.

Two new MDs — Brand Pretorius (marketing) and Ralph Broadly (manufacturing) — would be appointed under him from July 1.

Adcock would remain a director for at least another term.

A final dividend of 180c was approved by the meeting. This combined with an interim dividend of 120c makes total distribution for the year 300c (1986. 100c).

Car components becoming major drain on forex reserves

STAR . 10/5/83

(74)

Finance Staff

This year South Africa will pay R1,5 billion for imported components for cars and lose up to another R3 billion in foreign exchange expenditure by the motor industry, says Mr Chris Murray, managing director, Pilkington Shatterprufe Safety Glass.

He has called on the government to "get its act together".

"The goverment's overriding need must be to conserve foreign exchange and strengthen the balance of payments.

"It is high time the Board of Trade & Industry took a leaf out of Japan's book by encouraging component suppliers and original equipment manufacturers to cooperate in the interests of a stronger, more viable industry — and the long-suffering motorist who, yet again, faces a hike in car prices."

The glass company directs 70 percent of its activities towards the motor industry.

The higher price would be more acceptable if it meant added employment opportunities, greater economic growth and a stronger technology base. It was time, he said, that local content requlations favoured low mass/high value products. This would be achieved when the "forex formula" eventually saw the light of day.

For too long weight has been used as a basis for local content control. The slogan "66 by '76" — meaning 66 percent local content by 1976 — had been around for 15 years. Even although 66 percent of the weight of a vehicle was local content, it accounted for only 40 percent of its value. The other 60 percent had to be imported.

He said that while being aware of the need to take cognisance of those with big investments in heavy component manufacture, hi-tech/low mass production must be encouraged or the industry would never really be viable.

Besides completely knocked-down kits, a great deal of foreign exchange was spent on capital equipment, tooling, licences and spares, which were not affected by the mass system, as well as on esential imports by component suppliers.

These vital areas have not been adequately addressed by the government, he said, and vehicle manufacturers and component suppliers could not be expected to plan ahead without a firm, long-term local content programme.

Cape Times 11/5/88 (74)

Textile industry told to put its house in order

TEXTILE products may possibly be imported from Turkey following talks with that country, Deputy Minister of Economic Affairs and Technology, Theo Alant, said in last night.

He told a Western Cape Textile Federation meeting that since SA had to import a portion of its textiles, this could be done from countries with which SA had friendly trade ties.

Alant warned the local textile industry to get its house in order; increase its productivity; and restrain price increases to compete with imports and to export competitively.

The local textile industry had enjoyed tariff protection for more than 60 years but it would appear that the industry's competitive ability had declined rather than increased, he said.

Local demand

"Therefore we must work together on a scheme to improve this situation. This is exactly what the Board of Trade and Industry is attempting to encourage."

Alant said he hoped the industry would co-operate with the board by participating in a scheme which was designed to increase local demand by providing cheaper products, as well as to promote exports.

The whole industry is waiting anxiously for the report from the Board of Trade, and early July was set as the expected date on which it would be available.

Alant gave his word that it would not be implemented without consultation with the textile industry.

He also gave his word that even if imports of textiles do come from Turkey, that country would not be allowed to become the avenue for products from other exporting countries such as Far East. — Financial Staff and Sapa

SA-Sri Lanka trade

COLOMBO — Sri Lanka benefited more from trading with South Africa last year than in previous years, according to Sri Lankan trade statistics.

South Africa imported more Sri Lankan goods in 1987 — worth 1,8 billion Sri Lankan rupees (about R130 million).

In 1986, South Africa imported goods worth 1,1 billion rupees (about R80 million). Star 13/5/88

The figures include only trade by the private sector in Sri Lanka. 74

Colombo trading sources say some exports went through a third country before ending up in South Africa. — Sapa.

R18bn spent on import of motor parts

5/6/88 S Times

(74)

THE motor industry spent more than R18-billion on imported components last year and backs the Board of Trade and Industry (BTI), which says steps should be taken to reduce the amount.

By Don Robertson

Deputy Minister of Economic Affairs and Tehnology Theo Alant said this week that the Government was investigating a change in the local content programme from one based on weight to value. Manufacturers and component suppliers are happy about the prospect.

The aim is to protect the balance of payments, promote import substitution and encourage exports.

Because of the rand's virtual collapse, the cost of component imports has risen from R412-million in 1971 to more than R18-billion.

Phasing in

Details of the new local content scheme are expected in about two months and carmakers have been asked to help the BTI investigations.

Under the current system, 66% of a vehicle by weight must be made in SA, but because of the weak rand the 34% imported content makes up about 60% of the value.

It is expected that when the new system is introduced exports by manufacturers will be taken into account when determining the value of local content.

The system will have to be phased in, say manufacturers, because production arrangements will have to be altered.

They say that any new system should incorporate other changes, such as the production of common parts for various vehicles — engine blocks, radiators, seats and dashboards. This would offer economies of scale.

The BTI has suggested a rationalisation of the model range. But manufacturers say it has has already taken place. The BTI, however, believes that market forces should play a role in this case.

Denzyl Vermooten, director of the National Association of Automotive Component and Allied Manufacturers (Naacam), says it is not known whether the new system will result in a higher local content. If it does, suppliers will be able to meet increased demand provided the system is introduced over a few years.

However, vehicle sales

☐ To Page 3

SA imports vegetable oil after drought

Star 16/6/88

By Caroline Mehliss 74

South Africa imported more than 30 000 tons of vegetable oil in the first three months of this year. About 90 percent was sunflower oil.

A spokesman for the Oil Seeds Control Board said the imports were necessary because of shortages caused by drought last year. He said it was unlikely that consumers would pay more for the imported oil.

This season's oil seed crop is expected to be a bumper one because of the good rains. South Africa should be in a position to export both sunflower and groundnut oil, he said.

Clamp looms on new car figures

B/day 13/6/88

HELOISE HENNING

THE Japanese motor manufacturing industry's desire to comply with its government's trade restrictions on SA was one of the reasons why local car sales statistics had become a sensitive and strategic issue, industry scources said.

Japanese car manufacturers hold about 40% of that country's export bill and sources said it was the industry being most watched after the release of trade figures showing Japan as SA's largest trading partner.

The sources said a Naamsa subcommittee was already investigating the industry's disclosure of sales figures and would refer its recommendations to the executive committee. The committee would make a decision on future disclosures later this month.

"Car sales are an important economic indicator in SA since the motor industy's business cycles indicate the state of the economy.

"Banks rely on the information to target their financing market and sales drives at market leaders. Bank economists and financiers now fear this information might not be available," one source said.

A banker said it was possible Naamsa would even call on government not to release Central Statistical Service details of new registrations which appeared monthly.

ECONOMIC REVIEW

Patchy recovery

A promising feature of the recent rise in imports, says the latest Standard Bank *Review*, released this week, is that the "most rapid rises have occurred in machinery and transport equipment, suggesting a rise in gross domestic fixed investment, at least in the private sector."

17/6/88 FM

Also on an optimistic note, *Review* points out: "Part of the sharp rise in the volume of merchandise imports in the first four months of 1988 (the average level was 13,5% higher than the average of 1987) can be attributed to a temporary build-up of inventories that is unlikely to continue through the year."

Examining first-quarter statistics available, it records "a solid performance . . . by the manufacturing sector with production growing at an annualised 9%. The volume of unfilled orders has remained constant, indicating the increase in sales roughly matched the increase in production."

There has also been "a steady and encouraging rise in the capacity utilisation rate . . . Investment in manufacturing plant capacity could now increase since, in the past, marked increases in investment have occurred at similar capacity utilisation levels. The potential for new investment is particularly evident in clothing, where increases in production volume have been rapid."

However, the *Review* cautions: "Manufacturing investment is, more than anything, dependent on the expectations businessmen hold about future sales growth and profits. Since these can be swayed by a number of political and economic currents they are impossible to forecast with any certainty."

Contrasting the present upswing with previous recoveries, the *Review* says: "This time around, many sectors have not yet recovered the losses sustained in the 1985-1986 recession. Though real GDP now exceeds the level of 1984 (the previous peak) so that overall production has increased, production levels in many critical sectors remain low.

"It appears that only in the service-related sectors (financial and business services, and community, social and personal services) as well as in sectors in which activity levels are partly determined by special factors (electricity, gas and water, and agriculture, forestry and fishing) were production levels above those reached in 1984." ■

'Star' 28/6/88

Imports to rise sharply in price shortly

By Caroline Mehliss

Suppliers predict strong consumer resistance to imported goods which are set to rise sharply in price in the next few weeks.

Mr Roy Fitzsimmons, sales director of a wholesale group, said until now consumers hadbeen cushioned from the full effects of the falling rand as suppliers had bought large amounts of imports while the exchange rate was more favourable.

"These stocks are now coming to an end and new supplies are being bought at the current exchange rate, which sees the rand at a 21-month low against the dollar. Within the next few weeks, consumers will notice a marked increase in the price of imports."

With higher interest rates and inflation making inroads into people's pockets, consumers have less disposable income, and the first item to come off the shopping list "will be pricey imported goods", Mr Fitzsimmons predicts.

"There will be a swing to local substitutes for imported goods wherever possible.

SUBSTITUTES

"We are supplementing our imported ranges with local products wherever possible. There are, of course, some areas where we have no choice but to import, such as for capers, black cherries, sardines, peppercorns and other products not available in South Africa, but if there is a local substitute, we support and promote it.

"In this way, the entire South African economy is benefitting.

"We are also buying imported goods from neighbouring states which have recently been granted licences from overseas countries. One range of soup, for example, which we used to buy from England, is now available from Zimbabwe and is 50 percent cheaper," he says.

Mr Richard Cohen, director of a major supermarket chain, says the price increases for imported goods are to be expected as "everything rockets when the rand falls".

"What is surprising is that no one dropped prices when the rand recovered from 33 cents to 52 cents last year. This is is symptomatic of the constant rip-off of the consumer," he says.

Films to SA: Row flares over letter

(74)

Argus 4/7/88.

The Argus Foreign Service

LONDON. — A row has flared here over a letter sent to television companies by the Department of Trade and Industry urging them to sell films and other material to South Africa.

The Opposition has denounced the move, saying it exposed the "total hypocrisy" of the Government's attitude to action against apartheid and is a breach of international agreements. It plans to raise the matter in the Commons.

But a DTI official rejected the claims, saying South Africa is "a natural market" for British television films because it is English-speaking.

The official added that while international agreements forbade Government funding of trade missions or fairs, nothing prevented it from pointing out business opportunities in South Africa to exporters "just as we do with any other country".

The letter said that Britain was "particularly well-regarded in South Africa at present".

It added: "The South African Broadcasting Corporation's standard of programmes has attracted some local criticism, and there would appear to be a good market for quality imports."

● Lawyers Against Apartheid, a group of more than 50 solicitors, have instructed solicitors to take legal action against the Law Society over the rejection of anti-apartheid motions submitted for the society's annual meeting.

The society has rejected the motions as "inappropriate".

One motion calls on the society to end investments in companies with South African interests; another urges the society to call for the Sharpeville Six to be reprieved.

Bonn halts hi-tech sale to SA

S1ar 3/7/86

BONN — West Germany has suspended the export to South Africa of high-technology equipment that can track missiles and satellites pending an inquiry into its possible military use, a government official said yesterday.

Mr Reinhard Krause, of the Economics Ministry, said South Africa had ordered three of the tracking devices, called multisensor platforms, but only one had been delivered so far.

The inquiry will concentrate on whether the export broke an 11-year-old UN embargo on arms sales to South Africa.

A spokesman for the Department of Transport Affairs in Johannesburg said the equipment would not be adjusted for military use.

Mr Krause said West Germany granted the export licences in 1985 after South Africa had given assurances that the platforms would be used only for civil purposes.

South Africa has developed its weapons industry to overcome the UN embargo. But it has also imported some key technology. — Sapa-Reuter.

Govt efforts at restraint in vain

Japanese SA exports up by 45%

(74)

B/day 14/7/88

TOKYO — Japanese exports to SA had surged 45,3%, in spite of efforts by the Japanese government to curb bilateral trade, statistics showed yesterday.

AP-Dow Jones reports Japan exported 45,3% more to SA in dollar terms in the first half of the year compared with a year ago. Exports to SA were $1,14bn, reflecting to a large extent a strong demand for new cars.

However, Japan's imports from SA dropped by more than 9% in dollar terms in the first half of this year from the same period in 1987 to $1bn.

GRETA STEYN reports the drop in SA's exports to Japan was probably offset to a certain extent by a gain in exports to other Asian countries such as Korea and Singapore. Safmarine economist Chris Visser said: "Liner shipping to the Far East has not diminished. If anything, it has picked up since last year."

He could not speak for bulk shipping of coal and iron ore to Japan, which might well have been hit. He noted, however, that according to an authoritative American study on bilateral trade by Wharton Econometrics Forecasting Associates, two-way trade between SA and Japan would be on a rising trend in volume terms for the next few years.

The current trade situation was difficult to pinpoint in volume terms because of exchange-rate fluctuations, but official figures showed the Japanese were spending less on SA goods.

A spokesman for the Japanese consulate in Pretoria said in yen terms, Japan's imports from SA had dropped by an average of more than 10% up to May this year. Although he had not seen the figures up to June, he said a firm declining trend had been established in yen terms this year.

On the issue of possible international pressure on Japan because of its exports to SA, the spokesman said: "The Japanese government has already asked business to behave more prudently in trading with SA. We know that exports to SA were strong in the first quarter, but the rate of increase was probably lower in the second quarter. In future, it might even decrease."

A Japanese government official said although two-way trade between the two countries was up 13,3% in dollar terms, in the last two months it actually fell compared with last year. That could be ascribed to government's call on firms to exercise restraint in trade with SA.

ARGUS 20/7/88

TRADE

Imports rocket as companies stockpile

14

By TOM HOOD
Business Editor

IMPORTS rocketed by 34 percent to almost R14,7-billion in the first five months of the year as companies stockpiled ahead of possible sanctions and the expected continued depreciation of the rand.

This is disclosed today in statistics published by the SA Foreign Trade Organisation (Safto).

However, exports climbed by 5 percent to R17,6-billion on the back of a higher gold price and resulted in a trade surplus of almost R3-billion.

This surplus — 50 percent lower than a year ago — is due to the economic recovery which stimulated demand for imports while restricting export growth, according to Safto.

The rise in imports was fuelled by a 58 percent jump to R6,6-billion in the value of machinery and transport equipment and a 21 percent rise to R1,4-billion of chemical imports.

Export performance in May was better than April's and rose by 17 percent from R3,3-billion in April to R3,8-billion in May. The May figure, however, was short of the record R4-billion in March.

The rise in exports stemmed from minerals (up 23 percent), base metals and products (22 percent) and textiles (35 percent).

But these increases were offset by falls in vegetable products (down 48 percent), and animal products (51 percent).

The lower value of vegetable product exports was due to lower maize prices compared with a year ago.

Total imports in May rose 10 percent to R3,2-billion but were lower than March's R3,3-billion.

The result was a surplus of R671-million for the month — 69 percent up on April's R398-million.

"This increase is a pleasant contrast to the 43 percent fall in the surplus between March and April," says Safto.

"The lower rand gives rise to a level of imports which exaggerates the substantial increase in import volumes and it could also imply a drop in export volumes as the increas in the value level of exports was lower than the overall drop in the rand."

Looking ahead, Safto sees the country's maize industry saving R120-million of losses because the drought in the American grain belt has boosted prices. With a 600 000 ton surplus for export and maize prices sitting at record lows, South Africa stood to lose more than R200 a ton on maize exports.

The sugar industry also expected to benefit from sugar prices hitting a five-year high on international markets. The possibility of further sanctions was "the only cloud on the horizon".

The Star Finance

Trade surplus hits R3-m despite higher imports

Star 21/7/88 (74)

By Tom Hood

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Japan turns screws on SA imports

Times 24/7/88

By Don Robertson

JAPANESE exporters are being forced to tighten the screws on South Africa and several other countries are under pressure to reassess their increasing trade links.

Pressure from the US has forced major Japanese companies to "limit" trade with SA, resulting in a cut in supplies of components and equipment.

South Korea, Taiwan and Israel will come under scrutiny at a meeting of the Commonwealth Foreign Minister's Committee on Southern Africa in Toronto on August 2 for their increasing trade with SA.

Although the emphasis has been on the supply of motor components, imports of other equipment, particularly in the telecommunications business, have been hit.

A two-week delivery backlog on telecommunications equipment has increased to seven or eight weeks, with no apparent reason. Some prices have been increased seven or eight times.

Well stocked

In addition, brand engineering has become more common and SA companies are being asked to market well-known Japanese products under their own names. Japanese suppliers are also trying to distance themselves from the SA market. In future it might be possible to buy Japanese equipment only through Brazil or Singapore, say industry sources.

Although Japanese exporters, particularly those in the motor industry, have limited component supplies to SA, sales are unlikely to be affected this year.

By 1989, the supply cut could damage sales.

Lose out

Most SA manufacturers of Japanese cars claim to have sufficient component stocks to meet any increase in demand this year. They believe that if the market increases by the expected 10%, they will be able to match requirements.

However, if component imports are held at this year's level in 1989, Japanese cars could lose out to Volkswagen and Delta.

Last year, Japanese vehicles made up 52% of total sales.

The Japanese move comes after pressure from America which is worried about growing trade between Japan and SA. Japan is now SA's largest trading partner — a position it took over from the US last year.

Estimates show that last year, SA motor-makers imported R3,3-billion worth of components from Japan.

It is feared that next year, Japanese exports could be based on value not the number of units. That would be serious for SA because of the declining rand.

Toyota Japan said this week that component deliveries in June had been sufficient to manufacture 7 342 vehicles at Toyota SA's Prospecton plant near Durban.

However, this was only 392 units fewer than in June last year. It is expected that with ample stocks on hand, Toyota SA can meet an increase in demand.

Toyota, one of the largest companies in Japan, was the first of the motor-makers to heed the American threats. It is expected, however, that others have followed.

Francois Loubser, director marketing, planning and communications at Toyota SA, says component supplies this year will be about the same as in 1987 at nearly 89 000 units.

Sufficient components will be delivered for the launch of the new Corolla this year.

Other manufacturers are reluctant to discuss their position and refuse to say whether they will be able to obtain

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From Page 1

Japan turns the screws

components from other countries.

A spokesman for Mercedes-Benz, which also makes Honda cars, says it is business as usual and no supply problems have been experienced.

Spencer Stirling, managing director of Samcor which produces Mazda cars and bakkies, says supplies have been cut for all manufacturers of Japanese cars.

Germany is the only other supplier of components for the SA motor industry, and it is feared that the Americans will lean on it.

Delta receives its components for the Opel range from Adam Opel in Germany — a wholly owned subsidiary of General Motors. General Motors is the largest company in the US and is susceptible to US Government pressure. Delta also buys its Isuzu components from Japan.

These factors have prompted the motor industry to curtail the monthly sales information in an effort to counter sanction-busting moves. Instead of giving a breakdown of sales of each model from manufacturers, it now gives only total sales in the four categories — cars, light commercial vehicles, medium commercials and heavy commercials.

The industry faces a bleak future in other respects. Higher interest rates, increased deposits, abolition of private rentals, the new requirements to pay GST up front on lease deals and the declining rand have hurt it.

Compiled on a ...

Toyota assigns R87-m to import substitution plan

Star 28/7/88

By Sven Lünsche

Toyota SA Manufacturing is to spend R87 million in a three-pronged programme of import substitution, which will create about 1 000 new jobs and save R120 million in foreign exchange.

"This is purely a programme for import substitution and does not take into account other capital expenditure," Ralph Broadley, MD of Toyota SA Manufacturing, said yesterday.

He said the depreciation of the rand against the yen necessitated the programme, but undoubtedly it would also help in the face of cutbacks by its Japanese supplier.

Toyota in Japan said last week that it had begun to cut back on its vehicle exports to South Africa, starting with a year-on-year decrease in June. A spokesman said the company planned to continue reducing such exports because of the growing criticism of Japan's trade with South Africa.

The local programme involves expenditure of R35 million on the replacement of original equipment components, a R11 million spending package for the in-plant manufacture of after-market assemblies and a R41 million toolroom built at the company's Prospecton factory, near Durban.

Mr Broadley said the programme would be completed within two years.

'SA oil shipment' to be probed

Own Correspondent

LONDON — Reports that a R28m cargo of North Sea oil has been shipped to SA from the Shetland Islands, in defiance of the British government's support for the UN oil embargo on that country, are to be referred to Energy Secretary Norman Parkinson by a Labour MP.

Bob Hughes (Aberdeen N) said at the weekend he would ask for a full investigation of the incident in view of the undertaking by Prime Minister Margaret Thatcher to Commonwealth leaders that she would observe the non-mandatory UN oil sanctions against SA.

He said he would also write to Shell to tell them that they appeared to be admitting in their public statements on the affair that a third party had breached the terms of the original contract governing the sale of the oil by Shell.

According to reports, the 570 000-barrel consignment was originally owned by Shell, which has since strongly denied any involvement in breaking the embargo.

The tanker is reported to have sailed secretly to SA instead of ~~to~~ its stated destination.

74

2/8/88 Bl Day

Feathers fly over chicken imports

4/8/88 Star

Moves to import chickens to meet consumer demand have led to a dispute between producers and supermarkets with retailers claiming that locally produced chicken is in short supply and too expensive.

However, a spokesman for the SA Poultry Association said supermarkets have created an artificial shortage of chickens by stockpiling. This, he said, is done for cheap promotions, especially at times like Christmas.

"We're talking about a supermarket buyers' shortage. If there isn't sufficient product for them to dictate all the terms, they claim there is a shortage.

"Short-term imports would mean that we would never be able to make the profit to allow for expansion in the long term.

The spokesman said last year's importation of 7 500 tons of chicken led to an oversupply after Christmas.

"This meant retailers had to virtually sell at cost for four months and this damaged producers who were in the throes of a R300 million expansion programme."

Mr Richard Cohen, a director of Pick 'n Pay, confirmed that chicken is presently in short supply.

"If chickens are not imported you can add a rand to the kilogram price before Christmas," he said.

"We might have a bit of chicken put away to give the consumer the benefit of lower prices but the situation is no different from previous years." If producers did have enough they should restrain prices.

Mr Sergio Martinengo, deputy group managing director of Checkers, said his company was not stockpiling chickens although suppliers might be doing so.

"Our perception is that there is definitely a shortage," he said.

Vouchers (74)

Beef imports to make up shortfall

PRETORIA — The Meat Board would import 50 000 tons of beef this year to compensate for the local shortfall, board manager Pieter Coetsee said yesterday.

The cost at current prices would be around R120m, he said.

This month alone 5 000 tons of imported beef would be marketed to supplement local supplies.

Only a small quantity of imported

GERALD REILLY

beef was quality hind quarter; the rest was forequarter used mostly in the beef manufacturing industry.

In spite of the local shortage, caused mainly by heavy forced slaughterings during five drought years, Coetsee did not expect prices to rise spectacularly during the rest of the year.

B/Day 17/8/88 Meat (79)

and Joffe Associates' expertise.

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B/Day 17/8/88 (B) Meat (79)

Govt creams over half VCR price

S Times 2/8/88

THE Government is pocketing more than half of the retail price of video recorders after imposing sweeping import controls.

A VCR costs R1 900 retail and the Government takes R950 in duties and surcharge. It gets another R228 in sales tax.

The Government's percentage on radio and hi-fi sales is even higher.

Industry sources say that the sharp rise in the surcharge — in some cases from 10% to 60% — should have been phased in.

The fiscus will take 134% of the landed cost of hi-fis 141% of radios — excluding GST.

Deposits up

Taxes are often more than the selling price of the product in the country of origin and more than 10 times those in Europe and the US.

Deposits in hire-purchase deals have been lifted to 25% in some cases and the repayment periods have been cut. Many people will be unable to buy these goods.

Other items which have been hit include office computers. Only days after the import announcement, the price of computers rose by between 17% and 23%.

Machine tools have risen in

By Don Robertson

price by 10% to 20% because of surcharges.

Fred Bourbon, managing director of one of the largest machine tool distributors, Technocentre, says imports will be cut. But the imported tools are so sophisticated that is impossible to make them in SA.

"Expensive machine tools prevent us from producing articles from SA materials and exporting them," says Mr Bourbon.

Crisis

The need to protect the current account of the balance of payments is accepted by businessmen, but they believe the large increases in surcharges represent crisis management by the Government.

Businesses with a strong manufacturing capability will benefit from the import curbs.

However, the import raid has left few communities and businesses unscathed. The increase in the cost of spices has upset the Indian community, and the wealthy have been hit by the higher surcharge on the import of art works. The surcharge is up from 10% to 60%.

It has been suggested that some art galleries might be

□ To Page 3

Tax cream

□ From Page 1

forced to close. But Everard Read of the Everard Read Gallery says this is unlikely. He says that most art galleries deal mainly in SA works.

Some believe that companies which are only distributors of imported goods could collapse.

Hardest hit is the TV, VCR and audio industry. The surcharge has risen from 10% to 60%.

Terry Millar, managing director of National Panasonic, says; "The Government has been threatening the industry for two years by saying it will allow free imports. What we need is a long-term strategy.

"Now they go the other route and increase the surcharge to 60% without consulting the industry."

National Panasonic has asked the Department of Finance for a moratorium on the additional surcharge.

"The Government's efforts will not have an immediate effect because we have stocks on the water on which we will have to pay the increased surcharge."

The deposit on a VCR will rise from R200 to R600 and the monthly repayment will go from R75 to R150.

Before the Government introduced credit curbs in August 1984, National Panasonic was selling 12 000 VCRs a month. In the following three months it sold none. Mr Millar expects a similar pattern to develop.

Mr Millar estimates that if his company takes no immediate action, it will lose between 30% and 40% of its business.

S Times 2/8/88

Surcharge cushion for livestock importers

CHRIS CAIRNCROSS

29/8/88

(74)

CAPE TOWN — Government is to provide importers of livestock with certain concessions regarding the 60% surcharge recently introduced as part of a package of measures to cushion SA's balance of payments.

An detailed announcement explaining the concessions will be made early this week.

There will not be a general ruling — only cases which comply with specific conditions will qualify.

Importers seeking concessions should submit full particulars to the Director-General: Agricultural Economics and Marketing, Private Bag X250, Pretoria, 0001.

B/Day

Japanese trade restraints hit office machine supply

Star 15/11/88 (74)

Finance Staff

Major Japanese office equipment exporters have closed the door on South Africa since the beginning of October, says Mr Terry McLintock, chairman of Canon SA, distributors of Canon office equipment.

He predicts that restrictions, a sliding rand, new import surcharges and higher interest rates will force a price hike of 10 to 15 percent early next year.

Mr McLintock, who has just returned from a visit to the Far East, says Japanese manufacturers intend placing a damper on the export of office equipment to SA in the fourth quarter to make up for the surge in exports in the first nine months of the year.

Japan, in accordance with sanctions requirements, has undertaken that exports to SA in this year will not exceed those of 1987. But soaring demand boosted imports of fax machines by 61 percent in the first five months of the year, compared with the same period last year.

Imports of fax machines in the first quarter totalled 12 505, second-quarter imports rose to 14 500 and an estimated 15 000 units were landed in the third quarter.

Mr McLintock says the surge has caused great embarrassment to Japanese manufacturers, who exported a total of 20 000 units in the whole of 1987.

"There is no question the Japanese want to play down the major trade connections with SA and have laid down objectives to become a minor trading partner."

Mr McLintock, whose company supplies 23 percent of SA's fax requirements and 21 percent of the national copier market, predicts that the tougher Japanese strategy will cut 1989 office equipment exports to about 80 percent of 1987 levels.

He says these developments, coupled with the sliding rand, mean a complete turnaround for the industry, with sourcing posing a serious problem for local suppliers.

"Suppliers will have to seek alternative sources and this means a brokerage fee of 5 to 10 percent. This is a definitive setback for the industry that will hit smaller suppliers and bring about a maturing of the fax market industry in the new year."

He says the industry's major growth in the Far East lies in the bottom end of the market where a proliferation of cheap machines is finding ready sales.

Need to improve marketing . . .

SA important market for UK — UKSATA

14/16 280

Gov. Trips 19/11/88

By AUDREY D'ANGELO
Financial Editor

Keith Stuart

SA is still regarded as one of Britain's most important markets, the chairman of the UK SA Trade Association (UKSATA), Sir Keith Stuart, said in Cape Town yesterday.

"This is not only because of its size — exports to SA are worth £100 000m a year — but because it is a market in which we have a long-term stake. We have been exporting to SA for decades and it is a market we want to maintain and possibly increase."

Stuart, who is chairman of Associated British Ports Holdings, is leading a high-powered UKSATA delegation to this country. The seven members are all prominent in business in Britain and some have operations in SA.

Interviewed in a city hotel, Stuart and UKSATA executive director Nick Mitchell, said although there were short-term and medium-term difficulties they saw the whole of Southern Africa as "a growth area in the long-term".

Discussing the present weakness of the SA economy, Mitchell commented: "SA is not getting poorer — it is just not getting richer fast enough."

They saw the present weakness of the rand as an opportunity for exporters but they emphasized that SA firms would have to improve their marketing and merchandising.

"There are clearly problems with the balance of payments (BoP) but I don't think British business regards them as long-term," said Stuart.

"The UK itself has learnt to live with and through BoP problems, and we have become very practised at exporting hard to maintain our standard of living.

"We would expect SA exporters to step up their exports now."

They saw lack of expertise, rather than sanctions, as the main problem with this.

"SA exporters could do quite a lot better with better marketing," said Mitchell.

"Britain and Western Europe are sophisticated markets which respond well to a good product well packaged and well merchandized. There is more that could be done by SA exporters."

Pointing out that the British economy was expanding — "there has recently been a touch on the brake but that was a mid-course correction, not a real reversal" — Stuart said that meant there was more opportunity for exports.

There should be better marketing of some of SA's traditional products. Fruit was well marketed but "wine is badly promoted and marketed. The impression one gets is that it is so nice you don't want to sell any."

Said Stuart: "There is quite a lot of skill in contingency planning in case the sanctions situation gets worse. But actually addressing the distribution system in the country they are selling to is something SA exporters have got to get right."

They said that British business understood that sanctions had an adverse effect on the standard of living of the majority in SA. Nevertheless, it was important to see continued real progress with a continuing improvement in conditions.

Emphasizing: "We are not here to tell the SA government how to run the country," Stuart continued: "The attitude of the British public and therefore of the British government, and their continuing opposition to sanctions, does depend on real progress.

"Without that, it would be difficult to justify our opposition to sanctions. Our anti-sanctions policy has to show results."

UN report spotlights SA's 'easy' access to oil

(336)

Star 22/11/88 (74)

The Star Bureau

NEW YORK — An inter-governmental panel set up by the UN General Assembly to monitor South Africa's access to foreign oil and petroleum products is expected to report today that the global glut has rendered "relatively meaningless" a voluntary embargo on supplies to the Republic.

The 11-nation group includes oil-producers Algeria, Indonesia, Kuwait and Norway and is chaired by Mr Tom Eric Vraalsen, the chief delegate of Norway, who is to hold a press conference before unveiling the document at noon (New York time).

Diplomatic sources say they believe the report will cite alleged breaches of the oil ban — which South Africa's foes have tried and so far failed to have made mandatory — including by shipping companies.

The report is expected to name a number of international oil companies and their subsidiaries also as having eased the Republic's energy problems.

Because the United States and Britain have the power of veto in the Security Council, there appears to be little chance that any recommendation by the panel to enforce an oil boycott would succeed in that 15-nation body.

Producer costs rise as rand declines

Star 14/12/88

By Sven Lünsche

The weakening rand is pushing up the cost of imported goods and helping the authorities to curb imports, which have been pressuring foreign exchange reserves.

The production price index (PPI) figures for October, released by Central Statistical Services (CSS) yesterday, show the annual rate of increase of imported goods was 1,4 percentage points higher than in September.

The increase of 13,9 percent for October was the highest since November 1986 when the rate was 14,2 percent.

The wholesale price index for imported goods, which has a weighting of 22,5 percent in the PPI, is an important indicator of the weakness of the rand exchange rate.

Because the rand has declined steadily since the beginning of the year, so the cost of imported goods has risen.

The import content of the PPI reflects, inter alia, price changes in respect of capital goods (including production equipment).

The extent to which prices of imported goods give rise to a higher PPI and higher producer cost structures could, in the long run, lead to significantly higher consumer prices.

The rise comes at a time when local producer costs are showing a slight decline.

The annual rate of increase of locally produced consumer goods was 12,9 percent for October — 0,7 percentage points lower than the corresponding rate for September.

The index for total output of South African industrial groups increased at an annual rate of change of 13,9 percent.

The two indices combined pushed up the overall PPI by one percent, compared with September.

Govt cashes in on import boom

74

20/12/88 B/day

GRETA STEYN

GOVERNMENT is cashing in on the import boom with revenue from customs and excise leaping 116% to R4,22bn in the first eight months of the fiscal year.

Helped by the August hike in surcharges and a weak rand, the figure is well ahead of the R3,56bn expected after eight months (given a budgeted figure of R5,32bn). Income from customs and excise looks set to beat the budgeted increase of 58,5% by a wide margin, even if imports decline in the next few months.

Assocom statistician Ed Verburg said the hike in surcharges in August had contributed substantially to government's windfall from customs and excise. Government spokesmen have admitted the extra income from surcharges — which has not been quantified — will help finance the increase in civil servants' salaries.

Verburg said: "The minister did not intend the higher surcharges to be a revenue-generating exercise, but it has turned out to be one. It is not unexpected, since imports take time to respond to demand-restraining measures."

The refusal to exempt "goods on the water" from the higher surcharges had caused some Assocom members to ask if government's intention had not been to boost revenue before imports start declining.

Economists point out that the rand value of imports has remained high, in spite of a slight reduction in import volumes. October's imports hit a record for the year of R3,67bn.

Government's bonanza from customs and excise helped boost total revenue for the eight months to November to R29,8bn — an increase of about 26% from last year, compared with the budgeted increase of 16,3% for the year.

Accelerate

With income running ahead of budget and spending still within limits, the deficit for the period was contained to R4,9bn — significantly lower than last year's R7bn for the same period.

But finance spokesmen admit spending is set to accelerate sharply, reflecting the civil servants' salary increase and other additional expenditure.

Economists warned that the widening of the deficit at a time when the economy had to slow down would be counter-productive.

Accused of selling nuke parts to SA

Star 22/12/88

BONN — A West German firm is under investigation for illegally exporting nuclear technology to India, Pakistan and South Africa, the public prosecutor's office in Hanau announced yesterday.

Several employees of Neue Technologien Gmbh (NTG) in Gelnhausen, near Frankfurt, had admitted supplying equipment for producing fuel rods for nuclear reactors without a permit, it said in a statement.

The prosecutor's office said NTG had been under investigation since August.

The Hesse state Environment Ministry has temporarily withdrawn the firm's permit to do business in nuclear materials.

In the state parliament, Social Democrats (SPD) and members of the Greens environmentalist party said they feared the materials could be used to produce nuclear weapons.

"The parts delivered have the capacity to be used both for peaceful and military purposes," SPD party spokesman Mr Hans Zinnkann said.

The two parties urged a full investigation. — Reuter.

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~~1990~~ 1989

FOREIGN TRADE (74) FMAIL 6/1/89

Still trading

Imports set a record in November, as foreign trade continues at a fairly brisk pace despite sanctions and import surcharges. Customs and Excise says imports that month totalled R3,83bn, up from R3,67bn in October. Exports were R4,46bn, down from October's R4,72bn but still higher than in each of the first seven months of the year.

Total trade for the month was up in US$ ($3,46bn vs $3,40bn), though down in rands (R8,29bn vs R8,39bn): the rand firmed to an average US41,8c from 40,6c in October.

The upsurge in imports pushed the trade surplus down sharply, to R637m from R1,04bn. This brings the January-November surplus to R8,02bn, much lower than R13,20bn in the first eleven months of 1987.

Total trade in January-November, however, soared in both rands and dollars: R80,6bn (about $35,4bn) in 1988 vs R65,4bn ($32,1bn) in 1987.

What has been imported?

☐ Imports of machinery, appliances, electrical equipment and TVs totalled R11,33bn in January-November (1987: R7,11bn);
☐ Chemical products, R3,84bn (R2,90bn);
☐ Textiles, R1,54bn (R1,10bn); and
☐ Photographic, medical equipment and watches, R1,45bn (R1,29bn).

Major exports in the 11 months:

☐ Base metals, R6,01bn (R4,20bn);
☐ Minerals, R4,50bn (R3,46bn); and
☐ Diamonds and precious metals, R3,80bn (R3,57bn). ■

Devious methods to keep SA in the picture

8 I D4 9/1/89

TANIA LEVY

SOUTH Africans are still loading their cameras with Japanese film, a year after Japan imposed an export boycott on SA.

Wholesalers were reluctant to elaborate on the means used to ensure film availabilty

The grey market is tremendous, says Photo Agencies MD Eric Horvitch, whose company distributes Fuji film. With suspended supplies, prices escalated about 20%, but Fuji film is still available, he says.

Trimark has maintained continuity in supplying the Konica and Mitsubishi brands, says sales manager Norman Dick

However, Japanese film is more difficult to get hold of than American brands like Kodak, which can be bought in Botswana and Swaziland. The Japanese have cut supplies to other African countries.

Despite a pullout by US-based Eastman-Kodak in 1987, Kodak film, like its Japanese competitors, is brought into the country secretly.

Distributors SA Druggists prefer to keep the sensitive issue low-key, considering that Kodak has forbidden its overseas subsidiaries to supply SA.

Polaroid film suppliers have experienced no difficulty in sourcing the instant film since Polaroid pulled out in 1977. The film is popular, particularly among professional photographers.

The main effect of restrictive measures by Japan and America has been to spurn a plethora of housebrands, says Dick. These are, in fact, overseas film under a different name.

Business Da
DAY, JANUARY 10 1989 60c (54c + 6c tax)
and CAPE 80c (71c + 9c tax) A TIMES

SA's US imports highest since '84 — rising

B/Day 10/1/89 (74)

GRETA STEYN

SA'S imports from the US hit their highest level in four years in 1988 and the uptrend is expected to continue this year if there are no new sanctions.

US Department of Commerce figures show SA imports from the US jumped by 37% to $1,24bn in the nine months to September 1988, compared with the same period in 1987. The trend indicates total US imports for 1988 were about $1,6bn — the highest level since 1984 ($2,27bn).

American Chamber of Commerce executive director Adrian Botha said: "The Anti-Apartheid Act did not target America's main exports to SA. Consequently, the strong economic upswing in SA last year was accompanied by a dramatic increase in certain categories of imports from the US".

Economists suggested that "pre-emptive buying" on fears of more sanctions had contributed strongly to the boom.

The growth in the dollar value of SA's imports from the US took place in the face of a 24% depreciation of the rand against the dollar from January to September 1988. There was strong demand for US computers, aircraft and tractors. Intermediate goods and raw materials needed for manufacturing were also exceptionally buoyant.

SA imports of US tractors almost quadrupled last year to $15,5m and there was a 58% increase in aircraft imports to $40m.

Botha expected growth in US imports to SA to continue this year, albeit at a slower rate. Import surcharges and the slowdown in the SA economy would inhibit dramatic growth.

However, a decline in imports from the US was unlikely — provided no new sanctions legislation was enacted.

Safmarine chief economist Chris Visser said the new year had started with a strong inflow of imports from the US. Safmarine expected the trend to

● To Page 2

SA's US imports the highest since 1984

B/Day 10/1/89 (74)

● From Page 1

continue throughout the year.

"The manufacturing sector's demand for US imports has grown because Europe has become relatively expensive as a source of intermediate goods."

However, SA exports to the US looked set for a sluggish year, Visser said.

Last year saw a 15% increase in SA's exports to the US between January and September. But the improvement followed a dismal year in 1987, when SA's exports to the US dropped by a massive $1bn. The trend for the nine months indicates an annual figure of about $1,5bn, 40% down on the boom of 1986.

Safto assistant GM David Graham said: "Sanctions have had a major impact on SA's exports to the US, seen against the export performance of the early eighties. Last year's growth is not particularly significant as it came off a low base and does not beat inflation".

Commerce Department figures show that SA takes 44% of the US's total exports to Africa, but supplies only 16% of its imports from Africa.

However, the figures show a surge in the dollar earnings of certain categories of raw materials, such as ferro-chromium (35%), ferro-manganese (90%) and ferro-silicon manganese (116%).

Turkish sets worry SA TV industry

BDay 16/1/89.

HELOISE HENNING

TELEVISION and radio manufacturers are anxious about imports from Turkey at favourable 3% duty, expected to hit the local market in the next two months.

However, Board of Trade and Industry chairman Lawrence McCrystal said the reduction in tariffs and permits issued for imports from Turkey were only a temporary measure. The manufacturers argue that at 3%, imports from Turkey have an unfair advantage and could be disruptive.

Fully imported electronic goods, such as video recorders, are subjected to 60% customs duty, 60% surcharge and ad valorem duties which take the total of duties to about 200%. The same goods could be imported from Turkey at 3%. Imports from Turkey are not subject to surcharges.

'Shift trade'

McCrystal said the imbalance of trade between SA and Turkey had led government to reduce tariffs. It was a "price mechanism" designed to "shift trade" temporarily. However, the volumes that could come through Turkey on permits, and that were subject to unpublished quotas, were not sufficiently substantial to bring about a major shift in trade. This could change when Turkey became a member of the EC.

BTI recommended and the Department of Trade and Industry issued import permits for the six-month period from October 1988 to March 1989.

Because the Department of Customs and Excise does not publish trade statistics, it is impossible to establish the size of or reasons for the trade imbalance. BTI also does not release information on quotas or goods imported on permit from Turkey.

It is believed that import permits had been granted for brown goods valued at around 25% of that sector's 1987 market.

TV manufacturers have complained this is another in the stop-start attacks on the industry through government policy.

Manufacturers estimate they spent about \$60m in forex last year. Brown goods, they argue, only represent 3% of consumer spending. The brown goods industry was therefore an inappropriate target to hit with HP restrictions and 60% surcharges last year. Turkish imports now aggravate the problem.

"Even if they wipe out our entire market, government will not solve the balance of payments problem," one said.

BTI estimates the television industry used around R200m in 1987. When asked why the punitive surcharges were directed at the television industry which contributed minimally to the balance of payment problem, McCrystal said: "It is the little drops that make the bucket overflow."

He said the position with Turkey was temporary and he did not envisage the imports would have a long term effect on the TV industry. The reduction in tariffs for Turkey should have encouraged a shift in trade among manufacturers as well.

'Protected'

Besides, the industry had been "heavily protected" since its inception in 1974 and was given ample warning since 1984 that tariff protection would not be maintained at such high levels. The issue with Turkey was, however, a separate one to overall tariff protection for the TV industry.

McCrystal said a BTI report on the TV industry had been submitted to government. If accepted, changes affecting the industry would be gazetted "fairly soon"

British exports to SA on the up

BDAY 27/2/89

CHARLOTTE MATHEWS

BRITISH exports to SA rose 13,5% in 1988 and their share of the market grew from 11% to 12%, British Consul (commercial) Peter Bacon said at the Witwatersrand Chamber of Commerce and Industry breakfast in Johannesburg yesterday.

SA held 17th place in Britain's export markets, up from 19th two years ago, but it was too early to tell how import surcharges would affect exports to SA.

Anbeeco overcomes import surcharges

TANIA LEVY

ANBEECO Investment Holdings, distributor of watches and audio equipment, has not allowed import surcharges to prevent it increasing its profits in the year to December.

Good sales and improved management of expenses contributed to a 17,7% increase in attributable profit to R3m compared with R2,6m at the same time last year.

A final dividend of 6c (5,5c) a share has been declared, bringing the dividend for the year to 8c (7c).

Improved margins resulted in a 39,9% increase in income before interest and taxation, after turnover rose 38,9% to R72,8m (R52,4m).

Financial director Warren Jankelow says margins would have been even better without the import duties imposed on Seiko, Lasalle, Pulsar, Lorus watches and Kenwood and Cortina audio equipment.

"Consumers have felt the effect of the surcharge in shorter HP periods and larger depoisits. This has obviously limited their buying power," he says.

The imposition of the surcharge in August coincided with the busiest trading period of the year.

"In 1987, for example, some 76% of Anbeeco subsidiary Supalek's profits came from the last six months of the year," says Jankelow.

Audio system-distributing Supalek contributes 44% to group profits and has changed its year end to coincide with that of its holding company.

Supalek experienced a 21,6% increase in earnings to R2,9m (R2,3m) or 8,87c (7,29c) a share.

Supalek has declared a 2,5c dividend.

Jankelow says the Anbeeco group has R4m cash in the bank.

'Toxic wheat' imported at a cost of R8,6m

74

Political Staff

CAPE TOWN — The Wheat Board paid R8,6m to import wheat which was contaminated with a toxin and not fit for human consumption, Auditor-General Jaap de Loor said yesterday.

He also disclosed government had financed in full the deficit of R71,8m in the financing of the board's foreign loans for imported feed wheat.

In his report on the accounts of the board between October 1986 and September 1987, tabled in Parliament yesterday, De Loor said that with the approval of the Minister of Agriculture, the board "imported a consignment of wheat to replace the wheat exported".

He said· "Contrary to contract provisions, the imported wheat was contaminated with a toxin and not fit for human consumption.

"Steps are being taken by the board to recover the possible loss of R2,6m it may suffer as a result of breach of contract.

"By September 30 1987, the board had already paid an amount of R8 567 880 to the import agents for the wheat as well as harbour and landing costs."

De Loor said the foreign loans negotiated to finance the imported feed wheat for the replacement of maize imports were paid in full.

"The final deficit on the import account amounted to R71 826 571 which was financed in full by government."

Losses of R2,3m were written off against the wheat reserve fund for losses on wheat exported or sold locally at target prices.

A net subsidy of R163,6m was paid out by the board on behalf of government during the year to maintain the price of bread at a pre-determined level.

A fair exchange

FOREIGN EXCHANGE savings of more than R500 000 a year are reported by STC Business Communications through its local manufacture of digital receiver cards for large PABX telephone systems. 9/2/81

GM Pierre Nothard says the multi-frequency control (MFC) receiver cards previously had to be imported, in analog form, at a cost of R10 000 each. The company realised that a digital version would be cheaper, and with the help of an associate company set about designing and manufacturing the cards.

Nothard adds: "The necessity for the cards has been brought about by a SAPO requirement that any PABX telephone system of 300 extensions or more must feature direct in-dialing, by-passing the main switchboard. There are many advantages, but primarily the SAPO cabling requirements are reduced, the end-user switchboard load is minimised and customer service improved."

R2,3bn to go on roads

GERALD REILLY

PRETORIA — Spending on road building and maintenance this financial year by government, private sector and the provinces will exceed R2,3bn and, according to National Roads Director Malcolm Mitchell, the National Transport Commission has estimated total expenditure from the National Road Fund at R844m.

This amount, which still has to be approved by Transport Minister Eli Louw, is R80m more than last year's total. Most of government funds will go on rehabilitation and maintenance of roads. The private sector will spend between R400m and R500m and the provinces in excess of R1bn.

Mitchell said, although the amount spent by government on roads increases every year, no more will be spent in real terms than in 1973.

Of the transport departments' R844m, only R236m will be spent on new works; R100m will go to the Urban Transport Fund for road and related development, and R320m on rehabilitation and maintenance.

Mitchell said, because of the greater use of national roads by heavy transport, increasing amounts had to be spent on maintenance.

SA has to save more for growth

BDay KAY TURVEY 4/4/89

IT has become imperative that South Africans save more to generate capital for economic growth, Santam GM investments Roy Justus says in the company's latest quarterly economic review.

Savings plunged to a record low last year at 1,7% of disposable income, the latest Reserve Bank bulletin shows. SA needs a savings ratio of at least 6% to 7% to ensure a measure of growth, Justus argues.

"Even the 4,5% or 5% savings ratio which was achieved in the first half of the '80s would be more acceptable than the present situation," he says.

Savings in the emergent nations of the Far East are four to five times higher.

Justus says incentives to encourage savings should be introduced. These should be superior to the old post office and building society tax-free incentives.

A way would also have to be found to offer investors a real rate of return. Given the current rate of inflation of 15% or higher and tax at a marginal rate of 45%, it is difficult to achieve an after-tax real rate of return from savings, Justus says.

There had been a move towards the freeing of the capital market with the Budget announcement that prescribed assets were to be abolished.

However, there was still considerable confusion surrounding this as it was subsequently announced that there would still be some form of control over the investment of funds.

These controls were yet to be negotiated and were creating uncertainty.

Falling import trend

BDay 4/4/89

KAY TURVEY

IMPORTS appear to have reached a high and will maintain a falling trend in the current year, says Sanlam's latest economic survey.

The expected sluggish economic growth rate will result in a notably slower increase in imports this year compared with the exceptionally high rate of about 40% in 1988.

This, combined with sustained growth in the economies of the major industrial countries and renewed local efforts to promote exports, should have a favourable effect on the current account of the BoP.

In spite of a poor start to the year when exports fell as a result in the slump of gold and base metals, Sanlam is optimistic over exports.

However, the performance of the gold price will be the most crucial factor for the BoP this year. Should the shaky trend continue, it will harm net trade.

Yet a lasting deterioration in the gold price will also lead to a depreciation of the rand, discouraging imports and encouraging exports, mitigating the effect of a slide in the gold price on the trade account.

Sanlam forecasts a current account surplus on the BoP of about R4,5bn in 1989 as opposed to R2,9bn for 1988, assuming an average gold price of about $400 and an average exchange rate of R2,55 to the dollar.

On the capital account Sanlam envisages a net outflow of between R3bn and R4bn, indicating the BoP will remain a fundamental constraint in view of the large capital payments to be made in 1990 and 1991.

HAWKER GROUP TO LAUNCH AN INFORMATION CAMPAIGN

SYLVIA DU PLESSIS

RETAILERS lost an "insignificant" amount of money to SA's 900 000 hawkers and spaza shop owners, said African Council of Hawkers and Informal Businesses (Achib) president Lawrence Mavundla.

However, the battle between the two camps persisted, and the only way to solve the problem was through an education campaign to show retailers hawkers did not threaten their business, he said.

Achib, representing 14 400 informal traders, would focus this year on encouraging retailers to work with hawkers, he said.

The organisation was launching a media campaign to dispel the myths surrounding the burgeoning informal sector, and would also be arranging discussions with trading associations later this year.

Mavundla said these moves were a response to retailers' allegations that hawkers provided unfair competition and did not pay rates or sales tax.

Achib is also negotiating with the Johannesburg City Council on the possibility of launching a "Keep Clean" campaign among hawkers.

Retailers needed to understand South Africans were not living in an equal society and many hawkers were unable to find alternative employment in the formal sector, Mavundla added.

tions were performed, the cause of death could not be established.

For the Honourable Member's information it can also be confirmed that these findings were presented at the inquest.

(4) Yes.

(a), (b) and (c)

Investigation by the South African Police and the South African Prisons Service in terms of the provisions of the Prisons Act, 1959 (Act No 8 of 1959) and the Inquest Act, 1959 (Act 58 of 1959), were conducted as stipulated before the inquest was held by the Magistrate: Cullinan on 24 January 1989

For the Honourable Member's information it can also be confirmed that the family:

— was notified of his death by the South African Prisons Service in terms of Prisons Regulation No 110(4) on 1 September 1988,

— was notified by the Public Prosecutor: Cullinan of the inquest in terms of Section 7 of Act 58 of 1959 on 28 December 1989.

Infants assaulted by parents

153. Dr M S BARNARD asked the Minister of Law and Order:

(1) How many cases of assault on infants by parents were reported in respect of each race group in each province (a) during the period 1 July 1987 to 30 June 1988 and (b) in 1988;

(2) in how many cases in respect of each race group did the infant (a) die and (b) suffer serious injury as a result of the assault? B355E

The MINISTER OF LAW AND ORDER:

	(1) (a) 1987	(1) (b) 1988	(2) (a) 1987	(2) (b) 1988	(a)	(b)

	(1)		(2)			
	(a)	(b)		(a)	(b)	
			1987	1988	1987	1988
Cape Province	203	272	10	6	51	140
Natal	52	107	6	13	9	21
Orange Free State	35	22	1	—	8	7
Transvaal	63	362	6	3	25	120

NOTE: Statistics regarding the race of persons are not kept, therefore the total in respect of all race groups are furnished.

Westville police station: cases reported

188 Mr R M BURROWS asked the Minister of Law and Order:

How many cases of (a) murder, (b) culpable homicide, (c) assault with intent to do grievous bodily harm, (d) common assault, (e) rape, (f) burglary of business premises, (g) burglary of residential premises, (h) robbery with aggravating circumstances, (i) robbery, (j) common theft, (k) theft of vehicles and cycles, (l) possession of drugs and (m) dealing in drugs were reported in 1988 at the Westville police station in the Durban West police district? B435E

The MINISTER OF LAW AND ORDER:

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Westville	14	12	23	150	17	17	486	16	42	556	47	—	—

NOTE: Para (j): Since 1 July 1987 separate statistics have been kept in respect of ordinary theft and theft from motor vehicles. A decrease in ordinary theft may therefore be indicated.

74

Chicken meat: imported

192. Dr F HARTZENBERG asked the Minister of Economic Affairs and Technology:†

Whether South Africa imported any chicken meat in recent years; if so, (a) how many tons, (b) what was the value thereof, (c) on what date, and (d) why, in each case? B440E

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

Yes.

(c)	(a) metric tons	(b) free on board value
1985	187,6	R144 341
1986	114,2	R75 976
1987*	7 169,3	R11 362 724

* Latest available

74

(d) In all cases to supplement shortages of chicken meat on the local market.

Kokstad commonage: establishment of prison

193. Mr R W HARDINGHAM asked the Minister of Justice:

(1) Whether it is the intention of his Department to establish a prison on the Kokstad commonage; if so, when is it anticipated that construction will (a) commence and (b) be completed;

(2) whether water and electricity facilities are available on this site at present; if so, to what extent; if not, why was this site chosen? B445E

The MINISTER OF JUSTICE:

(1) Yes. A new prison for 226 prisoners with the necessary infrastructure is envisaged.

(a) and (b) Several factors and realities including the availability of funds, the relative urgency of other similar projects as well as functional considerations all play a role in the projections in respect of the date of commencement and construction period of projects of this nature and extent. The projection, at this stage is that the work will commence early in 1993 with a construction period of at least 24 months.

(2) No. The site was identified as the most suitable for the construction of a prison after all factors which normally apply in such cases were considered and the fact that the land was offered for this purpose by the Borough of Kokstad. The provision of water and electricity is being promoted by the Borough of Kokstad in consultation with the Department of Public Works and Land Affairs.

Police Act and Defence Act: prosecutions

197. Mr D S PIENAAR asked the Minister of Justice:†

(a) How many prosecutions for contraventions of (i) section 28 of the Police Act, No 7 of 1958, and (ii) section 143 of the Defence Act, No 44 of 1957, were instituted during the latest specified period of 12 months for which figures are available and (b) how many such prosecutions resulted in convictions? B474E

The MINISTER OF JUSTICE:

Statistics of this nature are not kept by the Department. The Honourable Member is referred to my written reply to question No. 35 of 1986.

Central Energy Fund: financing training project on behalf of Mossgas

202. Mr F J LE ROUX asked the Minister of Economic Affairs and Technology:†

Whether the Central Energy Fund is financing a training project on behalf of Mossgas, Mossel Bay; if so, (a) what is the cost of the project and (b) how many (i) White, (ii) Coloured, (iii) Indian and (iv) Black persons are being so trained? B483E

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

Yes

(a) R75 million has been budgeted for the period 1988 to 1991 of which R37,5 million will be financed by the Central Energy Fund by means of an interest free loan.

(b) (i), (ii), (iii) and (iv)

Approximately 11 000 persons will be trained in the abovementioned period but since the training is offered on an equal opportunity basis, the subdivision into racial groups cannot be forecasted. The following is a subdivision of the number of persons trained or in the process of training at the end of February 1989:

Whites	—	165
Coloureds	—	1 880
Indians	—	0
Blacks	—	1 845
Total		3 890

Persons employed with legal qualifications

209. Mr D J DALLING asked the Minister of Justice:

(a) How many persons with legal qualifications were employed by his Department in professional capacities in the Republic, excluding the self-governing territories, (b) how

Imports of knitted fabrics 'excessive'

Star 12/4/89

Excessive imports of knitted fabrics are again a serious threat to the level of activity of the domestic knitting market, Meritex chairman E Gordon says in his annual review.

He points out that between 1986 and 1987 imports of knitted fabrics more than tripled to some 21 million square metres.

Again between 1987 and 1988 knitted fabric imports increased by nearly 50 percent to an estimated 30 million square metres.

Mr Gordon sees the real problem as the lack of long-term planning in the inter-related retail, garment and textile sectors.

With effective integrated planning the lack of installed dyeing capacity would have been recognised more than a year ago.

Instead, in January this year, R33 million of knitted fabric import permits were issued.

This compares with R12 million worth of permits issued in January 1988 and R59 million for the whole of 1988.

Thus in January alone, more than half of the entire previous year's permit allocation was issued, Mr Gordon says.

While local knitters should enjoy reasonably buoyant domestic markets for the rest of 1989, he warns that South African knitting sector can be expected to suffer drasticaly from escalating imports if the Government does not promptly curtail knitted fabric imports.

"South Africa does not need need superfluous knitted fabric imports to exacerbate an already difficult balance of payments.

"It is to be hoped that the Government will recommend the necessary steps to eliminate this stop-start knitting sector cycle to enable the industry to plan ahead realistically," Mr Gordon says. — Sapa.

for the population group of either a levypayer or the owner of a levypaying institution to be stated. The records of levypayers of the Bushveld Regional Services Council thus do not distinguish between population groups and it is therefore not possible to allocate the income from levies on this basis.

Beef imported

263. Dr F HARTZENBERG asked the Minister of Finance:†

Whether South Africa has imported any beef in recent years; if so, (a) how many tons, (b) from where was it imported, (c) what was its value, (d) on what date, and (e) why, in each case?

B571E

The MINISTER OF FINANCE:

Yes.

(a)	(c)	(d)
3 621 tons	R 8 367 370	1986
23 981 tons	R 64 949 973	1987
39 526	R155 376 730	1988 (Jan–Oct)

(b) Particulars of countries from which goods are imported are for a number of reasons not made available. Should the honourable member so desire the information will be made available to him on a confidential basis.

(e) Unknown by the Department of Finance. The reason why goods are imported is dealt with by other departments and is not required when goods are cleared for Customs purposes.

Income tax: companies and individuals

267. Mr H H SCHWARZ asked the Minister of Finance:

What is the total amount of income tax assessed for the 1987-88 tax year in respect of (a) companies and (b) individuals?

B586E

The MINISTER OF FINANCE:

		Amount	% Assessed
(a)	Companies.		
	Mining	R1 003 587 636	
	Non-mining	R1 264 251 869	
	Total	R2 267 839 505	32,23
(b)	Individuals:	R8 224 475 654	73,80

South West Africa/Namibia: persons held

323 Mrs H SUZMAN asked the State President:

How many persons were being held in South West Africa/Namibia under Proclamation (a) AG26 and (b) AG9 as at 31 December 1988?

B666E

The STATE PRESIDENT:

(a) None.

(b) 5.

South West Africa/Namibia: persons in detention for more than 30 days

324. Mrs H SUZMAN asked the State President:

How many persons who were being held under Proclamation AG9 in South West Africa/Namibia in 1988 were in detention for more than 30 days?

B667E

The STATE PRESIDENT:

None.

Own Affairs:

Agricultural colleges: applications

47. Mr R J LORIMER asked the Minister of Agriculture and Water Supply:

(1) How many (a) White, (b) Coloured, (c) Indian and (d) Black students (i) applied for admission to and (ii) were enrolled at each specified agriculture college falling under the control of his Department in 1988;

(2) whether any applications by suitably qualified persons for admission to agricultural colleges were turned down in 1988; if so, (a) how many, and (b) for what reasons, in each case in respect of each race group,

(3) how many students in each race group (a) graduated from and (b) failed to complete the relevant diploma courses at each specified agricultural college in that year?

B604E

The MINISTER OF AGRICULTURE AND WATER SUPPLY:

(1)

Agricultural College	(1) (a) (i)	(1) (a) (ii)	(1) (b) (i)	(1) (b) (ii)	(1) (c) (i)	(1) (c) (ii)	(1) (d) (i)	(1) (d) (ii)
Potchefstroom	145	95	0	0	0	0	83	0
Glen	118	76	0	0	0	0	23	0
Cedara	129	74	0	0	2	2*	109	0
Grootfontein	57	52	1	0	0	0	68	0
Elsenburg	200	100	4	0	0	0	10	0
TOTAL	649	397	5	0	2	2	293	0

*Not prospective farmers, but officials of the Department of Local Government, Housing and Agriculture in the Administration: House of Delegates.

(2) Yes,

(a) 252 Whites
5 Coloureds
293 Blacks
No Indians

(b) White students
- Insufficient training facilities

Coloured, Indian and Black students
- Department responsible for the training of White farmers only.

(3)

Agricultural College	(3) (a)	(3) (b) Junior Students	(3) (b) Senior Students
Potchefstroom	46	34	1
Glen	55	22	2
Cedara	48	16*	2
Grootfontein	45	18	0
Elsenburg	72	32	12
TOTAL	266	122	17

Agricultural colleges: applications

48 Mr R J LORIMER asked the Minister of Agriculture and Water Supply:

(a) How many (i) White, (ii) Coloured, (iii) Indian and (iv) Black students (aa) had applied for admission to and (bb) were enrolled at each specified agricultural college falling under the control of his Department as at the latest specified date for which information is available and (b) (i) what was the capacity of, and (ii) how many vacancies were there at, each such college as at that date?

B605E

The MINISTER OF AGRICULTURE AND WATER SUPPLY:

Agricultural College	(a) (i) (a) (aa)	(a) (i) (a) (bb)	(a) (ii) (a) (aa)	(a) (ii) (a) (bb)	(a) (iii) (a) (aa)	(a) (iii) (a) (bb)	(a) (iv) (a) (aa)	(a) (iv) (a) (bb)	(b) (i)	(b) (ii)
Potchefstroom	177	95	0	0	0	0	109	0	156	0
Glen	166	84	1	0	0	0	109	0	137	0

HOUSE OF ASSEMBLY

QUESTIONS

† Indicates translated version.

For written reply:

General Affairs:

74

Dairy/meat/wheat products imported: value

160. Mr R J LORIMER asked the Minister of Agriculture:

What was the actual value or is the estimated value of the (a) dairy, (b) meat and (c) wheat products imported by the Republic in 1988?
B362E

The MINISTER OF AGRICULTURE:

(a) R26 164 399

(b) R166 373 747,00

(c) R921 000,00

Shanandoa Ranch

221. Mr P G SOAL asked the Minister of Education and Development Aid:

(1) Whether (a) his Department or (b) the South African Development Trust acquired the farms Christiaansrus and Zandspruit, known as Shanandoa Ranch, in the Cullinan district in or about 1983; if so,

(2) whether these farms were acquired from a company or close corporation; if so, what are the names of the directors or members; if not,

(3) whether they were acquired from individuals; if so, (a) what are the names of these individuals, (b) how much was paid for the (i) above-mentioned farms and (ii) game on these farms and (c) who determined the prices paid in each instance?
B506E

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(1) (a) No.

(b) Yes.

(2) and (3) The Remaining extents of Portions 2 and 7 of the farm Zandspruit 189 JR were acquired from Messrs Verco (Pty) Ltd. Mr W A Vermaas was the sole director of Verco (Pty) Ltd.

The farm Christiaansrus 182 JR was acquired from Mr W A Vermaas.

The Remaining Extents of Portions 2 and 7 of the farm Zandspruit 189 JR and the farm Christiaansrus 182 JR were expropriated at an amount of R2 047 500.00 which, amount, inter alia, included the value of the game.

The value of the properties was determined by a private valuator appointed by the former Department of Community Development and approved by the former Community Development Board. The properties were expropriated for the thus approved valuation of R1 965 000,00. The owner was however not satisfied with this price and instituted a claim in the Supreme Court which claim was settled out of court after a further amount of R82 500,00 was offered on advice of the State's Legal Representatives.

Sheep scab

282. Mr R J LORIMER asked the Minister of Agriculture:

(1) How many outbreaks of sheep scab were reported in the Republic in 1988;

(2) how many farmers were prosecuted in that year for offences under the relevant provisions of the Animal Diseases and Parasites Act, No 13 of 1956?
B602E

The MINISTER OF AGRICULTURE:

(1) 296.

(2) None. However, 21 persons were prosecuted in terms of the Animal Diseases Act, 1984 (Act 35 of 1984)

Infestation by *nasella trichotoma*

283. Mr R J LORIMER asked the Minister of Agriculture:

(a) What was the approximate area of land in the Republic infested by *nasella trichotoma* at

Hansard

Opkoms	7 367
Southern Free State	8 537
Western Free State	7 974
PROV. TOTAL	34 703

Transvaal

Alra Park	12 571
Bosmont	12 907
Eersterus	22 594
Eldorado Park	28 723
Klipspruit West	23 870
Newclare	16 754
Northern Transvaal	4 214
Reigerpark	17 636
Rust Ter Vaal	14 529
Toekomsrus	16 238
PROV. TOTAL	170 036
REP. TOTAL	1 756 251

ANNEXURE C

Summary of Voters' Statistics from the Population Register

31 March 1989

House of Delegates

Cape of Good Hope	21 281
Natal	544 351
Transvaal	91 551
Total number of voters registered in the Republic on 31 March 1989	657 183

Remark

The number of voters registered in each electoral division in each of the various provinces is furnished hereunder.

Number of voters registered in each constituency of the Republic

House of Delegates

Province of the Cape of Good Hope

Malabar	6 601
North Western Cape	5 645
Rylands	9 035
PROV. TOTAL	21 281

Natal

Allandale	16 146
Arena Park	16 694
Bayview	15 184
Brickfield	16 921
Camperdown	15 821
Cavendish	21 531
Chatsworth Central	18 412
Clare Estate	16 219
Durban Bay	11 396
Glenview	17 454
Havenside	15 236
Isipingo	16 970
Mariannhill	12 491
Merebank	19 086
Montford	17 127
Moorcross	18 700
Natal Midlands	17 179
Newholme	23 761
North Coast	18 047
Nothern Natal	18 231
Phoenix	60 036
Red Hill	15 901
Reservoir Hills	17 406
Springfield	17 258
Stanger	19 851
Southern Natal	15 275
Tongaat	16 917
Umzinto	17 508
Verulam	21 593
PROV. TOTAL	544 351

Transvaal

Actonville	10 046
Central Rand	16 824
Eastern Transvaal	10 516
Laudium	12 357
Lenasia Central	8 453
Lenasia East	8 576
Lenasia West	9 856
North Western Transvaal	14 923
PROV. TOTAL	91 551
REP. TOTAL	657 183

Applications to be reclassified from race group

209. Mr S S VAN DER MERWE asked the Minister of Home Affairs:

(a) What total number of persons in each category applied to be reclassified from one race group to another in 1988 and (b) how many of these applications were unsuccessful in each case?

B612E

The MINISTER OF HOME AFFAIRS:

	(a)	(b)
White to Cape Coloured	13	—
Cape Coloured to White	514	167
Cape Coloured to Chinese	1	—
Chinese to White	4	1
Malay to White	22	11
Indian to Cape Coloured	55	3
Cape Coloured to Indian	63	—
Indian to Malay	47	—
Malay to Indian	30	5
Other Asian to Cape Coloured	7	7
Black to Cape Coloured	316	76
Cape Coloured to Black	15	2
Black to Indian	2	—
Black to Griqua	3	—
Cape Coloured to Malay	24	—
Chinese to Cape Coloured	3	—
Indian to White	4	3
Malay to Cape Coloured	19	—
TOTAL	1 142	275

Black persons: deported/repatriated

291. Mr S S VAN DER MERWE asked the Minister of Home Affairs:

(a) How many Black (i) male and (ii) female persons were (aa) deported and (bb) repatriated from the Republic in 1988 and (b) (i) in terms of what statutory provision and (ii) to which states were they so (aa) deported and (bb) repatriated?

B613E

The MINISTER OF HOME AFFAIRS:

(aa) Deportations

(a) (i) 162
(ii) 4

(b) (i) In terms of section 43 of the Admission of Persons to the Republic Regulation Act, 1972 (Act 59 of 1972).

(ii)	Black Male Persons	Black Female Persons
Lesotho	32	2
Swaziland	6	
Bophuthatswana	3	1
Botswana	2	
Venda	6	
Zimbabwe	4	
Mozambique	33	
Transkei	67	1
Ciskei	7	
Malawi	2	
Total	162	4

(bb) Repatriations

(a) (i) and (ii) 44 225. Separate figures in respect of male and female persons are not kept.

(b) (i) In terms of section 16 of the Admission of Persons to the Republic Regulation Act, 1972 (Act 59 of 1972).

(ii)

Zimbabwe	3 527
Mozambique	33 446
Botswana	757
Tanzania	7
Lesotho	4 400
Swaziland	1 839
Ghana	1
Malawi	248
Total	44 225

Grain imported 74

311. Mr R J LORIMER asked the Minister of Agriculture:

Whether any grain was imported into South Africa in 1988; if so, (a) how many tons, (b) what was the nationality of the ships in which the grain was transported and (c) who collected the (i) brokerage and (ii) insurance premiums in respects of each shipment?

B654E

The MINISTER OF AGRICULTURE:

Yes.

(a) 2 750 tons durum wheat.

legal practice there.

UN group in attempt to strengthen oil embargo

Star 24/5/84

The Star Bureau

NEW YORK — A United Nations group which heard evidencelast month on the effectiveness of the voluntary oil embargo against South Africa has urged all states to adopt measures to strengthen the ban, pending Security Council action that would make it mandatory.

Recommended by the United Nations General Assembly, the embargo has been accepted by many states, but importers have found ways to get around it, although at some cost in terms of higher prices.

ENORMOUS COST

According to the UN group, "the cost to South Africa as a consequence of the voluntary embargo was enormous financially, politically and strategically".

In its report, the group called for enhanced enforcement measures against those who violated the ban and more co-operation among states, institutions and inter-governmental bodies to make it more effective.

The panel reiterated its recommendation, endorsed by the General Assembly, that the Security Council should make the embargo mandatory. This is impossible as long as the United States and Britain, which have the power of veto, oppose economic sanctions against the Republic.

VEHICLE IMPORTS (74) Fmail 26/5/89

Niva say never again

Who says SA doesn't enjoy visible trade with Moscow? Even before the recent slight thaw in relations, symbols of the new glasnost were already appearing in SA — in the shape of the Soviets' sturdy Lada Niva vehicle.

The Niva, a small 4 x 4 off-road vehicle, is imported fully assembled from Leningrad through European intermediaries. Its retail price of R34 900 includes 110% import duty and other surcharges.

"Since we began importing two years ago, the Niva's Russian price has remained the same. All that has changed is the value of the rand and other 'external' factors," says Adolf Waidelich, director of Johannesburg-based importer B&W Motors.

The company now dreams of assembling the Lada in southern Africa.

So far, B&W Motors has sold about 120 Nivas, and Waldelich expects to sell another 200 this year However, potential sales are hampered by limited availability of the vehicle.

To overcome this, "we are now looking at local assembly — possibly in Lesotho, which could also be used as a base for exporting further afield into Africa."

Waidelich says Lada manufacturers in the Soviet Union are happy with SA sales, because they earn hard currency — and not promises, as is sometimes the case in Third World markets.

He sees a promising future for the vehicle in southern Africa, with annual sales of around 250 in SA alone.

"We originally studied the Lada's sales progress in Europe, where it sells well in Germany and France. While less luxurious and technologically advanced than European, Japanese and US vehicles, it is sturdy, reliable and, above all, cheap," notes Waidelich.

He adds that another Lada, the Samara 1 600 cc four-door sedan, may also eventually be introduced to the SA market — if there is enough interest.

A major selling point of Ladas is their simplicity and lack of frills, which has contributed to low cost. Should they be assembled in Lesotho, "we could start adding accessories more in line with the requirements of local buyers," says Waidelich.

One hopes not. Accepting that the Lada has a limited market, why add accessories that cost money and put up the price of a vehicle whose main selling point is its cheapness? ■

Lada Niva . . . cheap and simple

SA imports from US rise despite the rand

GRETA STEYN

SA'S imports from the US leapt 46,5% in dollar terms in two years, despite the sharp depreciation in the rand over this period, reflecting the upswing in spending on fixed investment. BDay 19/7/89

US Commerce Department figures show SA imported goods worth $394,3m from the US in the first three months of this year, compared with only $269,1m in the first quarter of 1987. In rand terms, this represents an increase of more than 70%.

Most of SA's imports from the US are aircraft and their parts, electronic equipment and motor vehicles.

American Chamber of Commerce spokesman Adrian Botha says US exports to SA have been rising steadily for some years now.

"US exports to SA are not prohibited by sanctions, and the weaker rand has not turned around the trend. It is significant that rand depreciation has not caused a drop in dollar demand for US goods. The rand's only impact seems to have been a levelling off."

This levelling off in import growth is in line with monetary policy measures implemented to cool domestic demand, including higher interest rates.

74

Sanlam economist Pieter Calitz believes the sustained demand for imports from the US reflects the upswing in fixed investment spending, which began in 1987.

The US's share of SA's total import bill has risen from 9,22% in 1987 to 9,78% in an environment of sanctions, which caused SA's exports to America to drop dramatically in 1987.

However, there has been a slight improvement since then, as SA's exports to the US rose by 4% in the first quarter of this year compared with the same period last year.

Oil from Angola, hints DP

Cape Times 21/7/89

Political Staff

THE Angolan government had indicated that it was prepared to look at supplying South Africa with oil and resuming air links, Democratic Party MP for Green Point Mr Tian van der Merwe said yesterday.

He said it was obvious that a non-apartheid government or a DP government would have immediate results in opening doors in Southern Africa.

(Report by B Streek, 122 St George's St, Cape Town).

Capital goods still flowing in . . .

Govt fails to stem imports

Cape Times 24/7/89 74

Own Correspondent

JOHANNESBURG. — Government curbs have failed to stem the importation of plant, machinery and transport equipment.

June trade figures confirm capital goods are still flowing into the country in spite of the 15% surcharge on imports.

In the first half of 1989 imports of machinery, electrical goods and transport equipment rose 25% to R10,3bn from the comparable period in 1988.

The limited breakdown of imports supplied by Customs & Excise shows machinery imports advanced 19,2% to R6,8bn in the first six months, while vehicles, aircraft and associated transport equipment rose by almost R1bn — or 37% — to R3,6bn.

Electrical equipment, white and brown goods fall under the same category as machinery.

A more detailed breakdown of imports is unavailable, but economists believe ageing machinery is being replaced and new equipment purchased by industry to help boost capacity.

"Most industries are gearing up to expand for export purposes and have been importing new plant and equipment," one industrial official said last week.

FCI executive director Ron Haywood said there was no doubt capital projects were going ahead and a lot of expansion was taking place — particularly in the area of beneficiation of raw materials.

"For essential purposes, capital imports will continue and these in the long term will be very beneficial for us. The type of plant that's coming in is almost tailor-made to our needs as volumes are insufficient to enable us to afford to manufacture locally."

Haywood maintained the exchange rate, the surcharge and high interest rates had forced industrialists to buy local where possible.

But he warned the surcharge was hurting companies trying to export goods.

"It makes big importers less competitive in world markets. With the weak rand it adds between 20% and 40% to the capital costs — putting exporters at a big disadvantage in the highly competitive world markets."

Economists say investment in capital goods has become a lot more cyclical because the private sector is embarking on far expansion projects than the public sector.

Southern Life economist Mike Daly warns that while the growth in machinery imports is still positive, the year-on-year rate of increase is falling sharply and that the machinery component of imports — about 30% of the total — is cooling off.

This trend, he says, will continue as the economy weakens.

Valuator David Read of Richard Ellis Dunlop Heywood said: "The figures belie what I would have expected.

Imports ought to be dying off. But there is a long time lag between the time of placing an order and delivery date and a downturn may have already started which is not perceptible in the figures.

"What's obvious is that there has been a tendency to purchase new equipment by those taking a bullish view of the economy.

"However, it is likely that not all the equipment coming in is new. The low value of the rand would mean that some companies are only able to bring in second-hand capital goods," said Read.

Gross domestic fixed investment (GDFI) in machinery rose from R13,1bn in 1987 to R15,2bn in 1988. In the first quarter of 1989 it was R4bn — down on the December quarter but ahead of the imports at the same stage in 1988.

GDFI in transport equipment rose from R3,8bn in 1987 to R5,1bn in 1988 and first quarter was R1,5bn against R1,4bn in the fourth quarter of 1988.

Credit problems for SA importers

8 | Day 31 7 89 ZILLA EFRAT (74)

IMPORTERS are coming up against an increasing reluctance by foreign banks to guarantee letters of credit from SA banks.

An overseas exporter is assured of payment for goods when a foreign bank confirms credit extended to the importer by a local bank. Until then it is an unconfirmed letter of credit from the SA institution.

After the debt moratorium was introduced, letters of credit became the preferred method of payment for foreign companies dealing with SA.

SA banks have difficulty with US banks in particular, but are also experiencing problems with banks in Japan and some in Europe. There is concern that a Taiwanese review of its SA debt exposure could lead to a change of policy there.

Standard Bank International Service Centre manager Hugh McTaggart says many US banks will not consider confirming SA letters of credit.

A large number of US banks have refused to handle any SA business and will not even advise SA credits.

This attitude stems from factors including the anti-apartheid sentiment of

☐ To Page 2

Credit problems

BI Day 31 7 89 (74)

☐ From Page 1

large depositors such as universities and church groups. Other reasons are the introduction of legislation in some American states to prevent dealings with SA, the threat of sterner sanctions being imposed and the negligible volume of SA trade compared with other countries.

To enable South Africans to get confirmed letters of credit, SA banks will go to non-US banks to intercede on their behalf, says McTaggart.

Foreign banks are being influenced by both political and business factors.

Because of the moratorium, SA's debt rating has fallen from a "AAA" to a "C" rating, which implies higher risks and is the equivalent to a Third World country's rating.

However, a survey done by International Trade Finance in August 1988 rated SA as a "good to fair" payer on trade and recommended unconfirmed letters of credit as the standard method of payment.

McTaggart says banks in Europe and the UK are experiencing increased pressure from anti-SA groups. Dealings with these banks are still fairly free, however.

In the past French banks have been reluctant to confirm SA letters of credit, but this position is improving.

Far Eastern banks are hesitant to offer confirmation and credit lines, but are not averse to dealing with SA.

In general, banks in Hong Kong, with the exception of US affiliates, will add their confirmation to SA paper.

Very little difficulty exists with Taiwanese banks, but the Taiwanese authorities are investigating their SA risk exposure and their findings may alter the picture.

The majority of Japanese banks are extremely reluctant to confirm any SA letters of credit, but will still consider confirmation where the beneficiary has a strong affiliation to the bank.

Sharp rise in import costs

Star 9/8/89 Finance Staff (74)

The deteriorating rand has pushed the inflation rate for imported producer goods to its highest level in almost three years.

As a result the production price index (PPI) for all commodities reflected an increase of 0,4 percent in June compared with May, the Central Statistical Service (CSS) said yesterday.

Overall producer price inflation — the annual increase in the PPI — was at 15,3 percent compared with 15,8 percent in May.

The annual rate of increase of imported commodities for June was 19,3 percent, 2,4 percentage points higher than the corresponding rate for May (16,9 percent) and which is the largest increase since October 1986, when this rate was 22,4 percent.

Economists said that the rand was trading at its lowest for some time against the US dollar in June, and added that the strong performance of the US currency also ensured that the rand was lower against other currencies.

The annual rate of increase of locally produced commodities was 14,2 percent for June, which is 1,2 percentage points lower than the corresponding rate for May of 15,4 percent.

SA imports huge amounts of Scotch whisky

B/Day 11/10/89

ROBERT GENTLE

LONDON — SA imported £22m worth of Scotch whisky — about 14-million bottles — in the first half of 1989, an increase of 21% over the same period last year.

This has emerged from statistics released by the Scotch Whisky Association, the UK-based body which promotes exports to more than 190 countries in a global market worth about £1,3bn.

Scotch Whisky Association spokesman Jeffrey Wormstone said he was "delighted" at the continued strong showing in SA, in spite of the weak rand. It was the third successive rise since 1987.

What was "gratifying" in the latest set of figures, Wormstone said, was the phenomenal increase in the amount of single malt whisky — more expensive than blended whisky — that SA were consuming.

This rose 167%, compared to only 9% for blended whisky.

There was also a large increase in the figure for bulk grain whisky, used by local SA bottlers in their own blends.

Wormstone said that although foreign bottlers were free to use imported Scotch to produce local blends, the product could not legally be called Scotch whisky, nor could it be so marketed.

74

☐ The Cape Supreme Court has been hearing just such a case against Cape Wine and Distillers, the Oude Meester Group, Castle Wine & Brandy, E K Green & Co, Distillers Corp and Willian H Maclean & Sons.

It was said that Macleans Gold Label, an "add-mix" blend derived from Scotch whisky, malt whisky and SA grain spirit, was found intermingling with genuine Scotch on store shelves and that the marketing of the product emphasised the Scottish content to the exclusion of the SA component.

I M[illegible]

(41)

Wheat Board says imports necessary

GERALD REILLY

PRETORIA — Government will be asked to approve the importation of 500 000 tons of wheat, at a cost of nearly R300m, to ensure adequate supplies in the next 12 months.

This was decided at a Wheat Board meeting here after a reassessment of the size of the 1989/90 drought-damaged crop which has now fallen below 2-million tons — one of the smallest harvests in years. B Day 18|1|90

And it is likely, too, the Meat Board will have to import beef in the second half of the year to supply the meat manufacturing industry.

Last year 22 000 tons were imported at a cost of about R80m.

Board GM Pieter Coetzee said, however, the industry would be able to meet the demand for fresh meat throughout the year.

Wheat Board deputy GM Andries Liebenberg said decisions on where to buy the wheat and at what price were urgent. But government go-ahead was still needed.

Under current foreign exchange and international market price conditions, wheat could be landed at SA ports for about R540 a ton, before transport costs inland.

Local wheat is sold to millers for R510 a ton. (74) (2

FM 23/2/90 (74)

tember, when Drexel was unable to come up with the US$150m final tranche of a $650m fine agreed with government to settle its involvement in the Milken/Ivan Boesky insider trading frauds. It may well be more than coincidence that the moment Milken's paper-juggling skills were removed from the scene, the house of cards started to tumble.

The problems were inadequate cash flow and the inexorably declining value of its own junk bond portfolio, which hit the capital ratios.

The firm increasingly relied on commercial paper offerings to stay afloat and, when a Citicorp-led consortium last Monday refused to come up with another $500m, the inevitable could no longer be avoided.

Drexel defaulted on $100m of its earlier borrowings and applied for protective bankruptcy. But, even then, it claimed assets of $3,6bn and liabilities of only $3bn. How much the assets will actually fetch on a forced sale is, of course, another question.

Other Wall Street firms are already scrambling for the healthy parts of the Drexel business. Much of the $4bn junk bond offerings in its pipeline will sink without trace, but long-lagging rivals, such as Merrill Lynch, Goldman Sachs and First Boston, may snatch up a few of the more soundly based. Subject to clients' approval, Goldman Sachs has already agreed to take over Drexel's entire mortgage-backed portfolio. Many of its dealers and 600 analysts are top names, who should find other employment without much difficulty, or even set up their own boutique firms.

Smith Barney Harris Upham, which bought most of Drexel's retail accounts last year, apparently does not want the rest, even for free, so the remaining 28 000 accounts (with assets of $5bn) are likely to go to Shearson Lehman.

Ironically, one of Drexel's largest individual creditors — for about $200m — is likely to be Michael Milken himself.

But perhaps the most remarkable aspect of all is that the collapse hardly sent ripples through the market, indicating partly how fast Drexel's market share had been eroded and partly how little of a surprise the collapse was. The market's rating of Drexel turns out to have been better than Drexel's — or Milken's — rating of junk bonds. (See p41.). ■

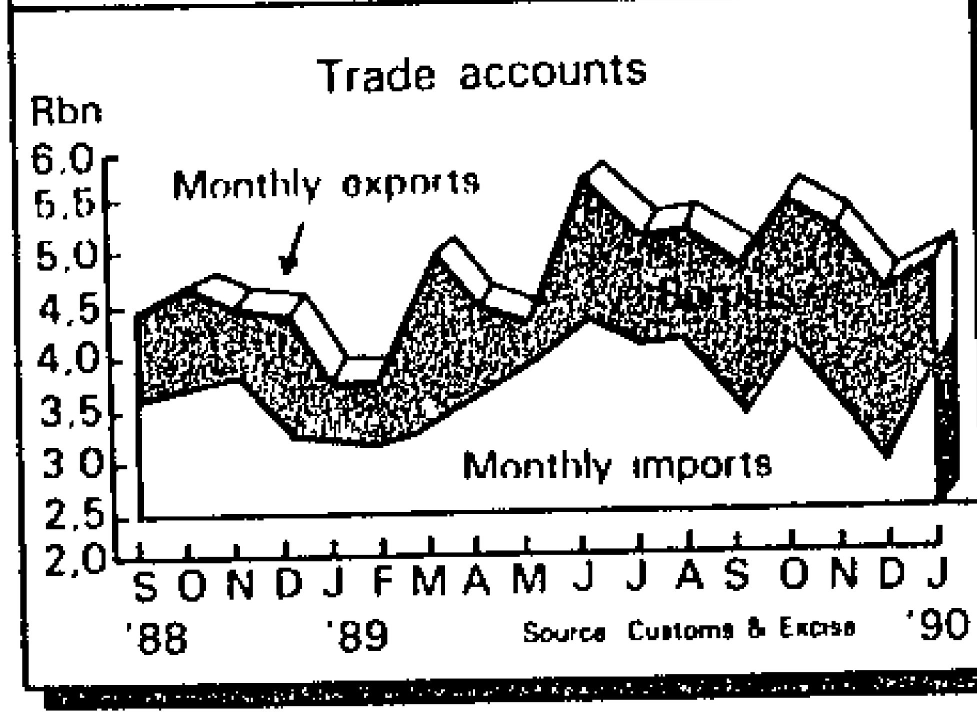
TRADE FIGURES FM 23/2/90 (74)

Apples and pears

The economy seems to be slowing, despite the sharp rise in imports revealed in this week's January trade figures, from Customs & Excise. These show imports up from R3bn in December to R3,8bn in January, while exports rose from R4,6bn to R4,9bn, narrowing the surplus from R1,6bn to R1,1bn.

But economists don't see a trend in these month-on-month figures. "A better comparison is on a three-month basis," says Southern Life economist Mike Daly. He says if November-January figures are compared with August-October, imports are down 12% while exports have fallen 6%.

Surplus sinks



SA trade figures aren't seasonally adjusted — as, for example, in the US. Safto economist Bruce Donald calculates seasonally adjusted figures, which show imports up 24% in January from December while exports are up 9%. Though this "import surge is an indication of an unexpectedly strong economy, nevertheless, imports grew only 14% in 1989, compared to 38% in 1988."

Trust Bank chief economist Nick Barnardt attributes increased imports mainly to capital projects — January saw a 26% increase in machinery imports. "These projects take a while to complete and we'll see the result of the downturn in the second half of the year when imports of capital goods should tail off," he says.

Though the higher gold price helped push exports up, the trade surplus dropped to its lowest since July 1989. "But," says Donald, "if this is seasonally adjusted, at R1,4bn it holds up well to December's figure." ■

GDP FM 23/2/90

Rain drain

Delayed rains at the start of the 1989-1990 summer seriously damaged the Free State wheat crop. This followed a late and successful maize crop, which had contributed substantially to strong third-quarter agricultural growth. The result was a sharp drop in fourth-quarter agricultural GDP, when third-quarter growth of 67,8% was followed by a negative 42,6%.

Among other factors contributing to the fourth-quarter decline, says SA Agricultural Union economist Koos du Toit, were:

- ☐ Meat prices' failure to achieve the usual Christmas increases, as a result of resistance to earlier price rises. Consumers delayed purchases or turned to substitutes; and
- ☐ A decline in the world price of wool, which cut the value of the wool clip.

More important than unavoidably volatile quarterly changes is performance over the year, says Central Statistical Service (CSS) director George Mills. Despite the fourth-quarter dip, agriculture way outperformed

The Star
Finance

Supply problems force Iscor to import coal

74

By Des Parker

Supply problems at its four collieries have forced Iscor to import shipments of coking coal in recent months - some reportedly from Poland and the United States.

Piet du Plessis, public relations manager of the Pretoria-based iron and steel company, declined to say where the shipments were from, what quantities were involved or for how long imports would continue.

However, he described a London Financial Times report that Iscor had an import requirement of between 500 000 and one million tons a year as "a bit high".

Iscor last year produced 3,8 million tons of coking coal.

The report said it was understood six shipments of coal had come in through Richards Bay from the United States and Poland since March.

Ironically these are countries which ban coal imports from South Africa.

It was also reported that a Canadian company was at "an advanced stage of preparedness" to make a shipment.

Mr du Plessis said: "Demand for a certain period necessitated some imports.

"We review our position from time to time, although I would not like to quantify what scale of import was believed to be needed".

The closure of a section of Hlobane Mine near Newcastle as well as new developments at Grootgeluk in the north-western Transvaal and an operation being planned in the north-eastern Transvaal had resulted in an inadequate "quantity and volume" of coal being available.

Quality problem

As a consequence, the company had elected to import through the Richards Bay coal facility to augment supply, "though I cannot say it's going to be ongoing", he said.

The quality of coking coal derived from the Iscor collieries had "always been a bit of a problem".

However, that had hardly ever been the reason for resorting to imports.

He said Iscor had installed a new plant at its Pretoria works which would operate on cheaper, lower-grade coal, rather than the more expensive and better-quality coking coal.

"The new process is known as the Corex process, which is a German abreviation for coal reduction.

"It was a joint venture with Austrian and German companies and should mean a significant reduction in our need for coking coal".'

Carrying coals to Newcastle

Star 23/5/90

(74)

LONDON — South Africa, one of the world's major coal exporters, is starting to import coal, and is doing so from at least one country that bans South African imports.

The imports have been arriving at the Richards Bay terminal from the US and Poland.

Although imports from South Africa into the US have been banned for a number of years, exports are perfectly legal.

Another supplier shipping to Richards Bay in March was Poland from state exporter Weglokoks through the intermediary of a trader.

A major Canadian coal exporter is said to be advanced in preparation for at least one shipment.

Although South Africa exports both coking and steam coal, the coking coal is of poor quality, as is most of that produced for domestic consumption.

This has led Iscor in the past few months to seek high-quality, low-ash coals to improve the productivity of its coke ovens.

Coal traders believe that, depending on quality, between 500 000 and one million tons will be required annually.

South African coal is formally banned from relatively few major coal-importing countries, notably Denmark.

Other countries such as France, or companies like National Power and PowerGen choose not to buy from South Africa, although imports are perfectly legal into both Britain and France.

That Poland is involved is something of a surprise. The antipathy of the former East Bloc nations towards South Africa was so much beyond question that nobody bothered questioning it.

The reality is somewhat different.

Romania has been importing South African steam coal for years, while East Germany and China have been occasional buyers. — Financial Times

TRADE FM 25/5/90

Unclassified up (74)

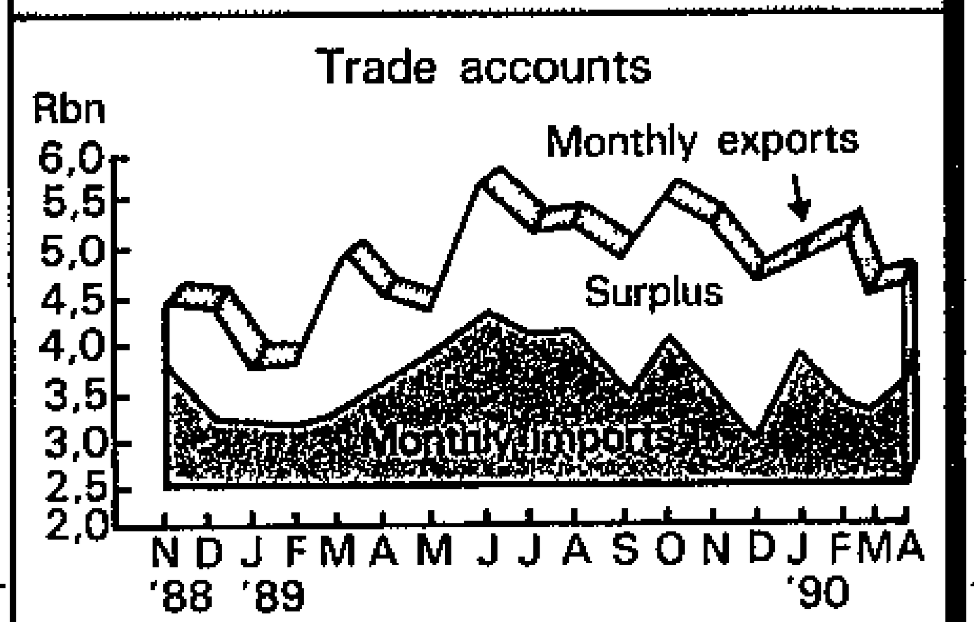
A **150%** monthly jump in "unclassified" imports, to R709m, pulled April's trade surplus down to R970m: 17% less than March and the lowest since last May. Nedcor chief economist Edward Osborn attributes the import rise to fluctuations in payments for oil consignments, which make up the bulk of the unclassified category. He says it is highly unlikely the increase is due to the purchase of arms, the other major component.

The good news is that imports so far this year total R14bn while exports stand at R19bn, leaving a R5bn surplus — 40% more than this time last year. In the four months of 1990, using CPI as an inflation measure, real imports of pearls, precious and semi-precious stones are down 39% to R131m; vehicles and other transport equipment 25% to R1,9bn; machinery, appliances and electrical equipment 18% to under R4,2bn; and chemicals and base metals 13% to R1,5bn and R751m respectively. Cumulative real imports are down 12,5%.

Most imports were also down month-on-month in April, only vehicles and other transport equipment (up 2,9% to R489m) and wood products (rising 74% to R31m) rising significantly.

Old Mutual economist Andre Roux expects the downward trend to continue the slide which started in mid-1989 (in dollar terms), with the economy contracting rapidly since early this year. "Most imports are investment related and will decline as businesses scale back."

Surplus down



Source Customs & Excise

Exports are down a real 6% so far this year on the same period last year. Adjusting by CPI, there were falls in unclassified items — far the biggest category, including gold and platinum — of 15% (but up 11% to R2,1bn month-on-month); base metals 16% (−8% to R643m); wood products 17% (−26% to R133m); and chemicals 19% (up 19% to R19m). Yearly gains were made in vehicles and other transport equipment 49% (−25% to R73m in April); mineral products 24% (up 5% to R558m); pearls, precious and semi-precious stones 19% (up 9% to R273m); and vegetables 16% (-31% to R166m).

Econometrix economist Tony Twine says the overall export decline is not surprising, with Western growth softening and recession possible in the US. He expects further moderate decreases in the short term.

Roux agrees, saying this makes it all the more important to curb imports and keep a surplus high enough to repay foreign debts. "The economy is finely balanced. There is no room for relaxing monetary policy. Real interest rates must stay high." ■

SANCTIONS FM (74)

Invisible costs

The proportion of intermediate goods imported is unusually high — as much as 59% of the value of total imports in a year — says a report on *The Impact of Sanctions on SA*, by the Washington-based Investor Responsibility Research Centre.

But growth in total imports, says the report, including intermediates, is "stunningly small." It rose 14% between 1967 and 1985 while SA's real GDP rose 87%.

FINANCIAL MAIL MAY 25 1990

FM 25/5/90 (74)

This can be accounted for only by "dramatic import substitution," says the report. "Excluding the petroleum sectors, SA has made extraordinary strides in import substitution . . ." making the country far less vulnerable to sanctions than it was 20 years ago.

A summary of the report points out the adjustment was possible because of "Western nations who have long threatened to apply sanctions but have resisted imposing stringent sanctions."

SA's success with import substitution has incurred a significant opportunity cost, says the report, as resources were diverted from sectors in which the country had a comparative advantage to less productive activities. Though invisible, the costs are real — possibly as much as 35% in additional GDP growth which researchers believe would otherwise have taken place between 1967 and 1985. (This estimate is too simplistic, say some economists, as it is based on a straight-line projection from growth in earlier decades. This is not valid, they argue, as this rate of growth would anyway have slowed because of factors other than import-substitution.)

The dominant intermediate import since the mid-Seventies has been the category *other mining*, which excludes gold and coal. "About 90% of these imports go into one sector — *fertilisers and petroleum products*. In other words, the most important single import is crude petroleum. In 1985, unrefined petroleum imports alone comprised roughly 22% of intermediate imports and 13% of total imports . . . In contrast, in the cheap oil days of 1967, unrefined crude comprised only 2% of all imports."

The changing composition of imports over the years demonstrates the maturing of the economy. *Transportation and communication equipment*, was the major import until 1981 — "the leading final demand good and the second most important intermediate import." As domestic capacity increased, however, *machinery* became the most important final import and third leading intermediate.

"The most important sectors involved in import substitution . . . were the *glass and non-metallic minerals* industries, *metal* industries, *textiles, food, transport and communication equipment*. Significant import reductions due to import substitution were also recorded in gold, services, utilities and agriculture."

□ The centre was established in 1972 as an independent, non-profit corporation financed primarily by annual fees paid by about 400 investing institutions for the SA Review Service, the Social Issues Service and the Corporate Governance Service. ■

Make it at home call to industry

By IAN SMITH (74)

THE drive to cut South Africa's huge import bill is being taken to industrialists' doorsteps.

Top companies, mining groups and parastatal organisations are mounting an exhibition of equipment which is imported at prices inflated by the low rand.

They are asking the manufacturing sector: Who can make these goods for us? S/Times 27/5/90

The exhibition on the Witwatersrand Technikon campus in Johannesburg from June 26 to June 28 is backed by the Institute of Purchasing in SA (Ipsa). Top businessmen will lead discussions each day on import replacement and export opportunities.

Ipsa past chairman Charles Lewis says engineering components for the motor industry, machine parts, pumps, valves, electrical components, textiles, chemicals and switchgear — which cost about R20-billion a year to import — will be on show.

"Manufacturers will be able to gauge the size of markets for goods they could make," says Mr Lewis.

"Many of the goods could be exported at competitive prices because of the low rand. Our manufacturers should be gearing up for 1992 — when Europe becomes our biggest trading partner."

Snobbery

Wits Technikon Business School director Bob White says that at least 20% of goods on the import list are made in SA. Another 20% could be made here without major investment.

"Many buyers stick to imports because they have always bought them. There's even an element of snobbery — if it's imported it must be better," says Dr White.

"But there is also not enough information about what is available in SA."

Too many companies turn to foreign markets only when they want to get rid of surplus stocks.

Produce price rises slowing up

SA 12/6/90

(74)

By Sven Lünsche

Significantly lower increases in prices of imported goods helped to keep the year-on-year rise in the Producer Price Index (PPI) at a relatively low 11,6 percent in April, unchanged from March.

Producer price inflation has declined significantly over the last few months — it was running at 16 percent in mid-1989 and was still recorded at a high 14,1 percent in January — in a trend which bodes well for consumer prices in the months ahead.

However, on a monthly basis the PPI rose by 1,6 percent from March to April.

Figures released by the Central Statistical Service (CSS) yesterday show that the price index of imported commodities for April decreased by 0,3 percent compared with March.

The annual rate of increase of imported commodities for April at 10,1 percent was 2,4 percentage points lower than the corresponding rate for March.

The year-on-year rate of increase of locally produced commodities was 12 percent in April, 0,7 percentage points higher than the corresponding rate in March of 11,3 percent.

Relatively large monthly increases were recorded for coal, alcohol and non-alcoholic drinks and tobacco products.

The index for the total output of SA industry groups rose from 10,7 percent in March to 11,3 percent in April.

(74) Star 19/6/90

Stringent curbs triggering rapid decline in imports

By Sven Lünsche

Fears that the weaker gold price could force the authorities to tighten monetary policy once again seem premature because relief is coming from a rapid fall in imports.

Figures released by the Department of Customs and Excise yesterday show that imports in the first five months of the year were down by one percent, compared with the same period last year.

This suggests that the stringent measures to curb consumer and corporate expenditure are finally taking effect.

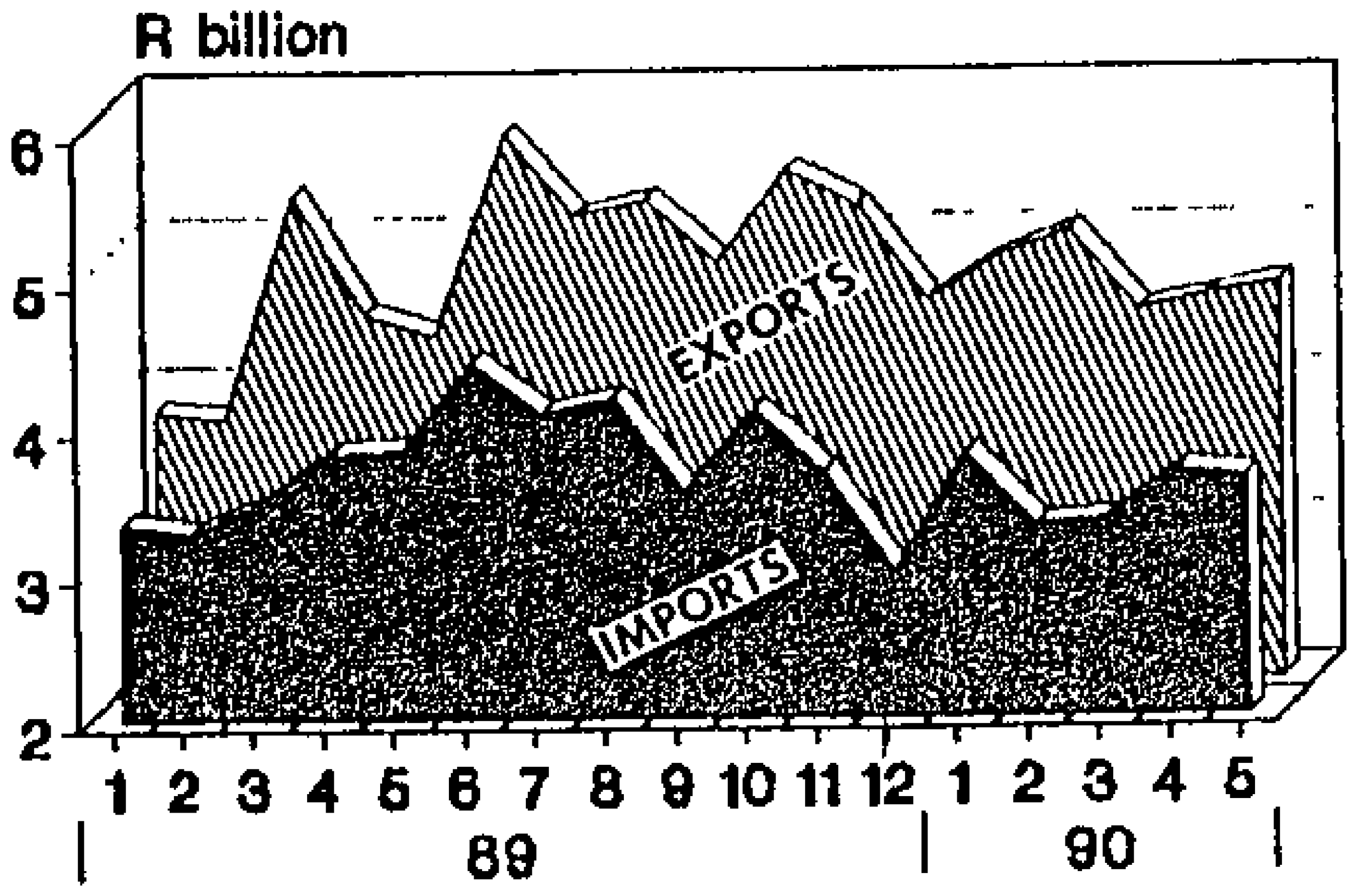
The fall in imports also alleviates fears that declining export revenue from gold and other minerals and metals could put pressure on the balance of payments and force a tighter monetary policy.

Imports in the period January to May this year totalled R17,622 billion (R17,801 billion in the first five months of 1989).

On a monthly basis the value of imports fell from R3,636 billion in April to R3,603 billion last month.

The decline was largely due to a fall in imports by the corporate sector.

R billion



Over the first five months imports of machinery and mechanical appliances and electrical equipment was down at R5,306 billion (R5,378 billion last year).

Transport equipment was down from R2,885 billion to R2,45 billion, but imports of chemical products were higher at R1,94 billion (first five months of 1989: R1,852 billion).

South Africa seems to be stocking up on its oil reserves, judging by the rise in the value of unclassified goods (usually oil and arms) to R2,212 billion (R1,876 billion).

Exports continued to show good growth, with those from January to May rising by just over eight percent from R21,928 billion last year to R23,709 billion.

However, the rate of increase is slowing down because lower international economic growth has caused a decline in commodity prices.

Exports of unclassified goods, which consist mainly of gold, were up slightly from R9,687 billion to R9,962 billion.

But economists expect a more significant slowdown in the months ahead in the wake of gold's renewed plunge last week.

Base metals showed a significant decline over the first five months to R3,527 billion (R3,701 billion) in the wake of the plunge in the prices of copper, lead, zinc and tin since the beginning of the year.

However, mineral products and diamonds are still running strongly.

Exports of diamonds and other precious and semi-precious stones surged from R1,61 billion to R2,078 billion, while mineral products were up at R2,996 billion (R2,301 billion).

The trade surplus in May recovered above the R1 billion mark at R1,083 billion after dropping to R969 million in April.

CONSUMER PRICES F/M 27/7/90

Import connection

Consumer inflation continued to follow producer price inflation down in June. The increase in the consumer price index (CPI) fell 0,3% to a year-on-year 13,6%, the lowest since January. With producer prices up only 11,3% in May, the trend should continue — though more slowly. (74)

Southern Life economist Mike Daly says lower producer prices are largely a result of a reduced import price component, with the relative rand stability, falling oil prices and the recent 33% cut in import surcharges.

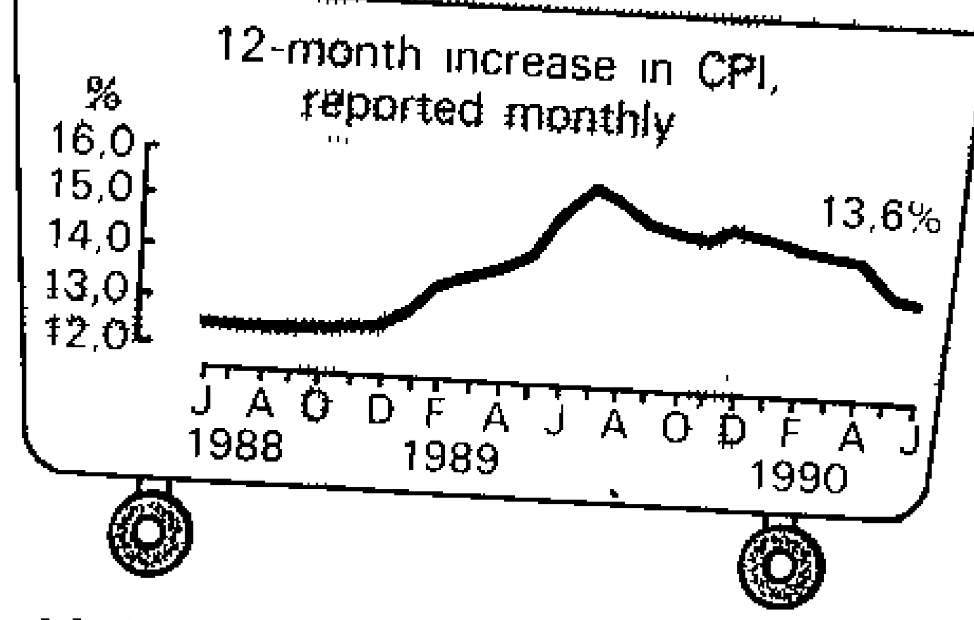
The lower-income group still suffers the worst inflation, with prices rising 14,4% in the past year, compared to 13,6% for the middle-income group and 13,2% for those with higher incomes.

This is because prices of basic goods are rising faster than overall inflation. Food, weighted at 35% for the lower-income group (compared to 16% for the higher-income group), increased by a year-on-year 15,3%.

Vegetables rose 3,2% in June (up 31% in the past 12 months); milk, cheese and eggs increased 2,1% (up 20%). The latter category will be even higher this month: an average 8% increase in milk prices was announced on Monday. Elsewhere, things are looking a little better, with fruits and nuts down 8,3% (up 17% for the year), fish and other seafood falling 0,5% (up 18%) and grain products decreasing 0,1% (up 15%).

F/M 27/7/90 (74)

Right direction



Medical care and health expenses jumped a monthly 3,6% (up 17,5%), household consumable goods 2,6% (20%), and public and hired transport 1% (14,8%). ■

'50% less to import engines'

Cape Times 2/8/90

By AUDREY D'ANGELO
Business Editor

DELTA MOTOR CORPORATION can import Isuzu engines for 50% less than the price of those produced by Atlantis Diesel Engines (ADE), even allowing for duty.

Explaining this at a media conference yesterday, Delta CE Keith Butler-Wheelhouse said the extent to which vehicle prices would continue to rise would depend partly on how much protection was given to ADE, and whether the 75% local content requirement could be satisfied largely by the production of local components which could also be exported.

He said the number of engines it produced at present made it impossible for ADE to keep unit costs as low as those of the international manufacturers.

Butler-Wheelhouse said the rate at which vehicle prices have risen meant that the motor industry had not yet benefited from increased black spending power to the extent it had hoped. In the 1980s blacks had about 30% of the spending power in SA. By the year 2000 they would have 60% of the disposable income. "We are about halfway there now, according to statistics."

Because vehicle prices were so high, blacks were spending this money on things like white goods and video machines instead of cars. But this situation would change.

The white vehicle market was close to saturation but there was room for improvement in the black market. "In years to come, independent individual vehicle transport will become more important in black households."

Butler-Wheelhouse said that for vehicles to become affordable to this growing market it was essential to contain the costs of increased local content.

The key was not to make a heavy investment in producing limited volumes for the SA market, but to produce components which were internationally competitive and could be exported. "We must single out products and services which we can produce on an internationally competitive basis at their true prices."

Delta Corporation had identified several such products, without allowing for subsidies.

Butler-Wheelhouse said he did not share the view that SA would become like Brazil with old vehicles on the roads and manufacturers afraid to go to the expense of tooling-up for new models.

The market was too competitive for this and there were too many companies interested in the coming explosion of the black market to risk falling behind with new technology.

Butler-Wheelhouse warned, however, that SA faced turbulant times in the short term and that inflation was likely to remain higher than that of its main trading partners for about five years.

This would mean a deteriorating currency and rising import costs.

PPI FM 17/8/90

Import factor

(74)

Since the start of the year, slowing import costs have made a major contribution to decelerating growth of the producer price index (PPI). That may be about to change with the import component of PPI up 1,1% in June compared to actual declines of 1,5% in May and 0,3% in April.

Southern Life chief economist Mike Daly says the turnaround means recent gains from the relatively stable rand and falling oil prices may have run their course — though lower import surcharges have not.

Oil prices will now begin working against SA. Sanlam economist Pieter Calitz estimates that every 10% increase in the oil price will immediately push producer prices up 0,5%, with a further 0,5% within a year, as the hikes filter through the economy.

In addition, even if the rand manages to hold its own against the dollar (which is possible), the currency continues to weaken on a trade-weighted basis, losing ground against sterling, the D-mark and yen. Re-

FM 17/8/90

sulting higher import costs (weighted at 20% of total PPI) are unlikely to be offset by lower local input prices, despite a rise of only 0,2% in June, lower than the 1,8% in May.

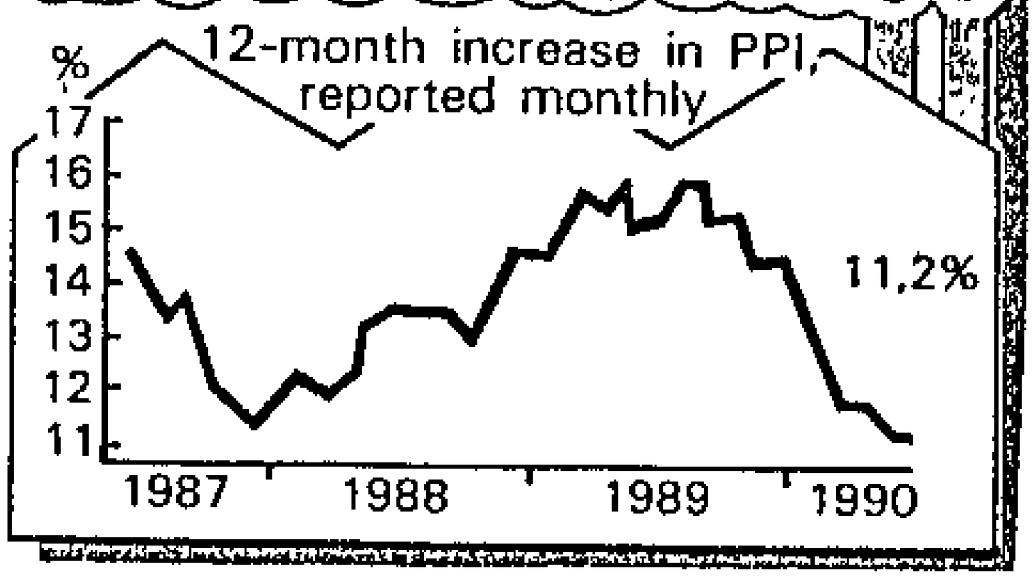
Daly says the decline is probably an aberration. "As long as wage and salary demands remain above the rate of inflation, there is little chance of bringing local producer costs under control."

All that means the PPI is probably about as low as it can go. Says Calitz: "We could see a slight reduction by year-end, to just below 11%, but that's bottom. I can't see single-digit producer prices."

Daly is even more pessimistic. "PPI could rise again by the fourth quarter, when the effect of import surcharge reductions will begin to wear off."

(74)

Down slightly



FM 17/8/90

Though a higher gold price may bolster the rand, Daly points out overall terms of trade have deteriorated for the past year. "That, and the continued inflation differential, will weaken the trade-weighted rand."

Where producer prices go, consumer prices follow, so inflation is not yet under control. As little can be done about the oil price, and unions are unlikely to moderate wage demands, monetary policy will stay tight.

□ The overall PPI increase for June was a modest 0,4% (0,9% seasonally adjusted) to a year-on-year 11,2%, compared to May's 1,1% (1,2%), or 11,3% year-on-year. ■

SA's trade surplus slashed to R491m

Cape Times 20/8/90 (74)

By GRETA STEYN

JOHANNESBURG. — A surge in "unclassified" imports — possibly oil — slashed SA's trade surplus in July to its lowest level in more than a year at R491m, Friday's Customs and Excise figures show.

Unclassified imports leapt 122,7% from June to reach the highest level since January 1986 at R759m. This sharp increase was a major factor behind the overall level of imports in July climbing to a peak for the year at R4,32bn — a glaring aberration from the downward trend seen this year.

Falling imports helped the balance of payments (BoP) earlier this year when SA had to meet large foreign debt repayments. The Reserve Bank is counting on a continuation of this trend to build up foreign exchange reserves in the second half. Economists are, however, not worried that July's rise in imports might signal the start of a renewed boom on that front. While they cautioned against making too much of one month's figures, they predicted the latest trade figures would reduce the chances of an early cut in Bank rate.

Rand Merchant Bank economist Rudolf Gouws said: "There was a large once-off, possibly in the form of oil imports, in July. If it is oil, SA is lucky."

He noted the monthly figures for the unclassified category were highly erratic. The rise in imports excluding unclassifieds (up by R220m) was not excessive.

Old Mutual's Rian le Roux said: "The import figures of the past two months tell me the downswing has not killed domestic demand. Policy will probably be eased later rather than sooner, especially given the limited scope for export growth."

Another economist noted the aberration of a sharp rise in machinery imports in July (up R231m) — contradicting the falling trend of the past few months.

A drop in exports also helped narrow the trade surplus to about a third of its level in June. Exports were down to R4,82bn from June's peak for the year of R5,22bn.

The largest category of exports — unclassified, which includes gold and arms — was down more than 4% at R1,9bn. Mineral exports were also down from June, as were base metals. But Gouws noted that June was an exceptionally good month for exports and that the overall level was satisfactory against the year as a whole.

The July surplus is much lower than the monthly average of more than R1bn for the year so far. The trade surplus from January to July was R8,1bn — about 20% higher than a year ago.

M 24/8/90

the full maintenance consideration. If the lessee had bought the vehicle outright by HP, no VAT would be charged on the finance charge element and an input credit would be claimed for the maintenance costs.

The obligation to pay VAT on this comprehensive basis could make full maintenance leasing unprofitable. Revenue should think carefully about these implications. ■

FOREIGN TRADE F/M 24/8/90

Import surprise

(74)

Since the beginning of the year economists have been predicting a downward trend in imports — a clear sign of a cooling economy and a prerequisite for lower interest rates. But after holding steady in the second quarter, latest Customs & Excise figures show a revival. Imports rose R640m to just over

F/M 24/8/90

R4,3bn in July, the highest since June 1989.

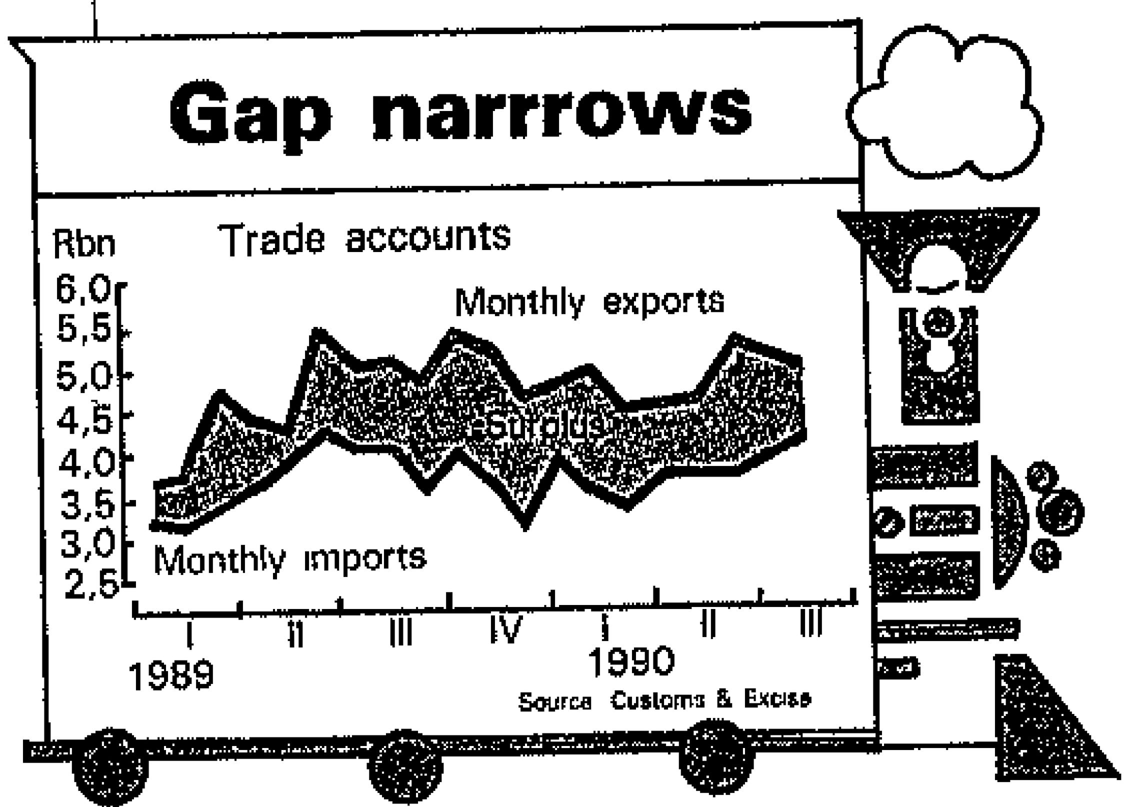
Exports fell R410m to R4,8bn, a sign the slowing world economy is less able to absorb SA goods. The trade surplus narrowed to only R491m (June: R1,5bn). (74)

In the year to July, imports totalled R25,6bn (compared to R26,3bn in the corresponding period last year). Exports were R33,7bn (R33bn) — an increase of only 2,2%. The trade surplus so far this year is R8,1bn, up 28% in nominal terms from the same period last year.

Old Mutual economist Andre Roux is surprised by the import figures. "They indicate continued firm spending and suggest the economy is not as weak as some think. That means interest rates will have to stay high."

The largest jump in imports was in the unclassified category (mainly oil), which rose 123% to R759m in July. Imports in this category rose to R710m in April, before falling back to R273m in May.

(74) F/M 24/8/90 (74)



Econometrix economist Tony Twine says: "It is possible some extra oil was purchased in anticipation of the Opec meeting on July 23. There was no doubt member nations would push for higher oil prices." This has proved a smarter move than intended.

But many other imports also rose, suggesting a trend. Machinery and electronic equipment were up R231m (22%) in the month, chemical products R60m (15%), plastic and rubber items R23m (15%), stone, cement, ceramics and glass R13m (26%), while optical, photographic, surgical and other precision instruments rose R14m (9%). The only significant decrease was in vehicles, aircraft and vessels, which fell R94m (15%).

Twine suggests some of the increase may be a result of importers taking advantage of the stable rand in the first half of the year to cover forward at reasonable rates. These transactions could now be coming through.

In exports the monthly decline was also across a wide spectrum.

Textiles fell R47m (88%); pearls, precious and semi-precious stones (another erratic category, including diamonds) R146m (23%); chemical products R29m (17%); vegetables R33m (16%), base metals R63m (8%); and other unclassified (including gold) R88m (5%). Exports of machinery and electronic equipment rose R20m (20%) and vehicles, aircraft and vessels R48m (59%).

Twine says exports could come off even more. "Gold and coal could have good prospects, but we won't be able to rely on manufactured goods and other commodities."

With exports at best static, and imports still reluctant to come down, the balance on the trade account may become a cause for more serious concern. ■

Still-strong imports keeping brakes on

S/Times 4/11/90 (74)

OBSTINATELY high imports and a resurgence in inflation are helping to keep monetary policy tight.

Forecasts about when the Reserve Bank may lower the discount rate should, therefore, take account of import performance.

Imports will have to fall in the next few months if the current account surplus on the balance of payments this year is to reach the R5-billion required to service foreign debt and build up foreign-currency reserves

But imports remain relatively immune to the credit

Businesss Times Reporter

squeeze on the economy since mid-1988. Even after a year of prime overdraft rate at 21%, there seems to be an inadequate response in import performance to what in many other respects is an economic slowdown.

In spite of mounting evidence elsewhere in the economy of the advent of recession, imports in both value and volume rose in the second quarter of this year from first-quarter levels.

The South African consumer's barely diminished appetite for imports also shows up when the import penetration is assessed — the proportion of domestic spending channelled into it. Import penetration in the second quarter of this year was barely changed from the beginning of the credit squeeze. Part of the rationale behind the economic belt-tightening in force since mid-1988 has been to cut imports and, in penetration terms, it has had virtually no effect.

Rationale

A sudden 17% surge in imports in July slashed the trade surplus for the month by 68%. This has proved to be a distortion caused probably by unusually high "unclassified" imports — in effect, oil purchases ahead of the Opec meeting that raised the price at the end of July. Trade figures for the following two months showed the surplus returning to its regular level of slightly more than R1-billion. The August figures did, however, indicate that the import-export mix is not trending the right way to maximise the trade surplus.

Analysts have said that, on the trends in the August figures, the export boom of the last year or so is ending. Higher oil prices and tight monetary policies in Western markets are restricting demand for SA-type imports.

Figures also show that, taking the percentage change in a three-month figure on a year earlier, a decline in imports noticeable in June was petering out. A three-month view of trade figures irons out short-term volatility and gives a smoothed trend more readily comparable to figures 12 months earlier.

The only consolation to be drawn from the robust current performance of imports is that the largest category, accounting for nearly a third of total value, is machinery and mechanical appliances.

Easy

This suggests that much of the import volume is going into updating and renewing ageing capital machinery. These capital imports will eventually generate manufactured exports more cost effectively than obsolescent equipment.

Capital replacement is not open ended, however, and the authorities will still be looking for a fall in overall imports by the end of the year before feeling comfortable about easing credit policy.

The September trade figures may be the start of a more sustained drop in imports. They featured a 16% drop in overall imports. This drop was 21%, excluding dearer oil, and may show that the credit squeeze is beginning to bite.

FM 14/12/90 (74)

FOREIGN RESERVES (74)

POLITICAL INPUT

As reserves strengthen month by month, the central bank was confident enough in November to reduce "other liabilities" (mainly short-term credits from other central banks) by a further R355m to R6bn, bringing the decrease since end-June to R2,4bn.

Despite this outflow, the month saw another strong performance as reserves jumped R455m (US$181m) to R6,67bn ($2,7bn).

The forex component was up R116m ($46m) to R3,1bn ($1,2bn), while gold holdings rose R339m ($135m) to just under R3,6bn ($1,4bn) — partly due to an increase in the unit value of gold to R874/oz ($347), up from R859/oz ($341) in October, but also to a big increase in total holdings, up 323 000 oz to 4,1m oz.

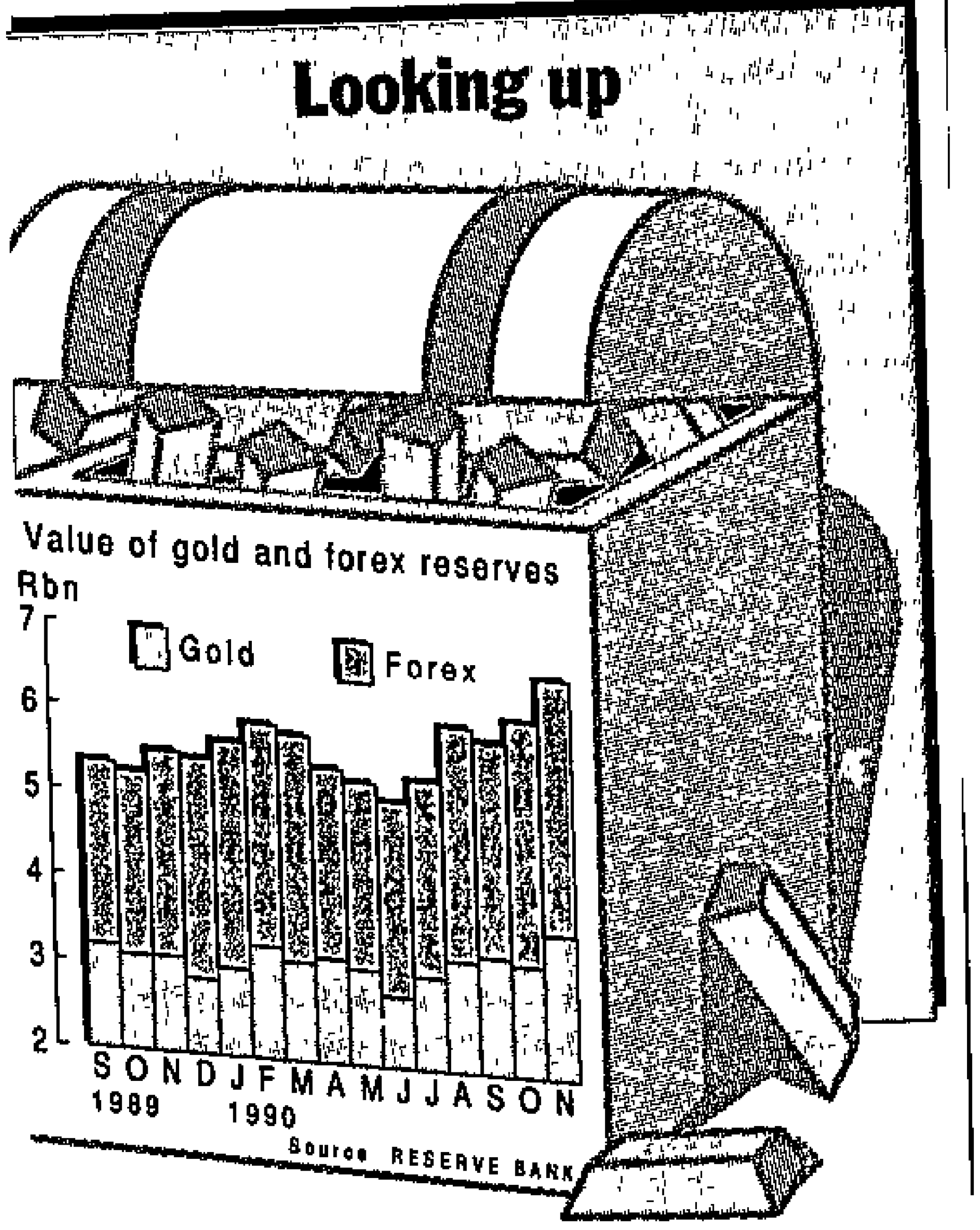
Senekal Mouton & Kitshoff economist Leon Steenkamp says the underlying trend is positive. "In the past two months, reserves have risen by R850m. Gold holdings are up 29%." Total reserves are up R1,5bn since the beginning of June.

Though tight monetary policy has been a major force bolstering reserves by restricting imports, improved international perceptions have played a significant role. Econometrix economist Azar Jammine says: "The role of recent political reforms has been underestimated. We now have much greater access to short-term credit, and debt roll-overs are also on the increase."

The result is a return to net capital inflows in the third quarter, easing pressure on the current account.

Says Jammine: "After a current account surplus of about R4,5bn this year, it could be R3bn or less in 1991. In 1992, SA could actually run a deficit, greatly enhancing prospects for economic growth."

Despite the good news, there is a way to go



FM 14/12/90 (74)

before SA can rely on sufficient capital inflows to permit a current account deficit. According to Steenkamp, reserves cover only 7,8 weeks of imports; forex alone would pay for 3,6 weeks. The Bank would like reserves to cover at least three months' imports.

And though nominal November reserves were the highest since October 1987, the rand was worth more then. A dollar bought R2,01, so the then R7bn reserves were worth $3,5bn; this November's R6,67bn is only worth $2,7bn. About 70% of SA's trade is denominated in US dollars. ■

APARTHEID BAROMETER

DETENTIONS

ACCORDING to the Human Rights Commission, Aubrey Sibiloane from Katlehong on the East Rand was detained under section 29 of the Internal Security Act on December 4. W/Mail 14/12/-19/12/90

The HRC also said at least 17 people were detained after the attempted coup in Transkei three weeks ago. There are many more unconfirmed reports of detentions, including members of the Transkei Defence Force.

There are currently 132 people in detention in South Africa and the homelands.

RELEASES

THE HRC received late notice that African National Congress security official Ralph Petersen was released from section 29 detention on November 28, and charged with illegal possession of a firearm.

HUNGER STRIKE

SEVEN section 29 detainees are currently on hunger strike at Protea police station in Soweto.

They are Rapu Molekane, Edna Sethema, Lawrence Shenxani, Margaret Mathebe, Patrick Lebea, Ethel Ngxobo and Carol Kheswa. The hunger strike began on December 7 and their main demand is to be charged or released, says the HRC.

INFORMAL REPRESSION

BOPHUTHATSWANA police allegedly disrupted a community meeting in the Northern Cape town of Dryharts on December 6. The meeting was held to discuss the deposing of a local chief, Jerry Mahura. One person, Evelyn Gasealahwe (40) was killed and thirty were injured.

Two days later Bop police were seen chasing people near the local bottlestore, confiscating beer and drinking it. In the evening they allegedly fatally shot two people — Amos Sethodi and Ngwanaeng Lekgare — and arrested three.

DECLINE OF THE RAND

ACCORDING to the Reserve Bank, the rand declined on a weighted average basis against the major world currencies by 5,1 percent between the end of 1989 and the end of August this year. A further depreciation of about 1,5 percent appears to have occurred in September and October.

W/Mail 14/12/-19/12/90 (74)

FOREIGN DEBT

SOUTH AFRICA repaid or refinanced (rolled over) more than R3-billion (about $1,2-billion) of foreign debt in the second quarter of 1990.

Reserve Bank governor Chris Stals said the country's total external debt was down to $19-billion by mid-1990 as against $20,6-billion at the close of 1989.

MINE RETRENCHMENTS

NEARLY 10 percent of the South African gold industry's workforce (44 000 miners) could be laid off at the start of 1991 unless there is a sustained rise in the price of the precious metal, according to Michael Spriggs, analyst at the SG Warburg Securities financial group. W/Mail 14/12/-19/12/90

South African gold output is projected to fall by nearly 15 tons (or abour 2,5 percent) to 590 tons next year.

The gold industry has been badly affected by falling prices and a relentless squeeze on margins from cost inflation.

GATT — 2 FM 14/12/90 (74)

STATUS MORE QUO?

Gerrie Breyl, who headed the eight-man SA team which observed the breakdown of the Uruguay round of trade talks in Brussels last week, says SA will redefine its position on industrial tariffs — which are linked to farming negotiations between the US and EC. "We were asked to reduce all tariffs by 33% and bind all existing tariffs. Our counter-offer on industrial tariffs contains a reduction of about 20% and we offered eventually to bind 56% of tariffs (4 700 tariff bindings are on the table)."

He points out SA's special circumstances, complicated by, among other things, the fact that it is slotted into Gatt as a "developed" country, while its Customs Union partners (Lesotho, Botswana and Swaziland) are recognised as less-developed countries.

Breyl says tariff reductions (if the round succeeds) will be phased in over five years and longer. Trade & Industry Minister Kent Durr has argued SA should be allowed a safety mechanism to protect industries against dumping, Breyl adds.

"But our offer remains an offer, while we are still negotiating the Uruguay round. It was conditional on the performance of other countries. Only if the round goes through will we able to decide on implementation of our offer. Nothing is final yet," says Breyl.

The Gatt negotiations are closely linked to proposals laid before Cabinet by the Industrial Development Corp for a new tariff policy. Breyl says these obviously cover a far wider field than the Gatt talks. ■

THE GATT BREAKDOWN FM 14/12/90

NOT FREE TO CHOOSE

74

The persistence of selfish protectionist tendencies — especially in the EC and Japan — will most likely place a further and unnecessary restraint on already declining business activity in the major Western economies.

The interruption (some would say breakdown) of the Uruguay round of talks under the General Agreement on Trade & Tariffs (Gatt) will, by allowing an already high level of protectionism to persist, have a much more profound influence on trade than a similar occurrence would have had 40 or 50 years ago.

The reason is that rapid technological advance and the general growth of trade have meant that few economies have anywhere near the same level of self-sufficiency now than they had at that time. An increasingly higher proportion of their requirements needs to be imported and, correspondingly, they need to export more to pay for them.

However, while the adjustment of the Western economies to a prolonged period of real growth and consequent shortage of capacity will now be more difficult, the impact of the Gatt breakdown on the developing countries will be even greater. It will mean that their exports, especially textiles, will continue to be denied markets in Europe because they are cheaper than anything Europeans can produce.

But, perhaps more important, the impetus that rational agricultural policies in Europe would have given to the predominantly agricultural Third-World economies will retard the resuscitation of farming in many of these once prosperous countries. So European farmers, protected by subsidies and tariffs, will continue to produce mountainous food surpluses which will be allowed to rot so that prices are artificially kept up. And Third-World farmers will lack the stimulus of the European market to seek out investment in their own lands that will return some of them to their earlier status of food exporters.

Their farming outputs will be correspondingly circumscribed — possibly not even meeting their own national needs — and employment on the land will continue to dwindle as millions starve.

Those in Western countries who propound protectionist policies — who tend to be on the political Left — usually conveniently forget that they do so at substantial cost to the poverty-stricken Third World.

There is a lesson, too, in the Gatt breakdown for both SA policymakers and those in other southern African countries. It is that while the planned barrier reductions of 1992 may be good for the Europeans, they are not necessarily going to have any advantage for non-European countries, despite various accords that will give some indigent countries privileged access.

Certainly, 1992 is not going to lead to a general reduction in protectionism among Western trading nations. In fact, that protectionism is likely to increase, if not overtly, through the extension of barriers around a larger trading bloc, then covertly, through artificial currency arrangements.

For while the last vestiges of exchange controls will be dismantled, the currency value linkages in Europe, through the European Monetary System (EMS), will inhibit price flexibility in trade between individual European nations and their non-European trading partners.

The EMS exists predominantly to assist Germany keep inflationary pressures down, by avoiding hot money flows into Deutschemark securities, without inhibiting its own international trading advantage by allowing its currency to become too strong.

The proposed hard European Currency Unit (ecu) is an artificial currency that lacks both widespread acceptibility and the backing of a national legal jurisdiction. And the European Monetary Fund proposed to administer it will require, if it is to be successful, the surrendering of a substantial amount of sovereignty from nations which, for more than a thousand years, have not been able to get on with each other.

Indeed, the EC was conceived not to promote trade, but as a political device to prevent Germany after World War 2 ever again dominating the industrial heartland of Europe. But Germany already does so. If ever there was a case of closing the stable door after the horse has bolted, it is the current attempt to galvanise the national states of Europe into one European nation for that purpose. History is not on the EC's side.

Those who make the mistake of talking glibly about a southern African common market should keep in mind the history and the motives of the European market. It has nothing to do with the extension of world trade and the maximisation of economic growth. It has everything to do with mercantilism, which is still far too prevalent among the mistaken socialist ideologies that persist among the failed post-colonial economies of this region.

What is needed in Europe — and, indeed, in southern Africa — is not the surrendering of national identities to those who enjoy the superior economy of the region, but the simple freedom of trade and exchange. Bureaucracies, which are automatically limited by those freedoms, have opposed them in Europe and will do so with greater vigour in southern Africa. Governments, especially *uhuru* governments, still cling to the belief that freedom has to be imposed by those who believe they know what it is about.

Of course, freedom is an abstract term that is much abused in Africa. But to those who don't have it, it is very real. And as the exodus from eastern Europe has shown, those who don't have it will make sacrifices to get it.

In this region, we will inevitably feel the impact of the Gatt breakdown and Europe's celebrated 1992 European barrier reductions — and it will be detrimental. We don't need, in a post-apartheid era, to lapse into a mercantilist bloc that would simply increase our economic problems.

Southern Africa does not need a common market in the European sense to facilitate regional co-operation. That will come easily with the freedom of trade and exchange. ■

UK asked to help repair SA economy

Star 13/12/90

By Chris Whitfield
Star Bureau

LONDON — British exports to South Africa have increased by 13 percent in the first six months of this year, according to the South Africa Foundation.

The Foundation, giving evidence yesterday to the House of Commons Select Committee on Foreign Affairs, also revealed that Britain's imports from South Africa are currently up 25 percent over the same period last year.

Britain is now the second largest exporter to South Africa and the trade gap has been closed to "a virtual balance" of £1,1 billion (R5 billion) a year.

Those figures were given by the Foundation's representatives — president Warren Clulow, his deputy Brian McCarthy, director-general Kurt von Schirnding and UK director John Montgomery — as they stressed the importance of British investments in South Africa.

Damage

The thrust of the Foundation's evidence centred on the need to repair the damage done in recent years to South Africa's economy.

It suggested the restoration of IMF drawing rights as a reward for concessions by the negotiating parties and targeted credit — "strictly for black development and deployed co-operatively between negotiating partners".

Easing the isolation of South Africa, both in the form of access to foreign capital and symbolic gestures on the diplomatic, tourism and sporting fronts, would erode the white right wing's power base and strengthen the negotiators' position.

Perhaps the most striking suggestion by the delegation was for the policing of developments — a "democracy watch".

"If a highly reputable consortium of international policy agencies were to be encouraged to establish a monitor of developments ... Based on thorough analysis, and were to disseminate findings widely and regularly, it would create healthy pressure on government and political parties."

Moscow visit for businessmen

ZILLA EFRAT

SA's first formal business delegation to the Soviet Union will visit the country in April to open doors for future trade negotiations.

The trip, organised by Safto, will consist of a select group of businessmen. It follows recent visits by a top-ranking Soviet Union delegation and some business groups to SA, and Trade and Industry Minister Kent Durr's trip to the Soviet Union in August.

Safto's Europe and Eastern Europe manager Jan Sykes feels the Soviet market of nearly 290-million souls offers SA's firms scope for exports and joint ventures.

Moscow imports glassware, medicine, foodstuffs and consumer goods from SA.

While the market is still characterised by uncertainty, Sykes believes the SA exporter must set up a strategic foothold in the market now to be part of its future.

The Soviet Union can offer SA a wide range of products including machine tools, civilian aircraft, micro-electronics, special metals and radiation materials.

Sykes recommends SA companies get involved in joint ventures with Soviet Union enterprises in their move to modernise industry. (74)

Premier International is believed to have set up a joint venture in Moscow but the group has not commented.

Sykes says there is scope for joint ventures in the mining and forestry areas. The Soviet Union is a great mining country and SA is a leader in mining technology.

While corresponding banking relations have recently been formalised between SA and the Soviet Union, Sykes warns that there are payment problems.

It is believed Soviet foreign trade organisations have been late in their payments to clients of UK banks. And firms are advised to do business with the Soviet Union through confirmed letters of credit.

B/Day 13/12/90

Institutions aid fall in capital market rates

B/Day 13/12/90

ANDREW GILL

CAPITAL market rates slid yesterday as strong institutional and foreign demand swallowed up available scrip and squeezed the differential between government and Eskom stock to unprecedented levels.

Dealers said large switches from Eskom into RSAs as a result of vastly improved marketability in the RSAs and a reluctance from the major borrowers to let go of stock at the higher levels meant institutions had to buy the rates down.

The Reserve Bank, which markets RSAs, had apparently remained out of the market for the past few days and therefore those stocks had been falling short of demand.

One dealer said the perception that the Bank rate would be cut early in the New Year meant institutions were trying to get stocks at the cheaper levels in order to show profits in their portfolios or take profits when interest rates fell.

The differential between the two fell below seven points before coming back to 10 points.

At the close yesterday it stood at 18 points.

Despite some major switches into RSA 150s, Eskom 168s still came down eight points, reflecting underlying demand for quality stock in expectation of the Bank rate cut.

One dealer said: "They feel that they have to cover themselves over the New Year."

Another said the fact that the rates were allowed to run down so much was partly due to there being few jobbers on the market at the moment, which meant there was less profit-taking than usual.

The R150 finished 15 points off at 15,88% while the E168 closed down at 15,79% from Tuesday's 15,87% finish.

Some dealers said today would show a further closing of the gap.

An analyst said a possible resistance level for E168s was about 15,75%.

He said there were still many buy orders for RSAs and these could come through today.

Offshore buying by clients that had not shut down for the holiday was reportedly strong but the major factor had been local institutions.

One dealer said: "On an investment basis the RSAs are a better bet while the differential is still there. People do not see that happening for much longer so they are climbing in."

British exports to SA up this year

mcur 13/12/90 74

The Argus Foreign Service

LONDON. — British exports to South Africa have increased by 13 percent in the first six months of this year, according to the South Africa Foundation.

The Foundation, giving evidence to the House of Commons Select Committee on Foreign Affairs, also revealed that the United Kingdom's imports from South Africa are up 25 percent over the same period last year.

Britain is now the second largest exporter to South Africa and the trade gap has been closed to "a virtual balance" of £1,1 billion (about R5,5 billion) a year.

REPAIR DAMAGE

Those figures were given by the Foundation's representatives — president Warren Clulow, his deputy Brian McCarthy, director-general Kurt von Schirnding and UK director John Montgomery — as they stressed the importance of British economic interests in the Republic.

The thrust of the Foundation's evidence centred on the need to repair the damage done in recent years to South Africa's economy.

It suggested the restoration of IMF drawing rights as a reward for concessions by the negotiating parties and targeted grants-in-aid or credit — "strictly for black development and deployed co-operatively between negotiating partners".

NEGOTIATE

Easing the international isolation of South Africa, by both access to foreign capital and symbolic gestures on the diplomatic, tourism and sporting fronts, would erode the white right wing's power base and strengthen the negotiators' position, it added.

Perhaps the most striking suggestion by the delegation was for the policing of developments — a "democracy watch".

It also urged backers to make it clear that an "unambiguous commitment to negotiate" is essential.

● EC debates sanctions today — page 3.

[illegible]

1959

More SA components required (34)

BDay 10/11/89

TV makers are braced for local content move

HELOISE HENNING

TV MANUFACTURERS expect a government notice to be published soon which will give them until April 1 to increase their local content or face an *ad valorem* duty penalising their usage of foreign exchange.

A complicated formula was submitted to the industry, which accepted the proposal and was arranging to delete certain components from its imported completely knock-down kits, said deputy chairman of the Radio and Television Manufacturers Association, Terry Millar of National Panasonic.

Failure to change their positions radically by April 1 would seriously increase the costs to television manufacturers and could be carried over to the retail market.

Board of Trade and Industry chairman Lawrence McCrystal confirmed that the board had submitted to government its proposals on the value-based local content formula for the television industry. He could not say when the formula would be gazetted.

It would be the first value-based local content programme to see the light of day. The motor industry is also awaiting a new local content formula which could follow similar principles.

Millar said to compromise on the local content programme was necessary because the Board of Trade and Industry (BTI) could have retaliated by lifting the protective tariffs and allowing a flood of imports.

Millar said the BTI had indicated it would gradually start to lower customs duty on fully imported sets, because the current 60% duty was unacceptable in terms of the General Agreement on Trade and Tariffs (Gatt). In addition to the customs duty there was a 60% surcharge and a formula *ad valorem* (luxury goods) tax which added up to about 148% before GST.

He said the industry had gone a long way to source items locally, such as capacitors and resistors, transistors, printed circuit boards and tuners.

Manufacturers

He was pleased that the industry was able to shelve the local "chassis" proposal made earlier by BTI in an attempt to improve local content. This would have locked manufacturers into making the same basic television set. They currently got rebates on the *ad valorem* duties according to the local content in the sets, he said.

Meanwhile, manufacturers are expecting a flood of Turkish electronic goods to hit the retail market withing the next two months, following the reduction last year to 3% of the import duty because of that country's favourable balance of payments with SA.

They have also applied to the BTI for the industry to be relieved of the 60% surcharge on imported items because they felt the burden was not evenly spread among all forex users.

'Need for long-term industrial strategy' B/Day 17/1/89 (74)

Chemical industry in leaner form — CSIR

GERALD REILLY

PRETORIA — Import protection up to 1983 — a major factor in the rapid expansion of the chemical industry — had isolated it from international competition, CSIR President Chris Garbers said yesterday.

Opening the SA Chemical Institute Convention in Johannesburg he said import protection had virtually eliminated the risk of investment in chemical production.

The removal of import control and the introduction of moderate selective tariffs protection, together with drought, precipitated the closure of plants with hundreds of retrenchments.

However, the industry had weathered the storm and emerged in leaner form.

Garbers said there was a need for long-term industrial strategy and for a pact between the private sector, quasi-government, state controlled operations and government itself.

Protection for fundamentally uncompetitive industries was unacceptable.

Demand for education and continued education would grow. In the US 25,3% of the workforce had four years or more of tertiary education.

The decreasing demand for those with less than four years of secondary education was alarming for SA.

The chemical industry would be "dreadfully" exposed through high inflation if not compensated by a weakening rand.

The industry was plagued by political uncertainties and confronted by a declining skills base.

With the population growth and the increasing proportion of old people the demand for health care and pharmaceutical products was likely to rise by up to 7,5% a year.

Garbers said fewer new drugs were being introduced because of the high development costs.

Bonanza bonus from surcharge

B/Day 27/1/89 GRETA STEYN (76)

GOVERNMENT's revenue from surcharges beat the budgeted figure of R700m for the year by more than R100m after only seven months.

The inflow to state coffers more than doubled to R881m in the April-October period compared with R439m for the previous year.

New surcharges were introduced in August to curb import demand but the import bill continued at a high level until the end of the year.

The import boom has, however, benefited Customs and Excise with duties running at 78% of the annual budgeted figure after only seven months.

Total revenue will probably far exceed the budgeted 16,3% increase as government reaps the benefits of a buoyant economy. Income tax receipts rose by 23% in the first seven months of the fiscal year and GST collections were 25% up on the previous year.

Another boost will come from the new fuel levy which is expected to add R260m to government revenue.

Government looks set to come close to its budgeted deficit in spite of an extra R1,4bn needed this year for salaries and interest on public debt.

Dentists seek import relief

S/71 ... 24/1/84

(74)

By Robyn Chalmers

THE Government is considering exempting dental imports from surcharges.

The Dental Association of SA (DASA) asked Board of Trade and Industry chairman Lawrence McCrystal for exemption.

Dr McCrystal says: "The application is still being processed because the Christmas holidays caused a delay. I cannot say when a decision will be made."

Sensitive

The situation is sensitive because the board cannot exempt one area and not another which may also have a sound case.

DASA executive director Helmut Heydt says Dr McCrystal gave the association a four-hour hearing.

"We are satisfied that the Government is serious in its consideration of an exemption for dental supplies. It is vital that it be granted because 99,9% of dental instruments are imported.

"Dentists cannot absorb the import surcharge, which can amount to 60%. The higher cost will be passed to the patient, which is inflationary."

Dr Heydt says the dental profession, in line with the stance taken by private hospitals, regards the annual increases set by the Representative Association of Medical Aid Societies since 1974 as ludicrously inadequate. The association has published its own national schedule of fees since before 1950.

"One has only to look at the facts to see how ridiculous the increases are. An ordinary consultation with a dentist costs R26, but the medical-aid scale of benefits allows only R13,60

Similar

"This means that the patient foots the bill for the rest. We cannot go the same route as private hospitals because the Medical Council has ruled that dentists cannot charge in advance"

Dentists are in a similar position to that of other members of the medical profession who import equipment — radiologists and physiotherapists.

Permit delays cause importers headaches

W/C ARGUS 11/2/89 74

By TREVOR WALKER
Business Staff

SHIPPING agents ~~in Cape~~ Town and Durban have complained to the Department of Trade and Industry over exceptional delays in the issuing of import permits this year.

One Cape Town importer, who declined to be quoted, waxed quite lyrical about goods he has on the water and which are due to arrive next week.

He has not yet received his permit which he applied for last November and which will only cover the six month period to June.

He said "we have been in business for 60 years, yet the department insists on granting us a permit for half or less than half of the amount requested, and insists that we re-apply in May/June.

"If I do not get my permit this week and the cargo is off-loaded then I incur demurrage charges.

"But what really rankles us is that we do not believe the department checks to find out whether our product is available locally or not. In any case availability should not be confused with quality. We have to maintain certain standards at our factory and often the local product is similar, but not identical and is not good enough."

Deputy DG of the Department of Trade and Industry, Dr J A Lamprechts said in answer to questions, that only 23 percent of the country's total imports were subject to import control measures and of this roughly 17 percent could be justified in terms of the provisions of GATT.

"It is government policy to encourage and protect, as far as possible, industry by means of customs tariff and not by import controls.

"The existing licensing system is generally intended to monitor imports of certain sensitive commodities, and is currently applied in a manner which encourages fair competition."

Dr Lamprechts says "since the second half of the 1970s no allocations were cut".

Quite so say the shipping agents, but why the unnecessary paper-work in forcing importers to make two applications ?

Produce work

Dr Lamprechts says "the import policy is approved by the Minister of Economic Affairs and Technology on a six monthly basis".

The importer says the system is designed to produce work. "We apply for a range of permits in one envelope in November and then have to wait for them as come back like a shower of confetti. Each permit returns in a single A-form envelope and invariably grants us the facility to import a certain amount in money terms and nearly always less than requested."

The peak periods are January-/February and mid-year. Dr Lamprechts says "due to the late publication of the revised import control regulations last year, the Directorate Import and Export Control is presently inundated with permit applications but every effort is being made to cope with the situation.

"However, the position will unfortunately continue for the next three to four weeks.

"Urgent and deserving cases will be attended to as expeditiously as possible and in those cases where goods have landed due to special circumstances beyond any control, every endeavour will be made to arrange for the collection of permits."

Last week the Association of Shipping and Forwarding Agents sent a message to members with certain telex numbers that they could contact if they were encountering difficulties.

A shipping agent said if the permit system was spread over the whole year it would solve the problem.

The Department handles applications on a first come, first served basis. In January this year it handled 10 046 applications, compared with 11 143 in January 1988 and 10 176 in January 1987.

In the first two days of February this year it handled 1 421 applications. About 55 500 import permits are issued each year.

Shippers are irritated that the old system which allowed a three months grace period to end March was scrapped. As from July 1 last year, the permits were made valid for one calendar year only.

An importer said one of his manufactured products with a certain import component was used by a large exporter. "Which comes first ? The chicken or the egg ?" he asked.

There is no doubt that the permit system is a shambles this year. Tearful tales are told of unanswered telex messages, facsimile's disappearing into the blue, of letters begging a reply which is never forthcoming and telephone conversations that ended in a dialling tone.

POLITICS

B|Day 14|2|89 (34)

Permit backlog to be wiped out

CHRIS CAIRNCROSS

CAPE TOWN — The backlog on the issuing of import permits would probably be wiped out by the end of this week, Trade and Industry director-general Stef Naudé promised yesterday.

Delays in the issuing of permits arose out of the change-over of tariff classification of products to the harmonised system at the end of last year, causing problems which had to be taken up with the authorities by organised commerce and industry.

Temporary

Whereas in the past, import permits for the following year were issued from October, applications for the current year could be dealt with only after the import regulations were published on December 23.

Naudé said in a statement his department had been well aware of the problems experienced temporarily by importers, and everything possible was being done to expedite the issuing of permits. It was expected that the backlog would be worked off towards the end of this week.

He reiterated announcements from Import and Export Control that urgent cases would be dealt with on a preferential basis.

☐ GERALD REILLY reports from Pretoria that Assocom has welcomed the expectation that the backlog of import permits would be clear by the week's end.

An Assocom spokesman said this followed urgent representations to the Department of Trade and Industry last week.

Assocom looked forward to the speedy alleviation of a situation which had reached crisis proportions because of administrative bottlenecks in the handling of import permit applications.

The delay had resulted in unnecessary costs to importers due to demurrable charges incurred overseas, with adverse effects on the economy, the spokesman said.

The reassurance by the department that it was addressing the problems as urgent was gratifying.

B|Day 14|2|89 (55)

Privatisation course plotted

CHRIS CAIRNCROSS

CAPE TOWN — Progress towards privatising the state's role in energy affairs, headed by the National Energy Council (NEC), is documented in the NEC's first annual report tabled in Parliament yesterday.

A private sector/government partnership, aimed at guiding, promoting and co-ordinating the country's energy interests, the NEC records that in the short time it has been in existence it has already initiated 89 research and development projects on a total budget of R5,9m over 1988/9.

Financed from the Central Energy Fund these projects are initially aimed at creating:

☐ A policy-oriented national research, development and demonstration programme, financed in collaboration with the private sector; and

☐ An energy programme for developing appropriate technologies.

The NEC is structured to take over many activities of various state departments. Its report notes all existing liaison committees set up between the Mineral and Energy Affairs Department and the oil industry concerned with refining crude oil and the availability of petroleum products have been taken over.

Local content switch announced

(EB2) (74)

Huge forex savings bid in car plan

BDay 22/2/84

CHRIS CAIRNCROSS

CAPE TOWN — Government hopes to slash the motor industry burden on foreign exchange reserves by at least 50%, from R4bn-R5bn a year to less than R2,5bn, with the switch in the local content programme from a mass-based to a value-added system.

The change-over comes into operation next Wednesday.

Board of Trade and Industry (BTI) chairman Lawrence McCrystal said it was hoped the saving would be achieved within nine years — the period set for the industry to achieve the optimum of between 55% and 75% in local content by value.

In view of the stimulatory effect the value-added system is expected to have on local component manufacture, it is also hoped the new programme will assist the motor manufacturing and component industry achieve annual volume growth of 5% to 6% a year.

McCrystal said it was also hoped the new scheme would stimulate the industry's export performance, which now only brought in about R200m a year in forex.

The new system, which generally has the support of the motor industry, is linked to excise duty, with the excise value of locally manufactured vehicles during an excise quarter based on the ex-factory invoice price.

HELOISE HENNING reports car manufacturers were taken by surprise when the local content programme was announced with higher targets and excise duties than expected for the first year. They could not immediately say how the changes would affect them.

The original BTI report had suggested that 50% local content measured in terms of value should be achieved in the first year. This has been increased to 55% in an addendum to the report.

Manufacturers said it was also not clear if the subsequent targets were being adjusted accordingly.


McCRYSTAL

The National Association of Automotive Component and Allied Manufacturers (Naacam) welcomed the programme. A member, Tiger Wheels MD Eddie Keizan, said the higher local content targets meant more business for local suppliers than originally allowed for.

The system will apply rebates on excise duty to encourage local content which will have the effect that full excise duty is rebated when the target local content is achieved — the target minimum local content by value

● To Page 2

Local content: huge forex saving plan

(EB2) 74 BDay 22/2/84

● From Page 1

amounting to 25%.

McCrystal said the programme was designed to be flexible in the sense that it would not be applied to each model manufactured, but enabled the company concerned to build up export credits.

The scheme is designed to favour smaller, low-valued vehicles. It is, therefore, likely to put upward price pressures on more expensive vehicles as it comes into operation.

McCrystal said the first 12 months were destined to be a "no hurt year" for manufacturers in terms of the size and cut-off of the rebate. The price-raising effect should be minimal during that period.

The scheme would be reviewed after the first year, with the BTI holding the right to adjust it where necessary.

Economic Affairs and Technology Minister Danie Steyn said during the first three months, the new programme would run concurrently with the existing "mass" programme, thus creating a phasing in period that would also be used as an information-gathering exercise.

● See Page 4

Govt hopes to slash motor industry's forex needs

SSTAR 22/2/84

(74)

By Sven Lünsche

The Government yesterday accepted recommendations by the Board of Trade and Industry (BTI) that the new local content programme for the motor industry will be based on value instead of mass.

The Government hopes that once the programme has been fully implemented — the BTI has set a period of nine years — the motor industry will have slashed its foreign exchange requirements from the current level of about R4,5 billion to R2,5 billion.

But the Minister of Economic Affairs and Technology, Mr Canié Steyn, yesterday also stated that the programme could stimulate exports of vehicle components, which last year only totalled about R200 million.

"The Government has accepted the recommendations in principle. They will take effect next month," the Minister said in a statement yesterday.

Some details have still to be considered and the industry would be informed of these, but the programme basically stipulates that within nine years vehicle manufacturers should achieve a minimum of 55 percent in local content by value.

The first three months of the programme would run concurrently with the existing one, thus creating a phasing-in period, Mr Steyn said.

The Government's decision was welcomed yesterday by the president of the National Association of Automotive Component and Allied Manufacturers (NAACAM), Mr Harry Marston.

"Increased local content in the long-term will manifest itself in the saving of foreign currency, the creation of jobs and a slow-down in the rate of vehicle price increases," he said.

Vehicle manufacturers, however, were reportedly upset that the original local content target of 50 percent, as outlined by the first BTI report, had been raised to 55 percent.

(74)

13/Day 24/2/89

R87m for new import plan

TOYOTA Manufacturing SA expects its early decision to embark on an R87m three-pronged import replacement programme to result in components being sourced locally at no extra premium.

The programme, which takes place over two years, will increase Toyota's local content on the new value base significantly.

It will stand Toyota in good stead after government gave the go-ahead last week for higher local content in motor vehicles.

Based mainly on the yen having appreciated strongly against the rand and the anticipated higher local content move, several industries will get a shot in the arm from the initiative.

The company reckons this expenditure will also create about 1 000 new jobs countrywide and save about R120m in forex over the next two years.

While cheaper good quality components for both original equipment and the vehicle after market are assured, Toyota MD Ralph Broadley says benefits won't stop there.

"Car owners can look forward to a greater range of locally made spares at more stable prices, particularly if the rand continues to lose ground against the yen," he says.

The R87m is purely for import substitution and does not take into account other capital expenditure.

With Toyota having to consider increased "in-house" or "in South Africa" manufacture, its first priority is for R35m to be spent on replacement of original equipment components presently obtained in completely knocked down (CKD) packs from Japan.

This will take the form of tooling-up for the manufacture of components in SA and will be spread among many suppliers. Here forex savings are about R80m.

About R10m of the R35m will be used to make returnable CKD boxes to replace the CKD boxes now made in Japan and shipped with CKD to SA.

New returnable cases will be used for at least four or five round trips and will be made of local wood with metal interiors.

Toyota is considering making the cases in-plant.

The remaining R25m in the first prong will be used to develop local content to the "break-even point" — that is to where Toyota can make selected parts at no premium to the company or the country as a whole.

Examples under consideration include certain plastic components, headrest assemblies, clutch discs, air cleaner assemblies and oil filters.

Second prong is an R11m programme for in-plant manufacture of many of the after market components and subassemblies, currently being imported from Japan.

A typical example would be crash panel assemblies for Corollas and Cressidas.

□ RALPH BROADLEY

The R11m will also be used in its export drive for certain Toyota-made components.

Finally, R41m will go towards establishing a toolroom to make press dies at the Prospecton, Durban, manufacturing plant. These will replace many of the imported dies on new models.

"This programme is especially important as it is the introduction of a new hi-tech tool making facility that will make use of the most advanced techniques available in the world today," says Broadley.

The new technology for the tool room, which will be associated with Cad/Cam design and manufacture of the dies, is expected to save about R30m forex a year. It has been highly researched by Toyota of Japan.

Toyota will train people locally, including 60 apprentices on-site, in new skills to enable them to operate this facility.

PROGRAMME SAVES SA MILLIONS

(74) (88) BDay 24/2/8

A SERIOUS import replacement programme was started by ATC in 1973, since which time the company has saved SA many millions in foreign exchange, says MD Koos Vorster.

The direct export programme was started in 1987 with R1,8m in sales. This has expanded so rapidly that sales rose to R6m in 1988. Vorster is confident this figure will more than double this year.

He believes that experience over the past two years has shown that the company's expertise and quality is on a par with that of major First World suppliers.

"There is significant potential for us to become a player on the world scene. Our success has been proven against keen competition from countries with more favourable export schemes than SA's, such as subsidies on shipping and interest-free credit. We also had to overcome very high tariff barriers in some of the countries where we have found markets.

"In order to obtain overseas business, it is essential for government to provide export aid comparable with what is available to competition in other countries. Finalisation of export incentives is of critical importance to us if we are to remain in, and expand, our export markets," he explains.

In the import replacement programme, the installation of an optical fibre cabling plant and a facility for manufacturing the fibre itself, represents the biggest success, since these facilities save SA about R10m annually in foreign exchange.

In the area of import substitution, the company has had many successes; in 1973, for instance, it made the first small-core coaxial cable for SAPT's trunk routes.

This was followed by radio frequency-type coaxial cables, then by instrumentation and control cables for Matla power station in 1975. In 1978 screened instrumentation cable for Sasol II and III represented another important project.

The measurement, instrumentation, control and security cables designed for the Koeberg nuclear power station in 1979 were also part of the group's import replacement programme. These were followed by locally designed and patented screened composite coaxial cables for SATS in 1987.

Vorster maintains: "These achievements have been part of an on-going policy to support development programmes to improve efficiency, and to ensure products meet even higher standards than were previously met."

Govt acts to stop disruptive dumping

(79) Star 1/3/84

By Tom Hood

CAPE TOWN — Prices of a wide range of imports could rise as a result of a government clamp on low-price goods.

Dr Theo Alant, Deputy Minister of Economic Affairs and Technology, yesterday unveiled a package of import duties to counter disruptive competition.

He said there had been a marked increase in the number of complaints about imported goods offered in SAf at disruptive prices.

The Government was concerned about the damage such competition could cause to industry and he had asked the Board of Trade to propose procedures to restrain the "harmful practice".

The plan would minimise the effect on importers who were innocent of disruptive practices, thereby freeing the Board of Trade to recommend interim duties with less restraint.

After the imposition of duties, importers who were not guilty of disruptive competition could claim a repayment.

A levy to stop dumping cut-price imports was also planned.

Dr Alant said the procedure made provision in serious cases for the imposition of anti-dumping duties retrospectively to as far back as 90 days before the provisional levy was imposed if an investigation established that dumping had taken place and that the importer involved should have known material injury could be caused to South African industry.

A ministry spokesman said it was not possible to name the specific goods about which complaints had been received.

But the Government was concerned about the increase in the number of complaints.

The clamp was attacked by industry as "using a sledgehammer to crack a nut".

Colin McCarthy, director of the Cape Chamber of Industries, said: "This is a perfect example of turning all men into crooks where they have to prove themselves innocent."

It appeared that the proposals had not been discussed with industry and commerce.

A serious aspect was that someone could be put out of business by being caught for duties three months after the goods had been imported and sold.

IMPORT DUTIES (74) FM 3/3/89.

Shoot, then think

Government has asked importers not to buy foreign goods for less than the regular price in their country of origin.

This rather optimistic appeal was made

(74)

this week by Economic Affairs and Technology Deputy Minister Theo Alant, in announcing new "shoot-now-think-later" measures intended to halt the dumping of imported goods on the SA market.

The measures follow a Board of Trade and Industry (BTI) investigation requested by Alant in the wake of a "marked increase" in complaints about imports being sold locally at disruptive prices.

Alant appealed to all importers not to buy goods overseas for less than the prevailing price in the country of origin, when such goods are also made in SA.

He says government is concerned about the damage disruptive competition can do to SA industry. A system of interim protection against dumped goods is intended to overcome this.

If investigations show importers innocent of disruptive practices are having to pay interim duties, the BTI will recommend the creation of a rebate item in the Fifth Schedule to the Customs & Excise Act. This will allow those importers to claim repayment of duties.

He says in cases where disruptive competition is caused by dumping, the BTI may recommend provisional charges under Section 57A of the Customs & Excise Act.

"This means the implementation of an immediate levy to stop dumping," says Alant. Only later, is the need for the levy thoroughly reviewed.

"The new procedure makes provision, in extremely serious cases, for the imposition of anti-dumping duties retrospectively to a date not earlier than 90 days before the provisional levy imposed if it is established during the investigation into the alleged dumping that dumping did take place and that the importer involved should have been aware that material injury could be caused to an SA industry," says Alant. ■

New duties in the pipeline

Prices of TV sets are likely to rise in April

Star 16/3/89

By David Canning

Durban

The price of television sets is set to rise as a result of a new set of duties to be announced by the Board of Trade on March 31.

Furniture and electrical appliance retailers are worried about the impact on costs of the Board of Trade's new duties, which are designed to cut South Africa's high import bill and to stimulate exports.

Mr Sidney Trickett, joint managing director of Price Furnishers, said in Durban that the big four TV manufacturers already have indicated rises can be expected Tek Electronics expects to increase prices by 5 percent to 10 percent.

Tek says in a letter to retailers that the Government proposals will be gazetted on March 31. The full position will only be known by Saturday April 1.

Mr Trickett says his company will be stockpiling TVs ahead of the increases.

Mr Jack Cohen, chairman of the Radio and TV Manufacturers' Association and MD of Tedelex, said the exact new formula was not fully known. Therefore its impact on prices could not be assessed.

He supported the board's attempts to localise manufacture. All major manufacturers were attempting to do this at present.

Three years

Those who relied solely on imported components would go out of business because their prices would be too high.

It is understood the programme will be phased in over three years A similar programme is likely to be introduced for audio equipment.

However, there could be good news on the horizon for buyers of black and white sets The proposed establishment of a local TV tube manufacturing plant, employing 4 000 people, could ameliorate the increases, and eventually cut the price of black and white sets.

However, industry sources said that careful costing did not support' claims that black and white sets could sell for R150.

UK makes progress on pill for men

Medical Reporter

British scientists are working hard at finding a contraceptive pill for men.

Twenty married men with proven fertility records recently took part in a year-long study at the Reproductive Biology Unit in Edinburgh, Scotland, which showed they would be unlikely to make their partners pregnant after having injections with male contraceptive hormones.

Men between the ages of 30 and 40 were injected at three-week intervals over a 12-month period during which time their sperm counts fell from 100 million to just five million and 'there were no reported pregnancies.

When the injections stopped, the sperm count returned to its previous level.

According to Dr John Aitken, who led the study, to develop a reliable male contraceptive which had a 99 percent success rate, it was necessary to know when the male sperm was incapable of fertilisation.

The principle, he said, was safe, efficient and reversible, but the key question remained: at what level between a sperm count of one and five million was pregnancy almost impossible?

A follow-up test, said the *South African Medical Journal*, was now in progress and Dr Aitken hoped to identify the completely safe sperm level. When that happened the pharmaceutical industry would be able to make an oral version.

Dropping textile controls could cost many SA jobs

CAPE TIMES 22/3/87

(74)

Financial Staff

JOBS would be lost in the agricultural and manufacturing sectors if SA textile and clothing manufacturers were free to buy their yarn and fabric from the lowest priced international source, says the President of the Textile Federation of SA, WJE Wilson.

He was reacting to suggestions that the Government might do away with import controls on textiles.

A delegation from the Cape Town Chamber of Commerce has met the Minister of Economic Affairs and Technology, Danie Steyn, to discuss the difficulties faced by importers applying for permits to obtain textiles from overseas.

Pointing out that SA textile manufacturers paid the international price for cotton and wool produced in this country, Wilson said:"Some major Far Eastern and Eastern European countries do not source their raw material from areas which subscribe to this free market method of pricing.

"As a result, Chinese spinners and weavers can sell fabric at prices equal to that which SA spinners have to pay for their basic cotton or wool fibre. A similar scenario is true for synthetic fibres".

The Chamber of Commerce delegation suggested the Government should follow the advice of the Steenkamp Committee and prevent "dumping" by using the computerization of customs entries to trigger alarms in the event of unusual imports, so that the matter could immediately be addressed by the Board of Trade and Industries (BTI).

FOREIGN TRADE

Imports are important, too

(74)

The object of foreign trade is to enhance the range of goods and services available in an economy. Imports are just as useful as exports — and commendable, unless the world is to be Balkanised into impoverished autarchies.

While we need exports to keep our balance of payments in equilibrium, we also need imports to produce goods which, for lack of technology, resources or market size, cannot be produced here. A knee-jerk policy of making it difficult to import and encouraging exports is thus not only harmful in practice but economically absurd.

At a time when reaction to the Budget again included the inane remark that "it didn't do enough for exporters" (if debasement of the currency hasn't helped them, nothing will), it's salutary to remember that import protection not only raises the price of imported goods, it raises the price of domestically produced goods that compete with them. This means that the relative price of export goods falls; import substitution becomes more profitable and this has exactly the same effect as if firms have to pay a tax on exports.

The economically neutral way of encouraging exports — that is to say, the one that does least harm to the optimal allocation of scarce resources — is to grant export incentives which in total have the same "value" as the amounts raised by import protection. If spending on export subsidies falls short of revenue from import protection, there is a net tax burden on exporters; if it falls short, consumers are being condemned to permanent subsidisation of industries which will never become economic, with no offsetting benefit.

There is a plausible argument that we need for "strategic" reasons to encourage the development of certain industries. This is a political argument that, if accepted, carries an economic cost. In economic terms, it is important to know (a) what that cost is and (b) that it is greater than the sanctions-busting costs of continuing to import the goods sub rosa.

If the political decision is taken to prop up uneconomic "strategic" industries, let us at least not pride ourselves that we produce, say, electronic items more expensively than anywhere else in the world; let us have the honesty to admit that it is part of the price of political isolation, which reduces our overall level of production and consumption. ■

Import control on TVs to go

31/3/81

By Roy Cockayne

Import control on imported complete television sets is to be abolished and encouragement given to the manufacture of low-price television sets for the lower income groups in terms of a new scheme for the promotion of the local television manufacturing industry.

The low-priced monochrome television receiving sets will be "of appropriate technology and easily affordable by the lower income groups" in terms of the new scheme for the promotion of the local television manufacturing industry that has been proposed by the Board of Trade and Industry (BTI) and accepted by the Government.

The BTI report says it would seem the present high rate of protection enjoyed by the television manufacturing industry should be reduced, mainly to encourage more competitive pricing.

It said there was every likelihood that the entry of new firms into the industry — either through manufacture or the importation of complete television receivers — may reduce prices and net profits.

"Significant price reductions of television receivers should assist in developing a larger market by attracting especially the lower income groups of consumers.

In addition to the encouragement given to the manufacture of low-priced television sets, a revised tariff structure is to be introduced as part of the new programme with the aim of reducing foreign exchange usage by the television manufacturing industry.

It will achieve the reduction in foreign exchange usage by levying an excise duty that is related to the net use of foreign exchange of manufacturers.

Coupled to the excise duty is a gradual reduction of the ad valorem customs duty from the current 60 percent to 35 percent over a period of five years at the rate of five percentage points a year.

In addition, the 35 percent contra customs duty on imported complete television receiving sets and monitors is to be abolished.

TV for all: Govt move will slash set prices

HELOISE HENNING

IN A move to put an affordable TV set into every SA home, government has decided, from July 1, to scrap all duties on monochrome sets costing a maximum of R130 ex-factory or R200 invoiced to retailers.

This is one of the new tariff adjustments announced for the TV industry in the Government Gazette today.

At present the cheapest black and white TV sets retail at around R350.

The package includes the lifting of import control on TV sets and the lowering of customs duties over five years.

Local manufacturers, who up to now have been heavily protected from imports, will gradually be exposed to more competition through the removal of the tariff barriers.

However, TV and electronic components manufacturers will be rewarded for exports, as in the recently announced programme for the motor industry.

Board of Trade and Industry (BTI) chairman Lawrence McCrystal said yesterday the changes were being made not because TV was considered a "sunrise industry" but because it had been poorly structured. This was proving costly to SA and the consumer.

Rebate structure

Since its inception in the mid-1970s, the industry had achieved disappointingly low local content. The cost-raising effect of protection was R7,37 for each rand of foreign exchange used. BTI considered 35c to a rand a reasonable figure, McCrystal said.

The board had a choice of either removing all protection immediately or giving the industry yet another chance. It had decided on the latter.

Although the industry had expected the new system to come into effect tomorrow, the three-month period was needed to give BTI time to determine

● To Page 2

Local content carrot for TV-makers

● From Page 1

5 / 0 / 4
31/3/87

which components of mixed origin would be deemed local.

To promote local content, the package includes the lowering of customs duty from the current 60% to 35% over five years, linked to an *ad valorem* excise duty calculated on foreign exchange usage.

This will gradually rise from 35% in the first year to 75% after three years. In the first year manufacturers will be allowed to use 60% forex, in the second year only 50%, and in the final year only 40% of the value of a set may be imported.

The counter *ad valorem* on imported sets will be scrapped on July 1.

A manufacturer using the allowed percentage of forex or below that level will effectively not pay the excise duty because of a rebate structure.

The low-cost monochrome set could be made up of items sourced internationally or locally. No duties would be levied on components or finished sets.

Local discontent?

The Board of Trade and Industry (BTI) has admitted that the decision to set up a local television manufacturing industry has been an unduly costly exercise.

But its answer to this is more of the same — further localisation of manufacture. It's a true case of trying to teach a lame duck to fly.

BTI chairman Lawrence McCrystal admits that "the cost-raising influence of the protection afforded the industry is so marked that the overall net contribution to the South African economy is heavily negative."

The BTI therefore aims to reduce the TV industry's "drain on the country's foreign exchange" — now estimated at R200m a year. But it seems unlikely that further local content can be combined with lower prices.

In the first year of the programme, which starts on July 1, a set will carry a 35% excise duty if it has more than 60% imported content. In the third year there will be a punitive 75% excise duty if the imported content is 40% or more. In practice this will mean local manufacture of all components except the tube, and all parties acknowledge TV sales in SA will remain far too low to justify the local manufacture of colour tubes.

Says National Panasonic MD Terry Millar: "We support the encouragement of local content in principle but we have to accept that there's a premium to pay. For example, printed imported circuit boards cost us R8 and the local variety costs R12. Tuners are also 50% more expensive."

"In order to reach local content quotas, we'll often have to use an inferior and expensive local product instead of a cheaper, better imported component."

Just two years ago SA boasted the most expensive TV sets in the world. The industry has been shaken up — not by the "savings" allowed by local manufacture but by competition, as the number of manufacturers was increased by the entry of seven interlopers to compete with the four established manufacturers.

When Pick 'n Pay imported their TVs with separate monitor and machine from Taiwan in 1987, the local industry fought them tooth and nail. Says P 'n P's non-food director Alan Gardiner: "The local manufacturers didn't want a discounter like us retailing TVs. In June 1987 they told us there would be no TVs available for Christmas so we had no option but to source from overseas.

"Since then we have established a contract with the East London-based Triad and the cartel has been truly broken." Only 12 months ago a standard 51 cm cost at least R1 400 but some are now available for R1 000.

Millar is opposed to the BTI's aim to make the industry "less dependent on overseas technology and license agreements."

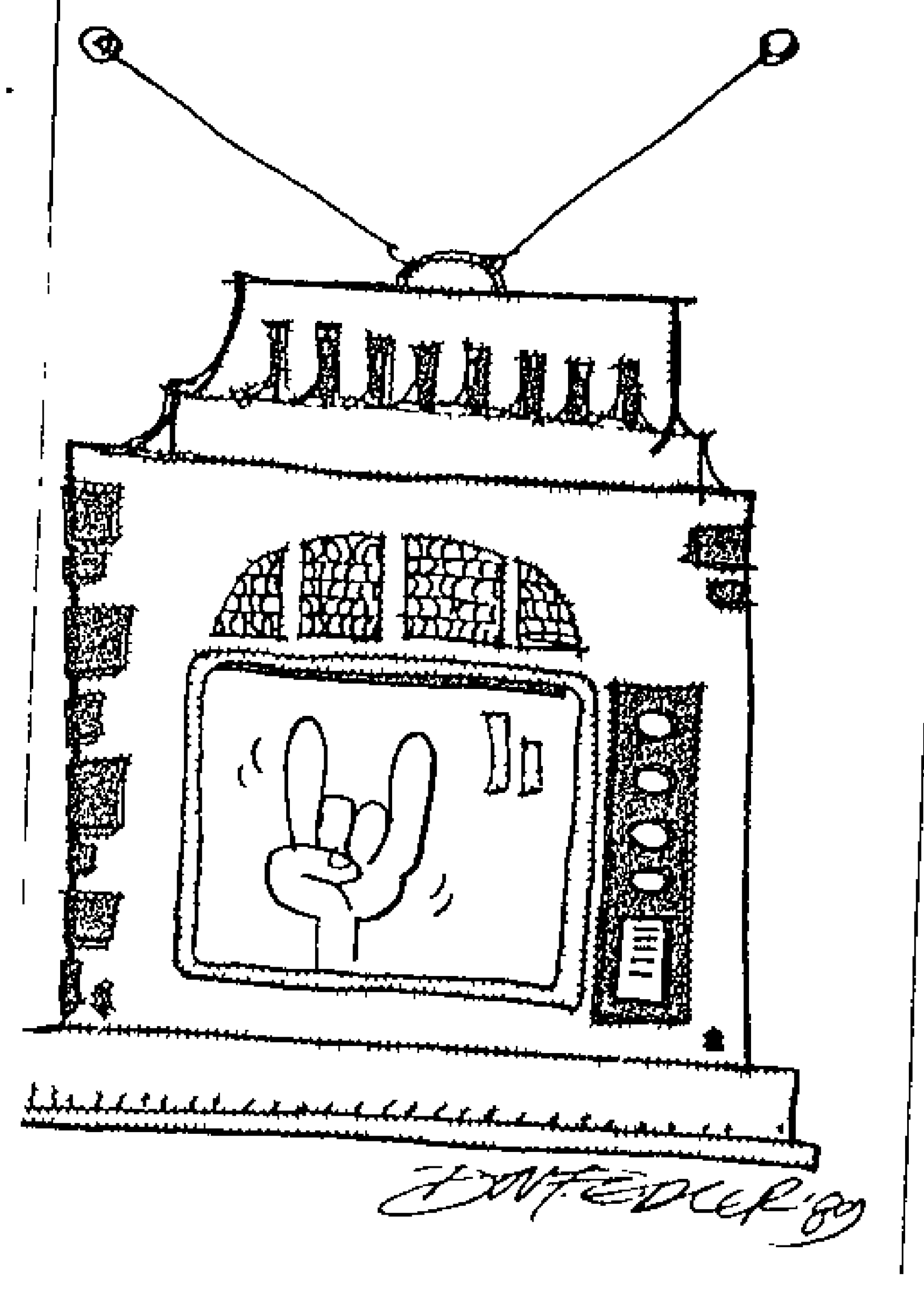
"Our companies have a handful of engineers, compared to the 300 engineers working on R&D at National in Japan, or Philips in Holland. We can't expect to keep up with technological developments without a licensing agreement."

But president of the Electronic Component Manufacturers Association Ray Gould says there won't be any need for overseas support in the development of black-and-white TVs. Even in colour TVs "SA produces very sophisticated sets."

Import control will be ended and customs duty reduced from 60% to 35% over five years. But as this will be combined with an excise duty of 75%, BTI doesn't expect serious competition from imports.

Triad CE Monty Dersley is not so sure. "We have to import tubes at a higher price than the world market price. So fully imported sets could be a factor in five years' time, when customs duty will be reduced to 35%. However, I doubt if goverment will allow such imports."

Gardiner is still unconvinced that the local content exercise benefits the consumer: "Government is protecting a group and tampering with the economy. It must put it's supposed commitment to free enterprise into action."



Govt drops 20% surcharge on selected medical goods

BiDay 10/4/87

74

DIANNA GAMES

GOVERNMENT has dropped the 20% import surcharge on selected items of medical equipment and is to refund the industry for those paid out retrospectively to August 15 last year, when the surcharge was introduced.

Leonard Swanson, of Rand Medical Supplies, said he had initiated a protest to government about the surcharge but had so far had only eight or nine out of 50 items removed.

A Board of Trade and Industry spokesman was not available for comment.

Salters medical supply company director Stanley Engelberg said they stood to have around R150 000 paid back to them in surcharges and goods would have to be recosted.

Swanson said the surcharge was inflationary and pushed up the costs not only for the man-in-the-street but also for government hospitals, which already had a R240m shortfall.

He said representatives from 18 supply companies around the country had spoken to government on the issue and, although some gains had been made, they did not go far enough and he was still fighting to have more items removed.

11/4/87

Surcharge on certain medical equipment dropped

Medical Reporter

Importers of medical equipment are expecting refunds of thousands of rands following a Government decision to drop surcharges on some goods. The import surcharge on all medical equipment, enforced last August, has been dropped from certain items.

Imported equipment, which is not also made in SA, is now exempt from the surcharges. Items such as monitoring equipment, thermometers and surgical instruments will be exempt. But those items which are made locally, such as rubber gloves, certain syringes and bandages, are not — a move which suppliers believe is an attempt to encourage local buying.

Suppliers said yesterday it would take a while before they got back all the money they had paid in surcharges but one firm estimated it could expect about R150 000.

MET MINISTER

Mr Len Swanson, of Rand Medical Supplies, said suppliers would continue to urge the Government to have the surcharge dropped from as many items as possible.

Mr Swanson, supported by at least 18 suppliers, met the Deputy Minister of Economics and Technology in Cape Town shortly before the Easter weekend. The Minister was very sympathetic, Mr Swanson said, and as a result some surcharges had been dropped.

"He said we should feel free to go back to him if there were other items that needed to be released. I'm making a list and writing to him about it."

Mr Swanson pointed out that the surcharge had pushed up costs not only for the patient but also for State hospitals.

A private hospital spokesman said medical equipment had to be imported because there was not a big enough demand to justify a local manufacturing industry.

60% champagne surcharge corrects anomaly — BTI

74

31 Day 11/4/87

BRUCE ANDERSON

GOVERNMENT'S imposition of 60% import surcharge on champagne last week was aimed at correcting an anomaly, a spokesman for the Board of Trade and Industry (BTI) said yesterday.

BTI chairman Lawrence McCrystal said champagne, as a "non-essential" or "luxury" item, should have been subjected to the original 60% surcharge on imported goods, introduced last year.

McCrystal said he differed with the view of Business Day wine columnist Michael Fridjhon, who suggested last week the imposition of the surcharge represented a technical violation of Gatt.

Fridjhon said champagne was protected by Gatt from any import surcharge — the only non-spirit to enjoy such protection.

McCrystal, however, was adamant yesterday the new surcharge on champagne was not a breach of Gatt.

"The imposition of an import surcharge is an acceptable measure for a country which is protecting its balance of payments.

"For Gatt to come and tell us — when other countries are imposing sanctions against us — that we cannot introduce an import surcharge on champagne is just not on."

McCrystal added government had no intention of including imported whisky in the category of luxury goods which are subject to a 60% import surcharge.

Medicine exemptions

BDY 12/4/87

REPRESENTATIONS regarding the exemption of certain medicines from the import surcharge list were being considered, the Board of Trade and Industry (BTI) said yesterday

BTI chairman Laurence McCrystal said apart from exempting selected items of medical equipment from the list last week, it had also exempted certain agricultural implements.

He confirmed government had exempted certain medical equipment from surcharge retrospectively to August 15.

Items taken off the list included X-ray equipment, therapy and surgical appliances, electro-diagnostic apparatus and dental instruments, while those still on it included microscopes, thermometers, artificial joints, hearing aids, heart pacemakers, blood and plasma transfusion equipment.

DIANNA GAMES

Sectors of the medical equipment industry whose products were not taken off the list are to continue making representations to government to get more items exempted.

Frik Prinsloo, financial accountant of Research Instrumentation, which specialises in microscopes, said they had reapplied last week for microscopes to be removed from the surcharge list.

He said they had originally applied for removal when the surcharges were introduced but had been turned down.

Barry Furnaux, of Laboratory and Scientific, said the surcharges were a constraint on stockholding and cash flow and would push up the already high cost of health research and development.

African ministers want new aid deal

BDY 12/4/87

ADDIS ABABA — African finance and planning ministers want to strike a new deal with foreign donors on a strategy for economic reforms, they said after a joint meeting here yesterday.

They adopted a strategy giving high priority to social and long-term development needs neglected in traditional reforms sought by the IMF, the World Bank and other donors in return for aid.

The strategy necessitated partnership among African governments and with development partners, a communique said.

The UN Economic Commission for Africa played a leading role in preparing the strategy, yet to be made public. — Sapa-Reuter.

The Star Finance

Britain's exports to SA rise by 13%

Star 13/4/89

Star Bureau

LONDON — Britain's exports to South Africa increased by 13,3 percent in 1988, according to the annual report of the London Chamber of Commerce's Africa section.

At the same time exports to Britain's other largest trading partner in Africa, Nigeria, fell 18,9 percent.

UK exports to South Africa reached £1,075 billion last year, but sales to Nigeria dropped to £390 million, the lowest for more than 10 years.

South African exports to the UK rose by 27 percent to about £800 million.

The report makes no comment on Britain's trading relationship with South Africa, but the figures suggest businessmen are responding to the British Government's advocacy of more trade with Pretoria.

Excluding South Africa, Britain had an "indifferent trading year" with the 44 sub-Saharan countries, says Kenneth Ward, chairman of the Committee.

"The UK still appears not to be exploiting the African economies which are on the mend," he says.

"The value of two-way visible trade increased by an insignificant £117 million or just 2,75 percent, which probably represents a reduction in real, or volume terms."

He notes that while UK exports to 16 African countries increased in 1988, they declined in 26, including Ghana (down 8,7 percent) and Mauritius (down 13,1 percent) where economies are growing.

UK exporters have made some progress in Francophone states, but "overall this is not a picture from which much satisfaction can be gained."

INDUSTRIAL STRATEGY

74

Towards local manufacture

If the Board of Trade & Industries (BTI) accepts the latest proposals of the Business Equipment Association (BEA) for cutting the electronics industry's huge foreign exchange bill, SA could soon be manufacturing — rather then merely assembling — computers.

The association, which represents the interests of computer and office equipment vendors, has presented the BTI with the outline of a strategy which it believes will encourage the local manufacture of microcomputers. The cornerstone of the proposal is a revision of the import tariffs and duties levied on microcomputer parts such as disk drives, monitors, keyboards and power supplies.

Although cagey about the precise changes it wants introduced, the BEA says its suggestions have been accepted in principle by the BTI and a joint working group will now draw up a mutually acceptable and detailed revision of the import tariffs and duties affecting microcomputer products.

Imports of electronics goods are estimated to have cost SA R3,4bn last year, up from R2,8bn in 1987. The strain this spending is putting on the country's foreign exchange reserves has caused the BTI considerable concern. Early this year the BTI returned a report submitted by a BEA committee headed by retiring ISM chairman Jack Clarke (*Technology* February 3) and warned that if it could not come up with a strategy for saving foreign exchange, the BTI would impose its own.

The computer sector is an obvious target. According to market research firm Business and Marketing Intelligence, the computer industry accounts for the largest share, more than 40%, of the country's electronics imports yet it lags well behind the military equipment and telecommunications sectors in investment in local electronics manufacture.

Intervention by the State has played an important role in the development and manufacture of local electronics equipment for the telecommunications and armaments industries. However, computer equipment suppliers are wary of State intervention and would prefer free market forces to determine the future of the local industry. Most of the large vendors have backed the BEA in its bid to stimulate local manufacture through tariff adustments. Import tariffs and duties have long been a bugbear for computer suppliers who complain that they are excessive, inequitable and ill-defined. In addition to the 20% surcharge on imported electronics goods introduced last year, computer products carry a variety of ad valorem and import duties.

The BEA's prompt response to the BTI's threat is an indication of the seriousness with which it is regarded.

Tilman Ludin, MD of the Siltek computer and telecommunications group, warned fellow computer suppliers at the 1989 Capital Expenditure Prospects Conference in Johannesburg last month that the State could well intervene to limit the computer industry's demand on the country's foreign reserves.

"The visibility of the computer industry as a major consumer of forex is now all too evident, and those suppliers who have planned alternatives to imported sources of equipment will have a major strategic advantage over those companies which have no alternative."

The BEA's decision to target microcomputers as the area to begin its drive for greater local manufacture is sound. The sector is growing faster than any other in the computer industry and with increasingly powerful processor and network technology these machines are eroding the domain of minicomputers and mainframes. Most microcomputers are based on a common technology, and parts and components can be sourced from a wide variety of countries, particularly from the Far East.

An estimated 190 000 microcomputers were sold in SA last year.The figure for 1989 could be as high as 260 000. This would represent a market worth R1,1bn. According to Ludin the import bill for microcomputers alone will be R470m this year unless a major programme to increase local content is undertaken.

Most of the leading suppliers of microcomputers, such as ICL, M&PD, TSD and Punch Line, have begun assembling SKD units but have shied away from full-scale manufacture.

According to Max Bayerl, MD of Martech Holdings, the electronics arm of Murray & Roberts Industrial, there is little incentive under the current tariff structure for companies to engage in the manufacture of computer products. Martech is negotiating with Taiwanese electronics giant Mitac to enter into a joint venture to manufacture computer products here.

TSM, the manufacturing subsidiary of the country's largest computer company, TSI, began assembling microcomputers for its sister company TSD last year. The company has also committed itself to producing larger minicomputers for the local commercial market.

TSM MD Hermus Erasmus supports the BEA's approach and believes local manufacture of computers should be encouraged through changes to tariffs rather than, for example, using the State's buying power to entice companies to make computers locally.

A bid by the Standing Committee for Electronics in 1985 to encourage the local production of data terminals by appointing preferred suppliers to government and public corporations was unsuccessful because of an overestimate of the demand for these devices and the inability of the committee to reduce the number of preferred suppliers to fewer than five companies.

"There is heavy investment required to take the local manufacture route," Erasmus tells the *FM*. "In the absence of guaranteed buying and with the relatively small market and the possibility exports excluded, for the short term at least, this investment is justified only if there is some kind of incentive."

It is in the industry's interests to encourage companies to go beyond the current level of SKD assembly and start manufacturing various components, he says, as, besides saving foreign exchange, this would stimulate the manufacturing sector and create jobs.

M&PD Electronics chairman Mike McGrath says increased manufacture of microcomputers would enable the country to develop the export market for computer products.

"It is viable? You've got to front it, but we are exporting and so are some other companies."

SA exports of computer equipment increased from R40m to R55m last year. Much of this increase was derived from locally assembled microcomputers. If the BEA's proposals are accepted and they open the way for investment in the manufacture of computer products, the computer industry could start to become a serious earner of foreign exchange rather than just a big spender.

DISINVESTMENT

The lights stay on

NCR's reign as the last US computer company in SA lasted but 14 days.

But it is not a case of last one out switch off the lights. As others have before it — most recently Hewlett-Packard (HP) on March 21 — NCR joined the long list of American computer vendors which have sold their subsidiaries to SA's emerging electronics conglomerates.

NCR SA, which will soon be renamed, joins the former subsidiaries of Xerox and Intergraph in the Fintech fold. Altron subsidiary Fintech acquired these companies from their US parents in 1987 and runs them

New tariff structures should boost rag industry

Star 14/4/87

74

By Roy Cokayne

PRETORIA — The Government has accepted in principle the abolition of import control for the textile and clothing industries but decided to retain the existing measures for the time being.

In addition, a new set of export incentives for the clothing and textile industries has been recommended that will come into effect from April 1 next year and could treble its contribution to GDP over the next five years.

The idea is to encourage the export of products with a higher added value and make the local clothing and textile industries competitive internationally.

Exporters of textiles and clothing will continue to be eligible for the existing export incentives until March 31 next year but thereafter they will only be eligible for the new structural adjustment incentives that will be finalised during the year.

Deputy Minister of Economic Affairs and Technology Dr Theo Alant said it was therefore of the utmost importance that those manufacturers who wished to take part in the newly structured incentives register before May 31 this year.

Dr Alant said the Government wanted to maintain the closest liaison with the industries in regard to progress with the implementation of the programme.

"Consequently, it has been decided to appoint a Development Committee for the Textile and Clothing Industry under the chairmanship of Dr JA Lambrechts, Deputy Director-General of Industries," he said.

Representatives from various sectors of the textile and clothing industry will serve on the committee.

"The Government is of the opinion that with the necessary cooperation from the textile and clothing industries, the new dispensation will go a long way towards making these industries internationally competitive in the longer term," he said.

The various forms of assistance to these industries can be classified in two categories — tariff assistance and export orientated incentives.

The tariff element consists of the adjustment of the existing levels of tariff protection to give the industries moderate protection against import competition coupled with appropriate formula duties to counter imports at disruptive prices.

Dr Alant said the existing partial rebate facilities in respect of textile fabrics had to be withdrawn to make the recommended tariff protection effective. The balance of the manufacturers' rebate facilities will be retained for another year, he said.

To encourage the export effort, provision was made for duty free imports of raw materials, based on export performance and local market purchases, he said.

According to the report, the ad valorem duties have been reduced virtually across the board by five percent.

But the proposed level of tariff protection was subject to achieving several aims. They were:

- Price increases for the products of the two industries were to be contained to less than the increase in the Consumer Price Index (CPI) as a genral trend. The BTI said it regarded the increases of the textile industry in the recent past as excessive.
- Increases in salaries and wages should be balanced by similar increases in overall productivity of each business.
- Productivity units should be established (or raised to a higher level of activity where they exist) by the industries concerned to assist companies to increase productivity.
- Growth in exports over a five year period to a point where the net outflow and inflow of foreign currency for the two industries separately is in equilibrium. Importation of additional plant and equipment to expand local production capacity forms part of the currency outflow and one-fifth a year should be included in the calculation.
- The rate of effective protection for the industries concerned should not be more than 50 percent after eight years. The level of protection recommended will remain constant for the next five years but decreased to 50 percent in the following three years.

My party and I reject reject terrorism from the left and the right."

B L "Boy" Geldenhuys outside his bomb-damaged home. Picture DANIEL SIMON

FCI against surcharges

B/Day 9/5/91 74

GRETA STEYN

THE FCI has criticised the effects on capital spending of Friday's economic package, saying it could harm the growth potential of the country.

Economist Roelof Botha said yesterday the revised surcharge procedure for capital goods could affect SA's future productive capacity.

He was referring to government's decision to stop granting widespread exemptions to the surcharge on capital goods. Although the surcharge has been reduced from 20% to 15%, exemptions will only be granted in exceptional circumstances, whereas previously they had almost been granted as a rule.

Because investment in capital goods was necessary to expand productive capacity, he opposed clamps on imports of capital goods.

"The country's ability to generate foreign exchange earnings by exporting fully manufactured goods will be harmed."

The decision seemed to contradict the new structural adjustment approach towards industrial development.

Botha called for a more selective approach when tightening policy, targeting sectors that were large and consistent net users of foreign exchange. He was in favour of special treatment for industries which had the potential to export products with a relatively high local value-added component.

60% rum, liqueur import surcharge likely

8 Day 9/5/89

(74)

BRUCE ANDERSON

A 60% import surcharge on liqueurs and rum is soon to be introduced, say liquor industry spokesmen.

Whisky, however, is likely to escape the surcharge in an attempt to avoid offending British whisky producers.

It is believed that the new surcharge has not yet been gazetted.

There were reports yesterday of confusion over the imposition of the surcharge by officials in different parts of the country.

Industry sources said imports of liqueurs and rum had been cleared in Johannesburg and in Durban yesterday, while importers in Cape Town were apparently told they would have to pay the new surcharge.

The Board of Trade and Industry could not be reached late yesterday.

Value of goods to be placed on factory prices B/Day 10/5/85

New Bill alters excise duty on local products

CAPE TOWN — A Bill altering the way excise duty on locally produced goods is determined and increasing customs duty on containerised imports was tabled in Parliament by Finance Minister Barend du Plessis yesterday.

MIKE ROBERTSON

The Customs and Excise Amendment Bill stipulates that in future the value for excise duty purposes of locally produced goods will be based on the factory selling price, and not the price of goods to independent wholesalers, as was the case in the past.

Customs and Excise Commissioner D J Colesky said the change was necessary because in the case of cigarettes, liquor and cars, there were no longer any independent wholesalers in SA.

Colesky said the Bill would also increase the cutoms duty on containerised imports.

The Bill states that in future the place where goods are packed into a container in a foreign country will no longer be regarded as the place of export.

Duty will have to be paid on the full cost of transporting the goods from the exporter's premises to the place on which they are loaded on board a ship or vehicle.

This brings the duty payable in line with that which applies to non-containerised (break bulk) cargo.

An explanatory memorandum to the Bill says that: "The fact that inland freight is dutiable in the case of break-bulk cargo and not in the case of containerised cargo has, in some instances, given rise to malpractices. For example, invoices are produced reflecting the inland freight of a container as equal to or even higher than ocean or air freight."

The Customs and Excise Bill also amends existing legislation to empower the authorities to detain any ship or vehicle to determine whether goods are liable for foreiture, even if they do not have reasonable cause.

The memorandum says that: "In the normal course of customs functions, officers have to act expeditiously on information received in order to secure goods, and it is not always possible to determine beforehand whether goods are liable to forfeiture or establish reasonable cause."

A wide search for the robbers had been launched. Anyone with any information should contact police at (011) 839-3322.

Finnish soldiers score on import regulations

WINDHOEK — You thought the Finnish soldiers were crazy because they brought their own saunas to Namibia's semi-desert heat? (74/2...)

For their next trick they read the small print of import regulations.

Now more than 100 of them are driving Porsches, Saabs, Mercedes-Benzes, and otherwise unobtainable Chevrolets — without spending one rand extra on import duties. BDay 10/5/89

And, when they head for home after Namibia's independence, most of the cars will probably accompany them.

The concourse of luxury on wheels rolled off the ship Rablais in Walvis Bay at the weekend.

"It's all for the Finns," Port director Bill Shewell said. "They looked closely at the regulations, and it's all above board. They're exercising their own private commercial right.

"They have a loophole overseas. If they purchase a vehicle overseas privately and export it, they can bring it into Namibia and then return with it to their country without paying extra duties."

Govt must reduce demand for imported goods — Schwarz

Star 20/5/89

The latest Government moves to reduce consumer demand should not be aimed at dampening the need for South African manufacturerd products or the confidence of private sector investors, **Mr Harry Schwarz (DP Yeoville)** said in the House of Assembly yesterday.

Speaking in an interpellation debate in which he asked the **Minister of Finance, Mr Barend du Plessis**, what steps the Government was taking to increase the gross domestic product and to alleviate unemployment, he said what was needed were measures to reduce demand for imported goods.

"The reality is that we cannot now afford to go into a recession, with its resultant instability and potential for violence and unrest."

Employment was one of the best ways to ensure security and stability.

Mr du Plessis said the Government's approach was that it was not the State's primary responsibility to provide employment, although it did accept responsibility for creating the right climate for this. — Sapa.

New legislation a contradiction

74

B Day 17/5/85

KAY TURVEY

SURCHARGE legislation gazetted this week flies in the face of Finance Minister Barend du Plessis' announcement last Friday and significantly widens the surcharge net in a move set to drive up local manufacturing costs.

Raw materials and components imported by manufacturers will now be subject to the 15% surcharge. The surcharge rebate to which they were previously entitled will now lapse

The move has been slammed as a complete about turn from the authorities. Last Friday, Du Plessis said only the 20% surcharge on capital goods would be cut to 15% and "all other surcharges would remain unchanged".

Now many previously exempt imported raw materials which fall under the first schedule (Customs Tariff), such as TV tubes, will be subject to a surcharge.

Intermediate manufactured components, such as for earth-moving machinery under the third schedule (Industrial Rebates), will fall into the surcharge net. However, motor vehicle spares will remain exempt.

As part of last week's restrictive economic package, Du Plessis also announced the abolition of exemptions "other than in exceptional circumstances" and said "exemption permits already issued will remain valid".

However, the May 10 Government Gazette gives a cut off point for exemptions granted before May 5 as from June 30

Deloitte Haskins & Sells associate director Doug Jolliffe says, where importers have exemptions, these will no longer be valid if goods are cleared through customs after the end of June, thus, causing havoc with financial planning.

In a strongly worded statement, Assocom last night criticised the authorities for being on the brink of sinking into "interventionist inconsistency".

"It is impossible for business to plan on the basis of official deeds not matching words The constant search for tax revenue by the authorities is distorting the economy and is creating new uncertainty for industry and commerce virtually weekly."

☐ EDWARD WEST reports about six applications have already been received by the Board of Trade and Industries for exemptions regarding countertrade schemes involving the import of capital equipment.

Board of Trade and Industry chairman Lawrence McCrystal said applications for countertrade schemes had been flowing in, as there were no exemptions under the new legislation other than for approved countertrade schemes.

Superior from SA

THE weak rand and surcharges on imported electronic equipment have helped to focus attention on SA-made UPS systems for computer installations. S Times 14/5/89

UPS machines for the lower end of the market will be an integral part of Computer Faire. Neill Schreiber, marketing director of Meissner Power Systems, says manufacturers have more opportunities than before to prove the worth of their products.

"Several manufacturers have shown their commitment with product ranges that are equal to UPS systems made in other countries, and in some instances, the local product is superior," he says.

Mr Schreiber says that MPS has invested more than R2-million in research and development and plant equipment for its UPS ranges.

UP GO LIQUEUR IMPORTS!

S Times 14/5/84.

By GWEN GILL

74

EVERYONE'S favourite after-dinner tipples went up 30 percent this week following new import surcharges on another section of the liquor trade.

Also affected by the 60 percent surcharges, imposed with immediate effect on May 5, are imported spirit aperitifs, rum, vodka and tequila.

Still safe from surcharges, at least at this stage, are imported whisky, cognac, gin and brandy — the only non-local liquor which does not attract a surcharge.

Liqueurs such as Drambuie and Cointreau, previously selling for about R31 and R37 respectively in bottle stores, now cost R40 and R48.

Imported wines, ports and sherries are not affected by the latest surcharge. They went up six months ago when a 60 percent surcharge, later reduced to 20 percent, was imposed.

Liqueur-lovers may still be able to buy their favourites at the old price for the next few days.

Bottle stores have some pre-surcharge stocks.

Govt turnabout on medical equipment deal

B(Day) 15/1/87

Import surcharges back

DIANNA GAMES

GOVERNMENT has re-introduced an import surcharge on most items of medical equipment, which had the 20% surcharge removed at the end of March after representations to government by the medical equipment industry.

The items, which include several items of dental equipment, massage and X-ray apparatus, radiography and electro diagnostic equipment, infra red and ultra violet apparatus, have now had a 15% surcharge re-imposed on them.

The surcharge has been backdated to August 15.

Several importers of such equipment are already making arrangements to go back to government on the issue.

Leonard Swanson of Rand Medical Supplies, who initiated the original protest to government on the old surcharges, said the move had put them back to where they were before.

"Hospitals are already short of millions of rands and the cost of medical services is already very high. This is certainly not going to help," he said

Barney Hurwitz, chairman of SA's largest private hospital group, Clinic Holdings, said they were very disturbed at the re-imposition of the surcharges as they would have an inflationary effect on health costs.

He said with the already high health costs, the extra 15% would reduce investment in medical equipment by many bodies, including provincial hospitals. "As a result of this, the standard of medicine must drop," he said

One supplier, who did not wish to be named, said the real problem lay in the 20% surcharge on surgical disposables which could add up to R30m on health bills in one year

The market was primarily import-oriented but the very small local production market did not need the protection of a surcharge as the exchange rate meant local products had a guaranteed market

In his company alone, out of 140 products, only 10 were locally made

"If this is a mistake, it is an abysmal one. If it's not, the whole Board of Trade and Industry should resign," he said.

Comment from the board on the re-imposition was not forthcoming at the time of going to press costs and taxation cut the rise in taxed profit, from R512,4m to R651m, to only 27%.

Kahn said SAB's tax rate was now at

February this year, of just under 50% of the equity in the Da Gama Textile group. A further 6% was acquired subsequent to the year end.

Assocom queries surcharges

BDay 16/5/89. (74)

KAY TURVEY

ASSOCOM is to make representations to government over its about-turn on widening the surcharge net to include many semi-processed and component imports in a move that has caused widespread confusion among local manufacturers.

On May 5, Finance Minister Barend du Plessis announced the 20% surcharge on capital goods and its components would be reduced to 15% with no exemptions.

Barely a week later, legislation introducing this provision included a surprise move placing surcharges on many components and semi-processed materials used for industrial purposes.

Du Plessis' assurance that exemption permits already issued would remain valid was brought into question when a shut-off date of June 30 was gazetted for permits granted before the announcement.

Assocom foreign trade secretary Bess Robertson said this would also be taken up with the authorities.

Other customs and excise consultants are also confused by this cut-off point.

Leo Fincham, joint MD of Antax Customs, which is contracted to Arthur Andersen, said legislation giving the cut-off date was vague. He asked whether permits granted before May 5 and valid after the end of June would still apply, or if these importers would be obliged to pay an unbudgeted surcharge if goods were cleared through customs after the end of June in spite of the exemption permit.

He said the the Board of Trade and

☐ To Page 2

Assocom

BDay 16/5/89. (74)

☐ From Page 1

Industry had been asked for further clarification. Business Day posed a similiar question to the Board and is also awaiting a response.

Many manufacturers were still too stunned to assess the extent of the problem, Fincham said, and most had only received the Government Gazette of May 10 yesterday.

The removal of the automatic surcharge exemption on goods falling under the third schedule means certain chemicals, paints, textiles and plastics, among other components and semi-processed materials, will now attract a surcharge at an applicable rate for the product concerned.

Board of Trade and Industry chairman Lawrence McCrystal said, however, that raw materials which underwent material transformation in the manufacturing process were zero-rated and, under the third schedule, would be similarly zero rated.

Items in the third schedule, previously exempt from surcharge, would now be subject to the applicable rate, at zero in the case of raw materials and 15% for components. However, components for the motor industry would remain exempt.

Deloitte associate director Doug Jolliffe said the inclusions were a far cry from the original Press release, when Du Plessis said capital goods and components would see a reduction in surcharge from 20% to 15% and no exemptions would be given.

Surcharges 'necessary'

B Day 17/5/89

(74)

KAY TURVEY

THE slow growth in domestic output for the first quarter of 1989 proved the latest surcharge measure announced earlier this month was necessary.

Board of Trade and Industry chairman (BTI) Lawrence McCrystal said yesterday the latest 1,6% rise in GDP against a backdrop of rising expenditure, showed the "correct direction" had been taken.

Legislation gazetted last week applies a 15% surcharge on all capital goods and their components, as well as components of certain manufacturing industries, with no exemptions.

Commenting on this legislation, McCrystal said gross domestic expenditure — which rose 6% in 1989 — must grow more in line with production.

"The BTI is focusing its attention on trying to find ways to increase productive capacity in the economy, but this takes time. Meanwhile, some of the expenditure going on imports can be mopped up by the surcharge."

McCrystal said there could be anomalies in the amendment to the third schedule of the customs tariff, but manufacturers were at liberty to have these put right.

Where a product is classified as a material which does not undergo a technical transformation in the process of manufacture and, therefore, carries a 10% surcharge, the manufacturer can submit that there is a technical transformation and it should be zero-rated.

According to amendments to the third schedule which involves mainly raw materials and component inputs to various manufacturing industries, the surcharge rebate now lapses.

tent plan

74

IMPORT SURCHARGES 74

Switching tack

F. mail 19/5/89

It's not the first time government has contradicted itself. Instead of bringing relief, recent measures to ease the burden of surcharges on the business community have only led to increased anxiety.

Businessmen are now fed up — with justification. It's the third time in eight months that government has changed the surcharge regulations.

The latest saga began on May 5, when Minister of Finance Barend du Plessis announced that the import surcharge on all capital goods and components would be reduced from 20% to 15%.

At the same time, he announced virtually all surcharge exemptions would be cancelled. Exemptions which had already been granted would remain valid.

But, confirming the change in the *Government Gazette* of May 12, the minister made a subtle but significant shift of the goalposts. He announced that all applications for exemptions received by the Board of Trade (BoT) by May 5, would be considered and, if granted, the goods would have to be cleared by Customs by June 30.

He also imposed a 15% surcharge on capital equipment and components which were previously on the surcharge-free list and removed the exemption status of nearly all Schedule 3 items — raw material used for manufacturing purposes. The only exception was components for new cars.

Both Assocom and the Federated Chamber of Industries (FCI) have been trying hard ever since — unsuccessfully thus far — to bring home to government the severity of the new measures.

FCI executive director Ron Haywood says: "This is the third time in eight months they have moved the goalposts. First there was a 10% surcharge on all industrial equipment; then a 20 % surcharge with exemptions; now there is a 15% across the board surcharge with, effectively, no exemptions."

Adds Assocom's Beth Robertson: "Instead of adhering to a broad and coherent economic strategy, the authorities are now in danger of sinking into a new quagmire of interventionist inconsistency. All this is placing a tremendous strain on business. Companies are subject to irrevocable letters of credit they have signed and irrevocable orders they have placed."

The point she is making is that it is virtually impossible for businesses to plan effectively when government says one thing and does another. Moreover, the measures are inflationary and will erode SA's export competitiveness at a time when enhanced export income is needed most. ■

MOTOR INDUSTRY

Major surgery for content plan

The new vehicle local content programme, barely two months old, is about to go under the knife.

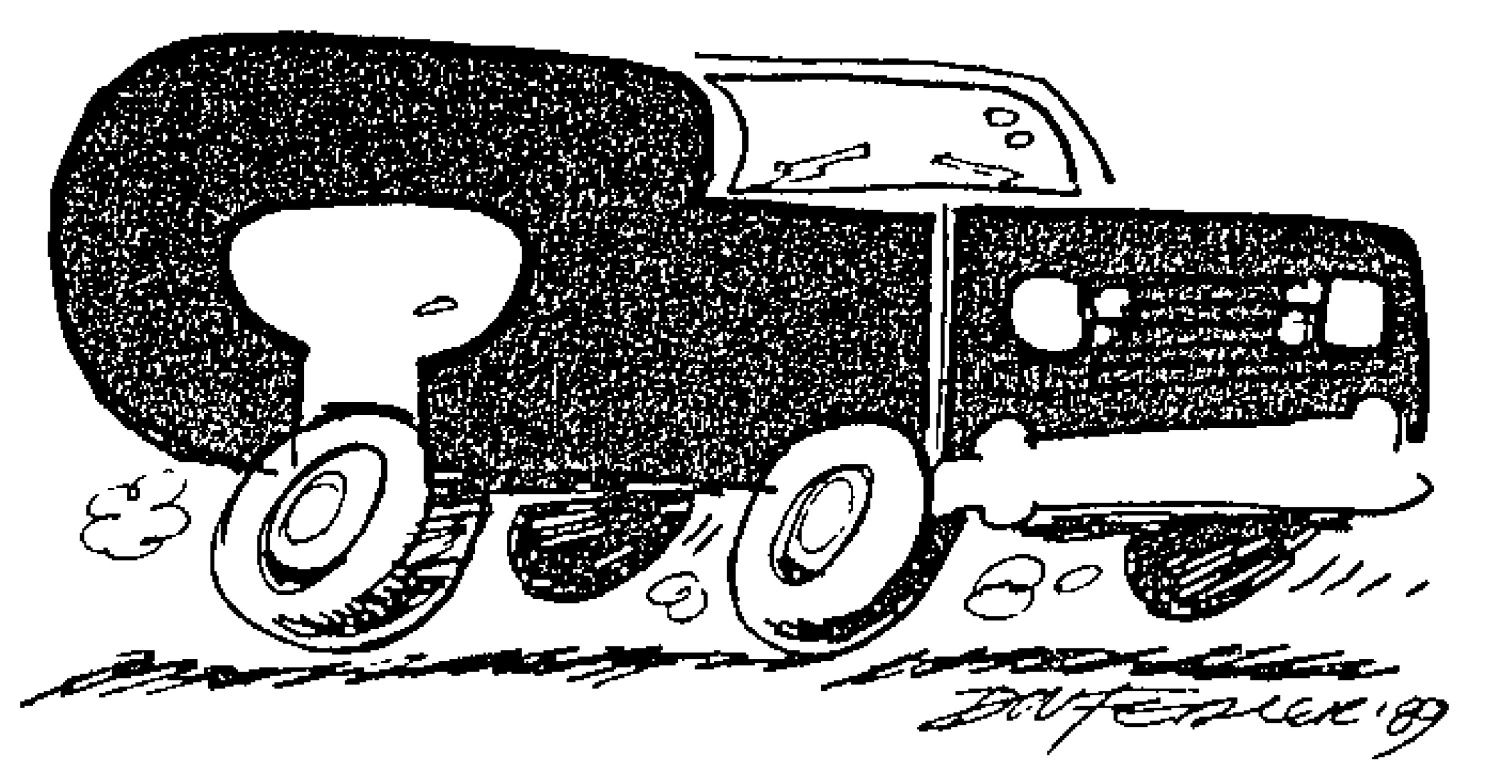
The Board of Trade and Industry (BTI) is preparing to gazette important changes to the programme, described by senior motor industry officials as "unworkable."

"The theory may have been sound but there wasn't enough thought on how to implement it," says one. "There are conflicts between the BTI's intentions and what the legislation actually says."

The programme, Phase Six in a series of local content steps dating back to 1961, is the first to determine local content on foreign exchange value, rather than weight.

However, according to an industry source: "Since the legislation came into effect on March 1, we have had to measure our foreign exchange. We still don't know how."

A major issue is the formula used to calculate excise duty and rebates on vehicles. In theory, it should work out to 50% excise duty for imports and 50% rebate for exports. It doesn't. Officials say it works out closer to 55% rebate for cars and 66% for commercial vehicles.



Companies that don't make commercial vehicles complain they are at a disadvantage. There are also accusations that because there are a lot of exported components that are not specific to particular models, the system encourages companies to manipulate the formula to their advantage.

Whether this can be changed is a moot point. Industry officials say the BTI has told them the excise duty definition that is causing the problem — turnover less non-rebatable duties — is a legal requirement.

One change that almost certainly will be gazetted will reflect component companies' unhappiness with the formula that permits vehicle manufacturers to take local content in their vehicle range, as low as 25%.

Vehicle manufacturers must keep local content values at a minimum 55% in the first year, rising to 75% by 1997. However, because Phase Six allows export values to be offset against imports as part of the formula, the value of actual local components may drop to a minimum 25%.

Components companies want this basement raised to 50%. Vehicle manufacturers say this would negate the programme's principle of allowing them a mix of local content and exports. They accept the current 25% may be too low, but say a better solution is to raise this in stages to a maximum 35%.

Although it's been known for some time that after-market parts and accessories are to be taken out of the programme, the BTI has not yet done so. It is expected that this will also be put right when the BTI gazettes the latest changes, probably within two weeks.

The problem of defining foreign exchange may also be overcome. Most of the current difficulties come from a loose grouping of "goods for the manufacture of motor vehicles". It is understood the BTI may accept an industry counter-definition that includes components and materials, less consumables that don't appear in the end-product.

The industry has another worry. The BTI is playing its cards very close to its chest, since details of Phase Six were leaked to the press before gazetting in February. The BTI blames industry officials for the leak and the industry itself won't know what changes are in store until the new regulations are gazetted.

"If they won't tell us what they plan to do and give us the opportunity to comment, I fear there will be things in the legislation that can't be implemented, as they are today," says an industry spokesman.

IMPORT SURCHARGES

Switching tack

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Adds Assocom's Beth Robertson: "Instead of adhering to a broad and coherent economic strategy, the authorities are now in danger of sinking into a new quagmire of interventionist inconsistency. All this is placing a tremendous strain on business. Companies are subject to irrevocable letters of credit they have signed and irrevocable orders they have placed."

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PHARMACISTS

New dispensation

Pharmacists are taking a more open-minded view of discounting, as they face new business challenges from dispensing doctors and rival distribution channels.

Pharmaceutical Society of SA (PSSA) president Willie Kock told the annual meet-

Government backs down

Star 25/5/87

By Sven Lünsche (74)

The Association of Chambers of Commerce and Industry (Assocom) announced yesterday that the Board of Trade and Industries had backed down on a major aspect of its import surcharge policy.

At the Association's executive council meeting, Assocom said the BTI and the Department of Customs and Excixe had agreed that surcharge exemption permits issued for capital goods and components prior to May 5, would remain valid.

Import surcharges were originally to become effective on these products on May 10.

The BTI was generally supportive of the concept of exempting goods irrevocably, Assocom said, but added that retaining exemptions previously granted under Schedule 3, namely for semi-manufacturedgoods, was still subject to discussions with Customs and Excise.

No surcharges are only applicable to raw material imports which underwent substantial technical transformation, Assocom said, adding that industries falling within an accepted structural adjustment programme, could apply for changes in the rating of raw materials.

The BTI said imports dropped by only 0,5 percent in the first quarter of this year and the surcharges therefore still served the purpose of materially reducing imports and raising price levels to the point where there was resistance in the market place.

Assocom also commented that the May 5 austerity package had severely dented business confidence.

More restraint should have been applied earlier and coming a mere six weeks after the Budget, the recent package presented a big shock to the business community, the Association said.

Audiodek switching to local manufacture

TANIA LEVY

AUDIODEK is to establish a factory for local manufacture after import surcharge hikes eroded profits in the year to March.

Earnings rose 4% to R1,6m (R1,5m), or 8,1c (7,8c) a share, in spite of a 37% increase in turnover to R42m (R30,5m).

Chairman Monty Tolkin says the 60% surcharge imposed in August, and tighter HP curbs, reduced margins because stock had to be liquidated to improve cash flow.

The liquidation led to an almost 300% increase in interest-bearing debt and the resultant 171% rise in the interest bill further reduced profits.

Interest-bearing debt stands at R5,7m (R1,4m) and equity at R5,8m (R4,8m).

A final dividend of 3,25c a share has been declared for the second year.

Audiodek has imported all of its audio equipment, including well-known brand names Alpine, Autodek and Fairmate.

With the completion of the new plant between 60% and 70% of these products will be manufactured locally. The R300 000 factory is being set up at Audiodek's Selby premises in Johannesburg.

"The move into local manufacture was inevitable," says Tolkin.

Besides the surcharge savings and lowered costs, he expects government to call for increased local content in the audio market in the near future.

Tolkin says between 30% and 40% total import replacement will be possible by March when certain components will be locally sourced instead.

He adds the group has increased its share of the car sound market to about 35% and forecasts turnover growth of at least 20% in the coming financial year.

RSDAY, MAY 25 1989 60c (53c + 7c tax)

L and CAPE 80c (71c + 9c tax) A TIMES

BTI gives concessions on import surcharges

(74)

IN A major breakthrough, Assocom has wrung concessions from the Board of Trade and Industry (BTI) over amendments to the import surcharges which were to become effective from May 10.

Exemption permits issued for capital goods and components before Finance Minister Barend du Plessis's announcement on May 5 will now remain intact.

Du Plessis said, in this original package, all exemption certificates would remain valid. However, just five days later their validity was brought into question when legislation for a June 30 shut-off date for exemption certificates was gazetted.

The validity of existing exemption certificates has also been confirmed with Customs and Excise, said Assocom trade secretary Bess Robertson, who headed the delegation that met the BTI on Monday.

She said the board was generally supportive of the concept of exempting goods irrevocably committed.

However, for semi-manufactured goods — which fell under schedule 3 and were previously fully rebated — the matter would have to be raised with the Customs and Excise Department.

On representations made with regard to the surcharge on these semi manufactured goods, the BTI remained committed to leaving all imports on the same footing

Assocom CE Raymond Parsons said the flexible attitude taken by the board was seen as a major breakthrough for the Assocom delegation

However, BTI chairman Lawrence McCrystal said, as imports dropped by only 0,5% in real terms in the first quarter of 1989 compared with the same period last year, the surcharge was intended to reduce imports by raising price levels to a point where there was resistance in the market

FCI, Seifsa express. . .

Concern over surcharge amendments

CAPE TIMES 26/5/89

14

By BRUCE WILLAN

CONCERN over the government's ad hoc economic policy measures introduced recently has been expressed by the SA Federated Chamber of Industries (FCI) and the Steel and Engineering Industries Federation of SA (Seifsa).

Following written representations to the authorities in regard to the recent surcharge amendments, a highl-level joint delegation of FCI and Seifsa held discussions with the Minister of Economic Affairs and Technology, Danie Steyn, on Wednesday.

The delegation stressed that there is a sense of uncertainty in industry and a tax on imported capital equipment necessary for domestic industrial expansion would have a detrimental affect on SA's international comparative advantages.

In a statement issued by FCI yesterday, it said that the recent surcharge amendments may appear to be a reduction when compared with the original surcharge introduced in August of last year.

But because of the relative ease and the method used in granting exemptions implied a de facto 0% rate was applied in most cases.

The increase in accordance with the latest amendments, is then 15% according to the FCI, and in effect a tax on input.

While the FCI is sympathetic towards the government's predicament, it maintains that the surcharges are a short-term measure aimed at stabilizing the balance of payments situation but at the same time it is stiffling progress on expansion programmes which may be related to either import replacement and/or possible export of value added goods.

In an article published by the Cape Times on Wednesday, Minister of Finance Barend du Plessis explained that SA cannot afford to import machinery and appealed to industry to postpone importations.

However, this could be very expensive and may lead to a decline in business confidence.

The FCI has also pointed out that exceptions to the surcharge should ideally be based on net foreign exchange usage over a period of time and the degree of local value added to export products.

This it believes will add the incentive to replace imports and boost exports — and thereby reducing the foreign exchange burden.

However, the savings are only realized after some time and the action taken now by the authorities is designed to take immediate effect.

The delegation indicated that Steyn would consider the representations made by FCI and Seifsa.

A meeting with Barend du Plessis is scheduled to take place in June.

Rand 'will affect local content'

MARC HASENFUSS

THE weak rand would mainly affect the new local content programme — requiring extensive tooling up — where much of the equipment was imported and could result in huge forex losses, motor industry analysts said.

They also felt the rand distorted the local content by value regulations.

If a small passenger car cost R20 000, it meant R10 000 was locally produced by value and R10 000 were imported components. The fall in the rand, however, meant the imported cost could actually be around R12 000, and would result in manufacturers chasing a moving target in trying to reach the required 55% local content by value.

The price increase forecasts of new vehicles made earlier this year had considered the possibility of a big fall in the rand.

Toyota marketing MD Brand Pretorius said the rand's steady decline against the dollar would have a profound effect, particularly on the price of vehicle replacement parts.

As far as new vehicle prices went, Pretorius said because the yen had also dropped against the dollar there would be no dramatic price increase.

"The direct impact of the weak rand will be felt in the price of replacement parts, not in new vehicle prices."

The weak rand and the fall in the gold price undermined general economic confidence, causing people to postpone purchasing an item such as a new vehicle

● See Page 3

CP move backfires on Boksburg council

EDYTH BULBRING

A CP move to rid Boksburg Town Council's management committee of a CP member who defected backfired when their Manco chairman was ousted by an NP- and independent-backed CP councillor.

The CP called a special council meeting on Friday night to declare a motion of no-confidence in Manco to legally oust Stephanie Greyling, who resigned from the CP.

Greyling resigned to sit as an HNP-supporting independent two weeks ago.

Once the Manco was dissolved, the NP nominated CP councillor Gloria Bosch as their candidate for Manco chairman against the CP's Gideon Fourie.

The two candidates drew equal votes and Bosch was elected when her name was drawn from a hat.

Furious CP members called Bosch a "traitor" and "adder" for accepting the nomination against the caucus decision to re-elect Fourie.

CP chief whip T J Ferreira said yesterday the CP would welcome the disbandment of the council by the Administrator and the holding of fresh elections.

"In this way we could rid ourselves of dead wood," he said.

He said the CP had decided against suspending Bosch from the party.

SURCHARGE ON MEDICAL ITEMS LIFTED AGAIN

BDay 10/7/84 DIANNA GAMES (74)

GOVERNMENT's 15% import surcharge has been lifted from selected items of medical equipment only two months after it was imposed for the second time.

A 20% surcharge was introduced in August and dropped on a wide range of items in April.

In May a 15% surcharge was reimposed on the same items.

The Government Gazette of June 30 then declared the items of medical, and some agricultural equipment, exempt.

Medical suppliers have been lobbying for the dropping of a surcharge on all medical equipment since the original imposition.

Len Swanson, of Rand Medical Supplies, who initiated the protest to government, said the latest move was timely given the spiralling costs of medical care.

He added the surcharge list, however, still included equipment for vital areas such as pathology and laboratory work.

"With all the publicity now going on about the high cost of medical care services, it is extremely baffling why certain imported medical and surgical instruments are free of surcharge and others are not," he said.

Shortly after reimposition in May the Board of Trade and Industry requested from medical suppliers lists of equipment not made in SA, and later a list of locally-made equipment.

Government, in dropping the surcharge in April, said it would refund the industry retrospectively for surcharges paid since the original imposition in August.

(74)

MACHINE TOOLS (74) Email

BTI on the rack

27/7/89

The Board of Trade and Industry (BTI)'s policy of protecting industries against foreign competition has left some strange skeletons in the cupboard.

A quarter of a century ago the BTI imposed a 30% surcharge on imported centre lathes in the hope that it would foster local manufacture. While the machine tool industry languished under its protective umbrella, it strenuously resisted pressure to open up the market to outside competitors. The end result was pretty predictable:

- SA is still dependent on imported lathes;
- Other than a few companies that make a small range of eccentric presses, the surcharge — and others since imposed on other sectors of the R200m-R250m a year machine tool industry — has not succeeded in creating a SA machine tool industry;
- A climate has been created in which shrewd manufacturers can claim large percentages of local manufacture to get preference in government tenders; and
- The surcharges and duties imposed on imported machine tools have increased their capital cost, and the cost of machine time, which has contributed to inflation. Despite the duties and surcharges, a fully imported 45 mm pedestal drill retails at R9 670 while the locally manufactured equivalent, fitted with an imported head, costs R24 700.

It seems something of a lost cause, but Bobby Skok, doyen of SA's machine tool merchants, is again pointing out to the BTI — as he has on numerous occasions — "that to artificially interfere with the normal workings of the market is impractical and self-destructive."

Skok notes that in the 25 years the 30% tariff has been in force, not a single centre lathe has been wholly manufactured in SA. Australia and Canada tried to create indigenous machine tool industries using protective tariffs and failed. Even countries with major machine tool manufacturing industries, like West Germany and Japan, still have to import some equipment.

Worst of all, the 30% protective umbrella has encouraged the establishment of what Skok claims is "cosmetic lathe manufacture in SA."

Some companies make one or two heavy components which account for 75% of the weight of a lathe. Pricey components, such as headstock and saddle, which constitute 75%-80% of the value of lathes, are imported — yet manufacturers still claim their products have a 75%-80% local content.

Based on these claims, the 30% surcharge on imported components is waived and a duty rebate given. And, because the lathes are claimed to be 75%-80% locally made, manufacturers get up to 8% preference in government tenders.

Skok claims this could be construed as fraudulent misuse of the BTI regulations, because local content calculations are on weight when they should be on value.

Tubby Berkeley, chairman of the Machine Tool Merchants' Association, which has also petitioned the BTI for the repeal of the surcharges, says the tariffs and duties force "local users to pay well over 45% more for every lathe brought into the country."

The 690 lathes with an fob price of R7,9m imported into SA in 1988 signifies, to him, that the market is big enough to warrant a manufacturer making an entirely SA lathe.

BTI chairman Lawrence McCrystal says the board is investigating the machine tool industry. "The experience of other countries, including some Far Eastern countries which have successfully developed machine tool industries, will be taken into account. The local industry can be regarded as under-developed, and our investigation is to see whether anything significant will come of it." ■

Creating a sound economy with import substitution

(74)

Bday 7.7.89

THE overriding consideration in promoting import substitution, says Plessey MD John Temple, is that it should help create a sound internal economy that can serve as a testing ground for exports.

Import substitution can be seen as a way of conserving foreign exchange, creating jobs, adding value to raw materials and stimulating economic growth.

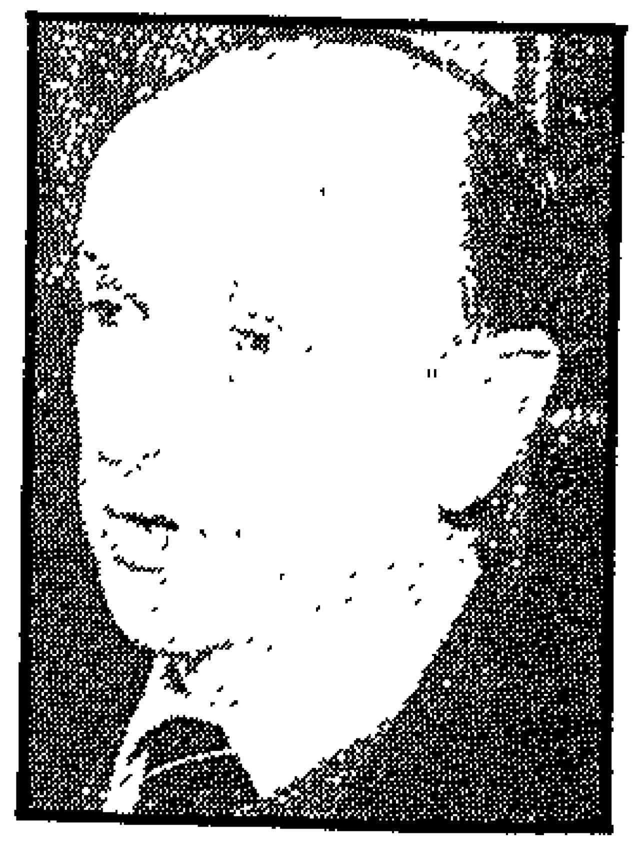
However, as an end in itself, import substitution is likely to have a limited long-term effect.

It may lead to non-competitiveness, inefficiency, retaliation by other countries and higher local prices.

Real advantages of import substitution can be achieved by stiff local competition (as in Japan), sound marketing, selective statutory support and long-term projects.

"The country needs to focus on long-term strategic projects covering the large importers. We have done well in this area with Sasol, Iscor, Mossgas and telecommunications.

"Government and industry should also work together, encouraging development of new products and their entry into local markets."



JOHN TEMPLE

W/C Argus 1/7/89

Clothing price rise shocker

14

By TOM HOOD
Business Editor

CLOTHING price rises of 25 percent by early next year are forecast — double the increases of the past few years.

"Don't blame the retailers, the clothing factories or the textile industry," says Mr Simon Jocum, chairman of the Cape Clothing Manufacturers Association.

"When consumers react with outrage next year, they must know where the blame lies and should march on Pretoria.

"It lies squarely on the authorities who are misjudging the fall in the economy and are short-sighted in imposing heavier import duties on fabrics we import.

"In the past clothing increases have always been well below the consumer price index inflation. They are now out of our hands and beyond our control."

Prices could go even higher if new wage negotiations result in significantly higher labour costs.

A deputation from the National Clothing Federation saw deputy minister Dr Theo Alant at the Board of Trade and Industries this week to seek relief from the industry's critical situation.

"We were well received and given a considered hearing. We are awaiting the outcome," said Mr Jocum, who added that details of the meeting were confidential.

Reviewing business conditions in the the Cape clothing industry, he said employment had risen to 56 700 from 54 800 a year ago as factories worked at full steam to get this summer's merchandise out to retailers as quickly as possible.

However, employment could start falling again in the next few months as sales started to tail off.

"A lot depends on how hard the industry is hit by the 10 percent import surcharge on textiles and 15 percent import surcharge on capital equipment but we believe a 25 percent increase in clothing prices is on the cards for early 1990, bringing a subsequent drop in unit sales for the industry, said Mr Jocum.

"By erroneously increasing import duties, the authorities are accelerating the downturn. If unit sales drop by 5 or 10 percent, the employment figure would fall in line."

Annual wage negotiations were due to start soon and Mr Jocum hoped the unions would see the writing on the wall — that higher costs could affect future employment.

"Over last year we had a 45 percent depreciation of the

It seems not everyone wants to talk Turkey

Star 27/6/87

Own Correspondent

DURBAN — Despite the Government giving a green light to lower prices on many consumer goods by drastically reducing the surcharge on imports from Turkey, the Department of Trade says only 400 permit applications have been received so far.

The close-off day is Friday. The lower than expected number of applications is said to be the result of many retailers being overstocked because of the downturn in consumer demand.

But applicants who do receive a quota will be in a strong position to undercut prices.

Mr Aubrey Zelinsky, non-foods director at Pick 'n Pay, said yesterday that the group had made applications for a wide range of products.

"We will apply for many items on the list, and also for some not yet listed."

The highest allocation during this round is for personal computers — R25 million worth will be allowed into the country during the next six months.

All goods brought in will have to have 50 percent Turkish-manufactured content, except for computers, where the level has been reduced to 35 percent.

According to Mr Ihsan Borekcioglu, of Mikem Africa in Johannesburg, the new import arrangements with Turkey are expected to increase the import volume of trade 10-fold between the countries.

Mr Borekcioglu, a Turkish national, has been exporting steel, minerals and coal from South Africa to Turkey since 1979, and importing since 1982.

He estimates that South Africa's imports total about R40 million a year, but could rocket to R400 million because of the surcharge reduction.

In the past, South African shoppers have been hard pressed to find Turkish goods on the shelves. Some chemicals and minerals have been imported, but few consumer goods.

Exceptions have been video and audio tapes, which have been distributed by Mr Peter McWilliams of Credo Electrical in Port Elizabeth.

He has imported from a large Turkish manufacturer and has sold the tapes, under the Raks label, successfully in the past.

But he said he was dismayed to find he would still have to import tapes on the 60 percent surcharge basis, and that they were not included in the 3 percent list of tariff headings.

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Fmail 2/6/89

INDUSTRY PROTECTION

Crying wolf

The misguided official policy of shooting first and asking questions later, when dealing with accusations of import "dumping" has claimed its latest casualty.

The Board of Trade & Industry (BTI) has imposed a provisional 100% ad valorem surcharge on Zimbabwean plywood. Yet SA plywood manufacturers, already up to six months behind in deliveries, see no need for it and the Timber & Allied Trades Association (Tata) as well as some big merchants, oppose it.

The surcharge was imposed after the Woodbased Panel Producers' Association (WPPA) convinced the BTI that Zimbabwean plywood, veneered panels and blockboard posed a threat to local manufacturers.

It argued that because their fob prices are less than their domestic prices, they are sold in SA for less than local products and, therefore, threaten SA manufacturers' market share and put jobs at risk.

The BTI imposed the anti-dumping charge on May 12, then waited until June 2 before using the *Government Gazette* to invite comment. The deadline for reaction is Friday this week.

Tata chairman Charlie Cobb and several merchants say the BTI action is an overkill: SA does not produce enough for its own needs, so Zimbabwean plywood, as well as imports from the Far East and South America, is needed.

A large merchant says the landed cost of Zimbabwean plywood on the Reef is about the same as SA plywood. And Cobb "cannot see that a crime has been committed if the fob price in Zimbabwe is lower than the domestic price. The export price for SA pine is a third less than the domestic price."

Mondi, Uniply and Plyproducts produce about 75% of SA plywood. WPPA chairman David Wannell values the local wholesale industry at R40m a year.

He says imported plywoods — half of which, he estimates, come from Zimbabwe — account for 15% of the SA market. Zimbabwean plywood was singled out for action "because it is all pine, which is made here in large quantities. We took no action against the Brazilian and Far Eastern products because they are made from exotic and hardwoods which we do not have."

Yet local producers aren't united against the imported product. Uniply MD Stewart Blackstock still wants protection because "we're working only one shift a day. It must have been proved to the BTI that the stuff is coming in at dumped prices," he says. Quite the contrary; nothing has been proved.

Mondi MD Keith Clewes, whose company's Sabi plant isn't accepting new orders until 1990, says: "We're not in favour of protection." Plyproducts is non-committal.

The BTI, which also sent questionnaires to all it thought could help, said this week it had received "very little reaction from interested parties." But meanwhile, the surcharge stays. As long as the guilty-until-proved-innocent attitude to imports persists, SA industry will be encouraged to run for protection. There must be a better way. ■

(74) BDay 9/8/89.

Increased exports open the way for industrial growth

Prof MERLE HOLDEN, Department of Economics, University of Natal, Durban

DURING the 1950s and 1960s the predominant trade strategy among developing countries was one of import substitution. This choice was based on post-war arguments that exports were not an engine of growth and that growth would benefit from protecting infant industry.

During this period world output grew at 5% per annum while world trade grew at 7% per annum, confounding the export pessimists and benefiting those countries that either actively promoted exports or did not heavily bias their economies towards import substitution.

The Far Eastern economies of Hong Kong, South Korea, Taiwan and Singapore — the Gang of Four — are examples of the pursuit of a strategy of export promotion.

In South Korea exports were promoted to such an extent as to make production for the domestic market less profitable than for the foreign market.

The emphasis on export promotion occurred largely because of the mounting evidence of the detrimental effect that import substitution was having on economic growth.

The growth performance of the export promotion-oriented countries had been more satisfactory than that of countries oriented towards import substitution.

However, the oil crises of the 1970s, the debt crisis of the 1980s, and the overvalued dollar in the early 1980s resulted in declining world output and trade, giving rise to pressure for protection in the developed world.

Since the Second World War, import substitution in SA has been encouraged through a system of import tariffs combined with quantitative restrictions applied with varying severity, ostensibly to deal with recurring balance of payments problems.

We have maintained higher levels of effective protection on consumer goods with very low levels on capital equipment. From 1956 to 1964, industries where substantial import substitution had taken place were also industries which had enjoyed high levels of effective protection, attracting resources from the rest of the economy.

For the period 1967 to 1973, H Zarenda (1977) of Wits University shows that import replacement occurred largely in coal and other mining, foodstuffs, textiles, printing and publishing, basic chemicals, metal products and other manufacturing industries.

Furthermore, there were sectors that experienced negative import substitution over this period — grain, sugar and animal feeds, wool scouring, cotton ginning and dyeing, clothing, footwear, synthetics, resins, plastic matrials and man-made fibres, paints, plastics, machinery and motor vehicle parts.

Although clothing and footwear had experienced high levels of effective protection in 1963/64 of 30% and 22%, it would seem that this had been insufficient to prevent imports from growing when the internal market was buoyant. Zarenda's calculations show that during the 1960s imports increased in these sectors despite a reasonable level of protection.

For the period 1971 to 1978, the greatest degree of import substitution occurred in motor vehicle parts followed by other manufacturing, wool scouring and cotton ginning, other basic chemicals, textiles, other machinery, wood and wood products and non-ferrous metals. Those sectors where significant import penetration or negative import substitution took place were other transport equipment, agricultural machinery, railway equipment and printing.

The bulk of import substitution was occuring in those sectors producing intermediate goods.

The table shows that import substitution is all but complete in the consumer goods industries — clothing, footwear and textiles. Intermediate goods such as wood, paper and paper products, chemicals and metals have experienced substantial declines in import penetration ratios, whereas machinery, rubber, motor vehicles and transport equipment still have high import penetration ratios.

Debate at present revolves around whether SA can afford any further import substitution. Areas where import substitution would occur are sectors of the economy, such as capital equipment, where economies of scale are necessary for low-cost production.

Given the high average propensity to import in SA, there is scope for further import substitution. The question is whether we wish to go the same route as Latin America in replacing imports and imposing high costs on the users of import substitutes.

In view of the performance of exports since 1978, the assistance given to exporters during the 1970s should not be viewed as a switch by policy-makers to a trade strategy of export promotion. In all probability it only addresses some of the bias which existed against exports in the 1950s and the 1960s arising from the emphasis on producing for the domestic market.

The role of gold-mining exports has not diminished over the last 30 years. Mining exports accounted for 62,3% of total exports in 1985. What is notable is the declining importance of agricultural, fishing and forestry exports, and the increasing importance of manufacturing exports which rose from 28% of total exports in 1957 to 33,7% in 1985.

In general, the share of exports in domestic production increased for many of the sectors between 1983 and 1985, reflecting the effects of the depreciated rand. It can be concluded that for sectors other than basic metals the improved system of export incentives appears to have played a minimal role in inducing firms to produce for the export market.

The economic success of those countries which followed export-promoting regimes stimulated interest in the relationship between exports and growth. Recent research (Chow 1988) shows that not only has the growth in exports fostered economic growth, but that as manufacturing developed it also stimulated export growth.

My research in South Africa shows that from 1947 to 1970, when import substitution was heavily emphasised, growth in manufactured output promoted growth in manufactured exports.

Manufactured exports were not an engine of growth. The manufacturing sector was primarily concerned with profitable production for the domestic market and any surpluses from this market would have been exported when the domestic economy was in recession.

Once the emphasis on import substitution was reduced in the period 1968 to 1987, it was found that manufactured exports were strongly influencing the growth of manufacturing output. Manufacturing output was also found to be enhancing export growth. This implies that the expansion of exports and the development of the manufacturing sector both accompanied and reinforced one another.

Once import substitution had run its course, exports were found to be critical to growth and the development of manufacturing industry. Through its exports of basic metals, basic chemicals, textiles and paper products, SA was able to expand the domestic market by having access to the international markets. Industrial development and the growth of these exports were inextricably linked.

It would be unfortunate if SA were to enter into a policy of much greater import substitution. Import substitution on a grand scale would be costly. Secondly, the imposition of sanctions will in the longer term ensure that the economy moves in a "natural" way via the price mechanism towards producing for the domestic market.

Exports have been shown to play an important role in the development of the manufacturing sector in SA, despite having enjoyed low incentives to export from both the exchange rate and the fiscus. To place further disincentives to produce for the export market and thereby diminish exports further would be a tragedy.

● *This is an extract from an article in Indicator SA, the University of Natal publication.*

IMPORT PENETRATION RATIOS FOR SELECTED SIC CATEGORIES

	1965	1970	1975	1980	1985
Food	9,7	11,3	12,7	6,0	7,7
Beverages and tobacco	4,5	5,3	4,0	2,4	4,9
Textiles	37,8	30,2	20,8	15,8	15,8
Clothing	10,8	14,6	10,1	6,7	7,2
Footwear	3,4	8,4	10,5	8,6	10,4
Wood & wood products	25,0	19,7	18,7	12,0	9,3
Paper & paper products	23,4	24,3	17,9	16,4	13,6
Chemicals	25,0	25,2	16,5	15,1	15,1
Metals & metal products	21,1	17,1	16,5	7,0	11,1
Non-metallic products	22,8	17,7	12,6	6,3	20,0
Rubber products	21,4	20,2	19,3	22,8	20,6
Machinery	50,3	57,0	52,3	50,1	52,1
Motor vehicles & transport equipment	37,1	39,2	34,5	31,4	30,0

Source: Kahn S. 1987

Import penetration is defined as the proportion of imports in the domestic consumption, where domestic consumption contains both domestic production and imported goods.

FMail 25/8/89

BOARD OF TRADE (74)

Protecting tuna

The Board of Trade & Industry (BTI), which has an admirable record of rushing into situations without looking at the possible harmful consequences, has done it again.

After months of indecision, during which it moved the goalposts twice, it announced in a recent *Government Gazette* that a 15% surcharge had been imposed on imported canned tuna — with immediate effect.

The problem is, no one knows why it made the ruling in the first place. It's not clear whether it bowed to protectionist pressures from vested interests in the local fish canning industry, or whether there was another motive. In any event, the BTI isn't telling — despite being asked for an explanation.

Not surprisingly, a logical reason for the board's action is yet to be advanced. Tuna is certainly not a luxury food and there is no local source of supply to protect.

Norman Attenborough, a director of Tuna Marine in Cape Town, says his company has not lobbied for protection. "We cannot satisfy government that we can meet local demand," he says. "We do buy a small tonnage from the local fishing industry but, because of the weak rand, the bulk of the tuna caught in SA waters is exported."

Nearly all the tuna brought into SA is imported by the big chains; Pick 'n Pay, OK and Checkers. Naturally, they're angry the surcharge has been imposed. So is the Housewives' League whose president Lyn Morris finds it "absolutely deplorable" that government should impose a 15% import surcharge on tuna. "It's a tinned, basic, protein food, particularily for those who need to store food without the benefit of electricity," she says, adding: "Maybe the government is running out of money again."

That's hardly the case. Import surcharges, increased sharply a year ago, raised R578m in the first quarter of the fiscal year — substantially more than the comparable period in 1988 — and are destined to yield around R1,8bn for the full financial year. Even government admits its surcharge receipts are embarrassingly high.

Retailer Mervyn Kraitzick, OK's GM, foods, also "feels strongly about what the BTI is doing with tuna. There was a 10% surcharge on imported tuna before the 60% surcharge imposed last year on all imports, allegedly to conserve foreign exchange.

"The chains objected, and we obviously proved our point, because the BTI removed the surcharge completely. We were able to satisfy the board that tuna is eaten by all races and all income groups. The upper-income groups regard it as a health food and the lower-income groups as a relatively cheap source of protein.

"The total value of tuna imports is R80m/year, and 15% of that is R12m. If government is short of R12m it should jack up the price of genuine luxuries."

Checkers' Brian Sacks says: "The BTI wiped out the 60% surcharge because it must have understood tuna is a basic product. The current action makes no sense to us.

"Apart from adding another burden to the underprivileged, the decision has angered the chain stores. I have no doubt we'll combine our forces to try to persuade the board to reverse it."

Pick 'n Pay food merchandise director Sean Summers presumes "the BTI is trying to restore the status quo and recoup some of the money the State didn't collect while tuna was allowed in free. This is going to cost us quite a lot. We are the third-largest retail tuna client outside the US and bring in 70%-75% of all the tuna imported into SA." ■

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BUSINESS

Can South Africa afford its import substitution policies?

The government appears to be moving back to import substitution. But the question many economists raise is whether the country can afford it. GARETH WILLIAMS reports

THE government seems to be moving back to a policy of import substitution in response to South Africa's balance of payments crisis. But the move has drawn strong criticism from business people and economists — and equally strong support from others

Measures to curb imports — such as the higher import surcharges imposed this year and the new motor industry local content programme — will stimulate domestic growth, say some. But others argue they will have serious negative effects for the economy in the long term

What has become a burning issue is the government policy of making a favourable balance of payments position the country's financial priority.

Against a background of financial sanctions, pressure on the balance of payments has increased as the economy — and imports — have grown since 1987

The Board of Trade and Industry's (BTI's) solution is to push for structural changes in certain industries. It wants to encourage local industries to beneficiate (process) the raw materials which are now being exported and beneficiated overseas The BTI argues this will create jobs and generate billions of rands in foreign exchange.

But the manner in which structural change is being implemented — particularly the simultaneous promotion of import replacement — has caused an array of problems and elicited often furious criticism

Seifsa director Brian Angus doesn't pull punches in outlining future prospects for the metal industry "During the past 18 months the metal industry has begun to emerge from its longest recession since the Second World War Turnover in the metal industries is expected to exceed R40 billion in 1989, up from approximately R36 billion in 1988 However recent measures taken by government to curb imports and to dampen consumer demand signal little or no growth during 1990 and the prospects beyond 1990 are very uncertain."

Like Angus many business people feel that the 15 percent rebate on imported machinery inhibits firms from expanding and prevents new ventures being established This disincentive to invest in capital goods exacerbates the low levels of investment which South Africa has experienced in the 1980s in response to political uncertainty

And the manner in which the rebate was retrospectively imposed caused dismay and confusion among business people already hard hit by the steadily falling rand.

The issue has been complicated by the BTI's inconsistent response to applications for exemption from the rebates.

Another BTI project to save foreign exchange — the phase VI local content measures for the motor industry implemented in May — is proving too cumbersome to implement. The measures are aimed at cutting down on the R5 billion imports (12 percent of total imports) rung up by the motor industry during 1988.

Phase VI changes the criteria for rebate qualification from a 66 local content by mass specification — in an attempt to force import substitution of the more expensive components

But it is proving difficult for the manufacturers to meet the BTI requirement to submit certified documents every three months giving the foreign exchange value of every imported component (The average vehicle can use up to 20 000 imported components)

Critics of government policy range from free marketeers to pragmatists but many question the policy of favouring the balance of payments position above growth. They criticise the means by which the government is pursuing this goal and many are opposed to import substitution

The BTI's response is it is necessary to protect key industries from foreign competition until they become securely established

The Federated Chamber of Industries has come out in support of the BTI and chamber economist Roelof Botha points to the role protectionism has played in the industrial advancement of many of the newly-industrialised countries

He finds it "strange", he says, that critics of the government's involvement in the economy take so little account of South Africa's current economic realities — particularly trade and financial sanctions

"To allow domestic industries to continue opting for the lower-risk alternative of importing huge quantities of components and other intermediate inputs in the face of weak manufactured export performance would be irresponsible to say the least," Botha maintains

Botha goes on to argue that it is naive to ignore the "pivotal role that massive state subsidies have played in the development of export industries especially in the Far East".

"History has been kind to government's involvement in industry," he says, pointing to the successes of Iscor and Sasol as examples

But Natal University's Professor Merle Holden poses the question of whether South Africa can afford import substitution at this stage It imposes high costs on consumers

Import substitution has been encouraged in South Africa since the Second World War, often, ostensibly to deal with recurring balance of payments problems Import tariffs and restrictive quotas have been imposed at various stages

Holden's research shows that during the period of active import substitution 1947-1970, the manufacturing sector concentrated on profitable production for the domestic market It exported mainly in times of domestic recession, selling surpluses overseas

By contrast, in export-promoting countries like South Korea, it was exports which stimulated manufacturing expansion

Holden finds a similar development in South Africa after 1970 when the expansion of exports and an increase in manufacturing output accompanied and reinforced one another.

She argues it would be a tragic reversal if import substitution once more became the dominant trend.

There seems to be general agreement among the critics of BTI policy that import substitution ultimately imposes heavy costs on the consumer and the taxpayer A similar consensus prevails over the policy of saving foreign exchange whenever possible — even when it costs more in real terms to do so.

But whether import substitution is a solution or a disaster, it's clear that mere tinkering with the economy will not be enough to guarantee growth And as countless commentators have noted, growth is an urgent social priority.

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IMPORT SURCHARGE

'More harm than good'

The Board of Trade & Industry has changed the rules on the import surcharge once again. Nothing new in that; the board has amended the rules roughly 60 times since the surcharge was instituted a year ago (see *Leaders*).

After four months of not allowing any exceptions, the board will now grant surcharge exemptions to companies using the imports to produce exports. But the board still refuses to make the one change it needs to make: abolishing the surcharge altogether. This week Assocom urged it to do just that, claiming the latest changes still leave problems and that the surcharge is "doing more harm than good."

"The surcharge has had a discriminatory and uncertain impact on business decision-making and forward planning," Assocom says. "It has proved to be disruptive and costly to business and has created administrative problems out of all proportion to possible advantages."

The latest amendment certainly doesn't make the rules any less cumbersome. Importers of capital equipment can apply for an exemption from the 15% import surcharge if:

- ☐ At least 20% of the goods produced with the equipment will be exported;
- ☐ The goods exported have at least a 40% local content, higher for some products; and
- ☐ The value of the exports over a period of time at least equals the value of the equipment imported, excluding the surcharge. The time period will be decided by the board.

Because it could be months, even years, before an importing company could prove it meets these criteria, another requirement is added: the importing company must provide the Department of Customs & Excise with a bank guarantee for the amount of surcharge exempted.

"It's more helpful than the old rules but obviously we'd prefer no surcharge at all," says economist Michael McDonald of the Steel & Engineering Industries Federation of SA, one of the main lobbyists against the surcharge. "The bank guarantee will be tough for foreign investors. We're not happy about it."

Economist Roelof Botha, of the SA Federated Chamber of Industries, says the bank guarantee requirement could reduce the credit line of some companies. "It's a pity; it complicates matters."

However, one large importer of capital equipment, Highveld Steel, doesn't believe the requirements for a surcharge exemption are "unduly onerous." Company spokesman James Duncan says the company is undergoing a R167m plant expansion and will claim the exemption on the capital equipment it imports.

A year ago, the surcharge on capital equipment stood at 10%. In May, it was increased to 20% then quickly reduced to 15%. But, at the same time, the net was widened to include more types of imports.

The goal was to protect the country's balance of payments by raising the price of imports.

But even without the surcharge, prices would have gone up enormously because of inflation, high interest rates, the drooping rand and spiralling taxes. And, in spite of the heavy surcharges, imports continue to pour into SA, setting a record in June and slipping only slightly in July.

"The whole thing seems to be a waste of time," McDonald says. "Capital equipment is ordered years in advance. Some capital projects were being seriously affected but this hasn't hindered imports at all. It didn't do what it was meant to do."

The surcharge's failure is outlined by the revenue figures compiled by Customs & Excise. For the surcharge to have been successful, it should not have raised any extra revenue — imports would have been curbed. Instead, it's projected to raise R1,8bn — far above the R1,3bn expected earlier.

If imports aren't deterred by cost disadvantages that force SA companies to pay nearly double what West German and Japanese companies pay for the same equipment, then a mere 15% surcharge won't do the trick either.

This counter-productive policy, handed down from the desk of Finance Minister Barend du Plessis, is geared toward protecting the balance of payments. But this is a dubious aim. If the government fixed the rest of the economy — money supply, taxes, spending and laws that prohibit competition — then supply and demand would take care of the balance of payments without growth ceilings, exchange control or steep tariffs.

But if safeguarding the balance of payments is the goal, the irony of the surcharge is that it's probably hurting rather than helping.

The surcharge helps drive up the cost structure, hurting the competitiveness of SA companies that are forced to pay more for imported machinery and then have to sell their products in competitive markets overseas. So, ultimately, exports are hurt.

And it allows local producers who may never use imports to ratchet up their prices, knowing that they've got a 15% and more advantage over their overseas competitors trying to sell in SA. That margin is gravy for local companies when they sell in SA, but leaves them unequipped for selling overseas. So exports are hurt again.

It's a vicious circle. ■

PHARMACEUTICALS

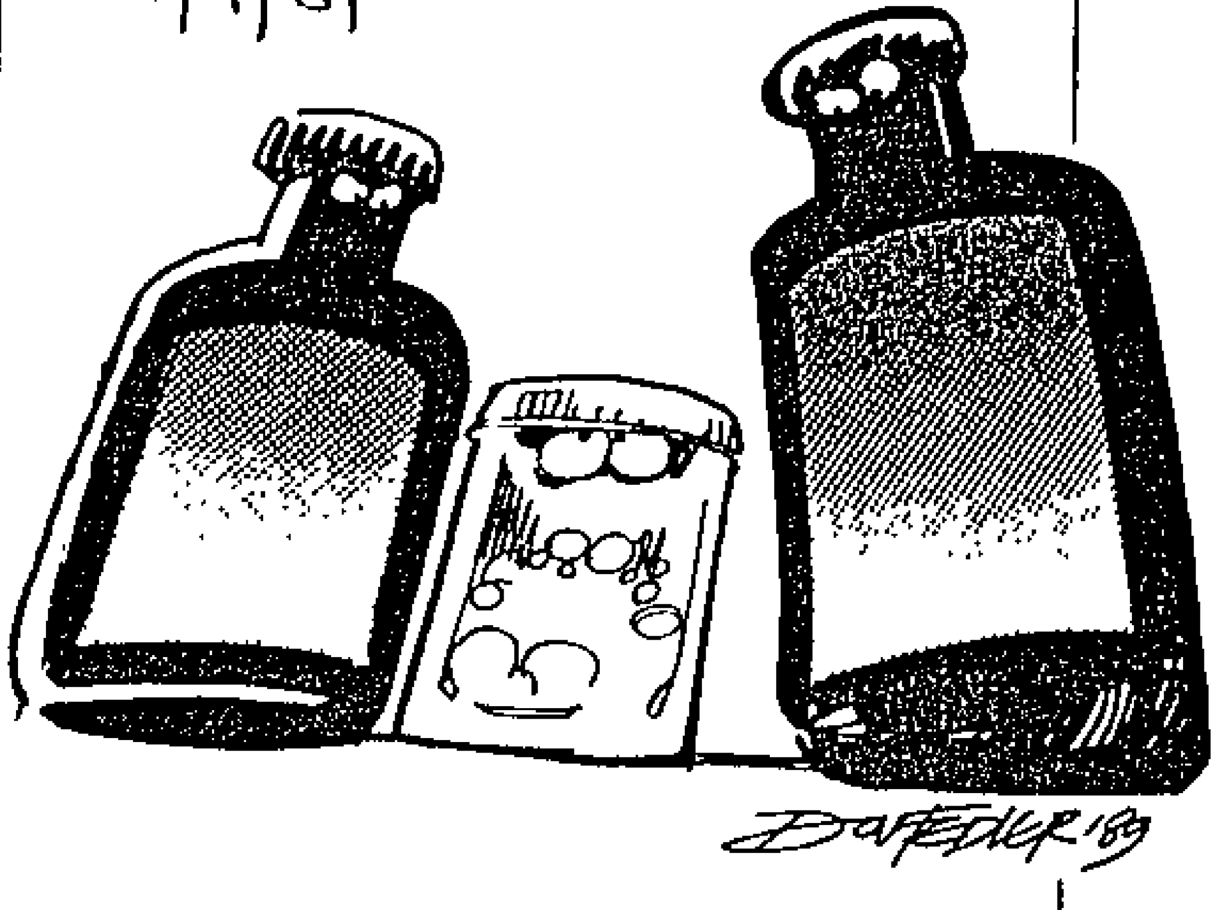
Fighting discounts

MDS Mediscor has been forced to postpone by one month the launch of its network of pharmacists offering cut-rate prescription medicines because of "considerable resistance" from wholesalers and other pharmaceutical interests, says MD Kosie van Zyl. The launch was set for Friday but will be delayed until October 1.

Mediscor has recruited few pharmacists in Johannesburg and the West Rand, where Van Zyl says wholesalers are exerting the pressure. However, it has built a strong network in Pretoria and the East Rand and among black pharmacists, he says.

As it happens, Van Zyl may have an unexpected ally — the Competition Board.

1/9/89



The board is considering charging wholesalers with breach of competition.

Under the law, retailers receiving financial backing from a wholesaler can't be required to buy more than 50% of their stock from that wholesaler. Van Zyl charges that some wholesalers, who now supply up to 100% of the stock of some pharmacies, are threatening to cut off supplies to retailers who sign up with Mediscor. The board has referred the case to the SA Police, according to board chairman Pierre Brooks.

"There has been no other official complaint, but if a boycott of Mediscor pharmacies were shown to be taking place, it would be very likely that the board would find this to be a restrictive practice," Brooks says.

Albert Sachs, director of the National Wholesale Druggists Association, defends the wholesalers, saying they're obliged to

Cape backs pressure to ditch surcharge

BDay 7/9/89

(74)

LESLEY LAMBERT

CAPE TOWN — The Cape Town Chamber of Commerce has thrown its weight behind Assocom's call for the abolition of the import surcharge, arguing that it has failed to curb imports and, in spite of amendments, is doing more harm than good.

The chamber argues that the impact of the surcharge appears to have been dissipated by higher prices. "As imports in SA are largely determined by the level of domestic spending, the effect of the import surcharge has been on prices.

"This has had a severe impact on the cost structure of the economy and has made it difficult to reduce the rate of inflation. The price effect has, therefore, outweighed any possible balance of payments effect," the chamber commented in a recent news bulletin.

At a practical level, the surcharge had had a detrimental effect on business decision-making and forward planning.

Efficacy

It had also proved to be disruptive and costly, the chamber said.

Assocom has made representations to Deputy Finance MinisterOrg Marais, Deputy Minister of Trade Theo Alant and Board of Trade and Industry chairman Lawrence McCrystal to ask government to review the efficacy of the measure.

"It is now a year since the import surcharge was instituted and no less than over 50 amending notices have been published. It is necessary to take stock of what has, or has not, been achieved by the import surcharge. It is Assocom's view that the stage has now been reached where the surcharge is doing more harm than good."

Assocom said a deficit before borrowing of 3% and 4% would be attainable even if the import surcharge was removed.

Surcharge scheme 'a major folly'

BDay 6/10/89

SYLVIA DU PLESSIS

ESTIMATING the total cost of government's import surcharge scheme — "a major folly" doomed to fail from the outset — is impossible, Assocom says in its latest quarterly review.

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The association, which called on government in August to abolish the surcharge, says wasted manhours spent pleading cases and untying knots need to be taken into account.

In addition, there is the money tied up to get customs clearances, and additional capital needed suddenly to finance imports.

"And above all, there is the extra burden imposed on the living costs of citizens because the import surcharge scheme has given a vicious twist to the inflationary spiral."

According to Assocom, the scheme was doomed to fail because it was conceived and drawn up by "technocrats far removed from the realities of the business world.

"That officialdom eventually came to realise the extent of the blundering is evident in the publishing of more than 50 amending notices."

Surcharge move welcomed

B Day 11/10/89 (74)

THE withdrawal of provisions imposing an import surcharge on capital equipment has been welcomed by the SA/ROC Chamber of Economic Relations.

In his annual report, chamber chairman Allan Sealey said the surcharges had proved to be not only impractical but to be a deleterious factor in new investment.

Previously all capitial equipment imported carried a surcharge and, in addition, companies importing capital equipment had to lodge a bank guarantee with the Department of Customs and Excise for the amount of the surcharge.

Sealey cautioned that if government continued to insist on the bank guarantee, it may have no material benefit for overseas investors.

He said foreign investors would still be required to obtain a bank guarantee which, in all probability, would be extremely difficult to do as no local bank was likely to give such a guarantee to a new investor without a performance record in SA.

"Before providing such a guarantee the bank would require a deposit of an equivalent amount or demand a counter guarantee from a prime overseas bank, subject to exchange control permission," Sealey said.

He said notice should also be taken of the fact that the conditions relative to the deposit were extremely cumbersome and would tend to discourage investors.

Sealey said the chamber had pointed to the fact SA was in competition for investment with other countries such as Singapore, Korea, Malaysia, the US and Canada which did not raise surcharges nor required a minimum percentage of production to be exported.

The chamber had lobbied government to reconsider import surcharge on capital equipment intended for investment, as well as the conditions applicable to it as it believed these surcharges would have a strong negative effect on potential investors," Sealey said.

BTI admits: We boobed on tube

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KAY TURVEY

THE Board of Trade and Industry (BTI) is to change recent legislation which failed to fully exempt the surcharge on imported parts for monochrome television sets.

The import surcharge has flown in the face of the television industry's restructuring programme, which aims to provide affordable sets for a wide market.

An amendment gazetted on September 15 was criticised by industry specialists for its "loose wording", as the legislation still excluded expensive parts such as the television tube and circuit board.

BTI chairman Lawrence McCrystal said: "This was an oversight. It is the intention to correct it." B Day 13/10/89

Monochrome sets which sell ex-factory for less than R204 are fully rebated from duty. The intention is that the surcharge for these sets should also be rebated to allow them to be within the purchasing power of a wider market.

The recent inadequate amendment left television manufacturers facing a dilemma. Their quarterly excise payment for the end of September is due and unless the surcharge is removed retrospectively, they will have exceeded the R204 value limit and be liable for duty.

This excise payment would not always be recoverable on products already sold.

(7H) B.Day 1/11/89

Exemptions from import duties axed

KAY TURVEY

GOVERNMENT and certain parastatal bodies will no longer be entitled to exemption from import duties.

In terms of a notice gazetted on September 22 and effective from October 1 these bodies will no longer be entitled to the exemption which existed under the tariff.

The withdrawal of the exemption follows on from an investigation carried out by the Board of Trade and Industry (BTI), which considered that there should be no hidden subsidies in favour of government and certain parastatals.

Armscor

BTI chairman Lawrence McCrystal said such a hidden subsidy had a distorting effect on the economy and the Board had therefore recommended it be withdrawn.

Bodies which will no longer be exempt from the duty include:

- the Human Sciences Research Council;
- SA Institute of Medical Research;
- Armscor; and
- The Uranium Enrichment Council.

Excisable goods for use by any central government department, the Department of Posts and Telecommunications, any provincial administration in SA and governments of both the independent and self governing homelands will now attract duty.

This will also apply to goods for use by local authorities, hospitals and educational and scientific institutions.

These bodies already pay GST and the import surcharge.

Sats has been excluded from the customs rebate since April last year, ahead of privatisation. Eskom and Iscor have never benefited from the rebate.

November 1989

74

SURCHARGE ON CERTAIN FISH LIFTED

KAY TURVEY

FROZEN pilchards and similiar species of fish will no longer be caught in the import surcharge net.

In a notice gazetted last Friday frozen pilchards are exempted from a 15% surcharge with retrospective effect to May 10 1989.

This brings them in line with frozen mackerel and hake, which were let off the surcharge hook in April this year, retrospectively from August 1988.

In a sea of confusion caused by the impost, the import surcharge on fresh and frozen prawns, shrimps, crab, scallops, calamari, oysters, mussels and snails was raised from 15% to 60% two months ago.

Tuna

In the meantime the surcharge rate on staple fish such as canned sardines and pilchards has been exempted after having been brought down from 60% to 15%.

In August this year tinned tuna which was previously exempt became subject to a 15% surcharge. It was originally planned to attract a 60% surcharge in August last year when the scope of the surcharge was widened, and rates significantly increased, but exempted later.

Deloitte associate director Doug Joliffe said the trouble with the retrospective amendments was the end user seldom got the benefit of the price adjustment.

rictions lifted

ings where state policy was being criticised, restricted to the Port Elizabeth magisterial district and restricted to his home between 9pm and 6am.

"The lifting of the restrictions on myself and other MDM leaders comes at a time when government is faced with the greatest challenge from a mass defiance by our people who are disenfranchised, oppressed, exploited, and who will not tire in the struggle until true liberation comes," he said. — Sapa.

Industrialists urged to make use of countertrade agreements

74

B/Day 17/11/89

EDWARD WEST

SA INDUSTRIALISTS should make use of the benefits of import surcharge exemptions through countertrade agreements, Witwatersrand Chamber of Commerce & Industry (WCCI) chairman Pat Corbin said.

Speaking at a WCCI seminar yesterday, he said the substantial surcharge savings — up to 60% of the customs value — provided an attractive inducement for importers to export.

A delegate at the seminar said this benefit should not be used merely as a benefit to subsidise products.

He said importers should also be encouraged to open up their markets for potential exporters.

Countertrade Association Fred Bell said SA industrialists were not export orientated, mainly because many were afraid of the risks involved in international trade.

The management of a countertrade agreement was based on a protocol agreement in which there usually was no relationship between firms that buy and firms that sell.

Countertrade agreements were based on short-term gains and because the agreement usually entailed simultaneous negotiations, SA manufacturers were turned off by the management of the complex countertrade agreement, said Bell.

Only one in 12 countertrade deals ever worked, but there were organisations in SA able to provide assistance to the exporters, he said.

Though countertrade figures were difficult to come by, Bell estimated that at least 10% to 25% of world trade was done through this method.

Countertrade was viewed by some countries as disruptive to free market principles; however, the percentage of world trade done through countertrade agreements was increasing, he said.

Barend promises to remove curbs

THEO RAWANA (74)

THE import surcharge was going to be phased out as soon as economic circumstances permitted, Finance Minister Barend du Plessis said last night.

In a statement issued after consultation with the Minister of Trade, Industry and Tourism, Du Plessis also said suitable adjustments would be considered under the Credit Agreements (Hire Purchase) Act.

Du Plessis said that, in principle, government was not in favour of the retention of the surcharge as it was intended as a short-term stabilisation measure to secure balance of payments objectives. S\Day 30\11\89

Conditions under the Credit Agreements Act were tightened as a demand-dampening measure to constrain both imports and domestic credit extension.

"These conditions, as well as anomalies that may exist, are under constant review, and suitable adjustments will be considered once the conditions have been fully reviewed and economic circumstances permit."

Du Plessis said there were now clear indications that the economy was in a downward phase. "This phase must be permitted to continue until our macro-economic objectives have been met.

"These matters will be addressed fundamentally and in full context not later than in the main budget next year," he added.

Surcharge on imports to be phased out

Cape Times 30/11/89

Own Correspondent

JOHANNESBURG. — The import surcharge is going to be phased out as soon as economic circumstances permitted, Finance Minister Mr Barend du Plessis said last night.

In a statement issued after consultation with the Minister of Trade, Industry and Tourism, Mr Du Plessis also said suitable adjustments would be considered under the Credit Agreements (Hire Purchase) Act.

Mr Du Plessis said the government was not in favour in principle of the retention of the surcharge, which was intended as a short-term stabilisation measure to secure balance of payments objectives.

"The surcharge is, therefore, kept under constant review and the public may rest assured that it will be phased out as soon as economic circumstances permit," the statement said.

Conditions governing hire purchase sales, as well as anomalies that might exist, were under constant review.

● 'Too early to ease HP restrictions' — Page 8

Import surcharges 74

S/Times 3/12/89

A REPORT in last week's Business Times quoted Gerrie Breyl, Deputy Director-General of Trade in the Department of Trade & Industry, as saying the scrapping of import surcharges was under serious consideration.

Mr Breyl actually said the Government was investigating the possibility of revising the import surcharge.

Mr Breyl dissociates himself from rest of report, which mentions a clash between the departments of finance and of trade and industry. This came from another source.

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